Registration number: 11280863

Inver Reinsurance Brokers Limited

(formerly Price Forbes Risk Solutions Limited)

Annual Report and Financial Statements

for the Year Ended 31 December 2020

Inver Reinsurance Brokers Limited
Contents

Inver Reinsurance Brokers Limited
Company Information

Directors

J A Masterton

A Erotocritou

Company secretary

D Clarke

Registered office

2 Minster Court

Mincing Lane, London

EC3R 7PD

United Kingdom

Auditor

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Inver Reinsurance Brokers Limited
Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report on the Company for the year ended 31 December 2020.

Review of the Business

During the year the Company yielded no turnover which was in line with expectations as the Company's previous business operations were in run off.

Future Development

The company ceased trading in August 2019 and the business operations have been run-off in an orderly manner from this date. However, in late 2020, the decision was made by the directors to utilise the Company for continued trading purposes under a new trading name, Inver Reinsurance Brokers Limited, and recommenced trading April 2021.

The going concern note (part of accounting policies) on pages 14 and 15 sets out the reasons why the directors believe that the preparation of the financial statements on the going concern is appropriate.

Financial Performance and Key Performance Indicators

The key financial performance indicators for the Company are set out below:

	2020 Reported £'m	2019 Reported £'m
Turnover	0.0	1.4
EBITDA	(0.0)	(0.1)
Loss before tax	(0.0)	(0.1)
Net liabilities	(0.6)	(0.6)

The Company actively encourages all employees to become involved in Company affairs and is also keen to encourage two-way communications on relevant business issues. This is achieved through regular employee meetings and by presentations by senior management, supported by a Group-wide communication plan. Further discussion of employee matters can be found in the directors' report.

Financial Position at the Reporting Date

Net liabilities stood at £0.6m as at 31 December 2020. No dividend was declared.

Principal Risks & Uncertainties

Decline in economic conditions

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 £596.0m at 31 December 2020 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.

Brexit

Global political tensions have increased, such as related to Brexit, the US's approach to international trade and protectionism, and China tensions. As the Group expands internationally, they will be factored into investment decisions.

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.

Insurance market volatility
Volatility or declines in premiums, as well as declines in commission rates, may seriously undermine our business and results of operations.

We derive most of our revenue from commissions and fees for underwriting and broking services. Our commissions are generally based on insurance premiums, which are cyclical in nature and may vary widely based on market conditions. A significant reduction in commissions, along with general volatility or declines in premiums, could have a significant adverse effect on our business.

On a longer time horizon, the insurance markets might be disrupted by new technologies, "open finance" or new distribution structures, which may give rise to both risks and opportunities for the Group.

Breach of regulatory requirements
If we fail to comply with regulatory requirements, we may not be able to conduct our business or may be subject to substantial fines or other sanctions that may have an adverse effect on our results of operations and financial condition. The Group operates a robust risk and control framework and closely monitors changes to the regulatory environment.

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.

Relationships with key suppliers, including outsource partners and insurers / other insurance intermediaries
The Group constantly reviews its activities and engages with specialists to improve delivery to its clients and increase efficiencies. This can result in outsourcing certain functions and such transitions are managed by robust governance with senior management oversight. During the final quarter of 2020, Ardonagh Specialty entered a

10-year arrangement with a business process outsourcing services specialist to deliver a technology led transformation of its insurance broking services.

If third-party brokers and mortgage intermediaries do not provide customers with competitive levels of service, or if a significant number of them choose not to distribute our products, the level of written premiums we place with customers may decline.

A withdrawal by insurance companies of underwriting capacity or products in circumstances where no replacement underwriting capacity or products can be procured, or an excessive increase in the rates charged by an insurance company, would impact our business performance.

Capacity, business performance and distribution are kept under proactive management by each of the Group's businesses, as appropriate for their respective operations and needs.

The going concern note (part of accounting policies) on page 13 sets out the reasons why the directors believe that the preparation of the financial statements on the going concern is appropriate.

Approved by the Board on 16 September 2021 and signed on its behalf by:

....

A Erotocritou
Director

Inver Reinsurance Brokers Limited
Directors' Report for the Year Ended 31 December 2020

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

Principal activities
The Company's principal activity during the year continued to be that of acting as a broker in the reinsurance markets.

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

J A Masterton	
C J Rider	(resigned 28 August 2020)
A Erotocritou	

Results and Dividends
The Company's loss for the financial year is £0.02m (2019: £0.1m) and an equivalent amount has been transferred to reserves.

The Company received no dividends during the year (2019: £nil). No dividends were paid or proposed during the year (2019: nil).

Principal risks and uncertainties

The principal risks and uncertainties are detailed in the strategic report.

Future developments
Details of future developments can be found in the Strategic Report on Pages 2 to 4.

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 an 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, by circulation of the Group weekly communications email, and by Group news posted on the internal website.

Going concern
The Company's business activities, together with the factors likely to affect its future development are described in the Strategic Report on pages 2 to 4. 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. As at 31 December 2020, the Company is reporting net liabilities of £0.6m (2019: £0.6m) and therefore 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. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Subsequent events

Details of subsequent events can be found in the notes to financial statements within the "Subsequent events" note on page 22.

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disclosure of information to the auditor

Following a formal tender process Deloitte LLP was appointed as the Company's auditor during 2018. The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

Deloitte LLP, the Company's independent auditor, has expressed its willingness to continue in office.

Approved by the Board on 16 September 2021 and signed on its behalf by:

....

A Erotocritou
Director

Inver Reinsurance Brokers 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 period. 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 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.

Inver Reinsurance Brokers Limited
Independent Auditor's Report to the Members of Inver Reinsurance Brokers Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Inver Reinsurance Brokers Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 16.

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

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

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

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 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 respect of these matters.

Responsibilities of 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.

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 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 regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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 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 and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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.

....
Andrew Downes (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 16 September 2021

Inver Reinsurance Brokers Limited
Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 £'000	2019 £'000
TURNOVER	2	-	1,386
Administrative expenses		(22)	(1,523)
Other operating income	3	-	-
OPERATING LOSS	4	(22)	(137)
LOSS BEFORE TAXATION		(22)	(137)
Tax on loss	7	-	21
LOSS FOR THE FINANCIAL YEAR	12	(22)	(116)
Other comprehensive income for the period, net of tax		-	-
LOSS FOR THE YEAR		(22)	(116)

The results for the year ended 31 December 2020 arise from continuing operations.

The notes on pages 14 to 23 form an integral part of these financial statements.

Inver Reinsurance Brokers Limited
(Registration number: 11280863)
Statement of Financial Position as at 31 December 2020

	Note	2020 £ 000	2019 £ 000
Current assets			
Cash and cash equivalents		-	-
Trade and other receivables	9	34	625
Current liabilities			
Trade and other payables	10	(627)	(1,196)
Net current liabilities		(593)	(571)
Total assets less current liabilities		(593)	(571)
Net liabilities		(593)	(571)
Capital and reserves			
Share capital	11	110	110
Other reserves	12	-	-
Retained losses	12	(703)	(681)
Total shareholders' deficit	12	(593)	(571)

Approved by the Board on 16 Sept 2021 and signed on its behalf by:

....
A Erotocritou
Director

The notes on pages 14 to 23 form an integral part of these financial statements.

Inver Reinsurance Brokers Limited
Statement of Changes in Equity for the Year Ended 31 December 2020

	Note	Share capital £ 000	Other reserves £ 000	Retained losses £ 000	Total £ 000
At 1 January 2020		110	-	(681)	(571)
Net loss for the year		-	-	(22)	(22)
At 31 December 2020		110	-	(703)	(593)

	Share capital £ 000	Other reserves £ 000	Retained losses £ 000	Total £ 000
At 1 January 2019	110	-	(565)	(455)
Net loss for the year	-	-	(116)	(116)
At 31 December 2019	110	-	(681)	(571)

The notes on pages 14 to 23 form an integral part of these financial statements.

Inver Reinsurance Brokers Limited
Notes to the Financial Statements for the Year Ended 31 December 2020

1 Accounting policies

Inver Reinsurance Brokers Limited ("the Company") acts as a broker in insurance and reinsurance markets. The Company is a private Company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006 and domiciled in England. The address of its registered office is 2 Minster Court, London. EC3R 7PD.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of Preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2016. 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. No amendments to standards and interpretations that are mandatorily effective for annual periods beginning on 1 January 2020 have had a material effect on the Company's financial statements. The Directors have considered the guidance of the UK Financial Reporting Council and events relating to the spread of coronavirus (COVID-19) in preparing these financial statements.

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 available in FRS 101, where relevant:

- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-Based Payments' because the arrangement concerns equity instruments of the Group;
- the requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement';
- 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 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;
- 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 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 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.

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

(b) 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 set out on pages 11 to 12 have been prepared on a going concern basis. At 31 December 2020, the Company had net liabilities of £0.6m (31 December 2019: £0.6m) and net current liabilities of £0.6m (31 December 2019: £0.6m). The Company reported an operating loss of £0.02m for the year ended 31 December 2020 (31 December 2019: £0.1m).

1 Accounting policies

(b) Going Concern (continued)

The Directors consider the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due. In making the going concern assessment the Directors have taken into account the following:

•The current capital structure and liquidity of the Company and the Group, as well as the assessment that the Group continues to be a going concern.

•A letter from Ardonagh Midco 3 Plc, an intermediate holding and financing company within the Group, confirming its intention to continue to provide financial support.

•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 2020 and the first two months of 2021, which are ahead of prior year and 2021 plan.

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

•Following the 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 is not drawn at the date of this report, and (b) payment-in-kind interest options are utilised.

•Following the commencement of the main settlement of the ETV liabilities during the third quarter of 2019, the Group materially completes the settlement during the second quarter of 2021.

•Client retention and renewal rates continue to be robust, despite the current economic uncertainty, as the 2020 trading performance has demonstrated resilience across the Group.

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

•Shortfalls in base case projected income throughout 2021 and 2022.

•Deterioration in base case cash conversion rates over and above the shortfalls in income and a 5% deterioration in the quantum of the estimate of the total ETV redress settlement costs.

•Mitigating actions within management control including delayed capital expenditure, a reduction in discretionary spend and some reduction in employee headcount and remuneration.

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

The Directors continue to consider the wider operational 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 our 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.

Following the assessment of the Company's financial position and its ability to meet its obligations as and when they fall due, including the further potential financial implications of the Covid-19 pandemic included in 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.

(c) Turnover

Revenue from brokerage and fees derived from reinsurance contracts and programmes is recognised at the later of the policy inception date or when the policy placement has been completed. Revenues from binding authorities and treaties are recognised on a periodic basis when the consideration due is confirmed by third parties.

Profit commission, which the Company earns on facilities it operates on behalf of insurers, is recognised on either a cash settlement basis or when the amount can be determined and insurers make an irrevocable commitment to pay that amount.

Due to the long-term nature of some of the services provided by the Company to its clients, obligations can arise for the performance of post-placement activities. Where these are not covered by additional income, a relevant portion of brokerage is deferred and recognised in the periods in which these activities take place.

Alterations to brokerage income arising from premium adjustments are taken into account as and when such adjustments are made. Adjustment to brokerage has been made where a return of premium and brokerage is made, or may be made, subsequent to the end of the financial year.

(d) Foreign currencies and hedging

The financial statements are presented in British Pound Sterling and rounded to thousands.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation are taken directly to the profit and loss account.

Exchange differences arising from trading activities are calculated at the prevailing rate and dealt with in the profit and loss account.

(e) Insurance debtors and creditors

The Company acts as an agent in broking the insurable risks of clients and normally is not liable as a principal for premiums due to underwriters, or for claims payable to clients. The Company is entitled to retain the investment income on any cash flows arising from these transactions. In recognition of the economic benefit derived from this relationship, the insurance bank balances are included in cash at bank and in hand. Uncollected brokerage/funding and the related insurance creditors are included in the assets and liabilities of the Company.

In the ordinary course of insurance broking business, settlement is required to be made with certain market settlement bureaux, insurance intermediaries or insurance companies on the basis of the net balance due to or from them rather than the amount due to or from the individual third parties which it represents.

(f) Pensions

The Company participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company, in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund during the year.

(g) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(h) 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 profit or loss.

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 profit or loss. On derecognition of an investment in an equity instrument which the Company has elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, 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 profit or loss.

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 has a current 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.

(i) Financial assets
Classification and subsequent measurement of financial assets
The Company classifies its financial assets in the amortised cost measurement category.

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 and cash and cash equivalents. These assets are held within a business model whose objective is to collect the contractual cash flows, and have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Thus, such assets are subsequently measured and carried at amortised cost in the statement of financial position. The Company's trade receivables do not have a significant financing component and as such their transaction (invoiced) price is considered to be their amortised cost.

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

Write-off policy
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.

(j) Financial liabilities

Classification and subsequent measurement of financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method. The Company financial liabilities include borrowings and trade and other payables.

(k) Borrowings

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 initially recorded at the amount of proceeds received, net of transaction costs. They are subsequently carried at amortised cost using the effective interest rate method. Reedemable preference shares with non-discretionary dividend obligations are classified as debt. The debt element of redeemable preference shares is included in borrowings as non-current liabilities. Dividends on redeemable preference shares are recognised in the Statement of Comprehensive Income as interest expense. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

(l) 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 directors consider that there are no significant judgements or significant sources of estimation uncertainty in the preparation of the financial statements.

2 Turnover

	2020 £'000	2019 £'000
Turnover by location of client is split as follows:		
United Kingdom	-	23
Continental Europe	-	87
North America	-	1,254
Other	-	22
	-	1,386

All turnover and loss before tax arises from insurance broking activities.

3 Other operating income

	2020 £'000	2019 £'000
Bank interest receivable	-	-
	-	-

4 Operating loss

	2020 £'000	2019 £'000
Operating loss is stated after charging:		
Amounts receivable by the auditors and their associates in respect of:		
Fees payable to the Company's auditors for the audit of the Company	5	5
Fees payable to the Company's auditors and their associates for other services including:		
Audit-related assurance services	-	-
Tax compliance services	-	-
Tax advisory services	-	-
Total fees payable to the Company's auditors	**5**	**5**
Rentals under operating lease - land and buildings	-	-

5 Employee and staff costs

The monthly average number of persons employed by the Company, which includes directors, was:

	2020 Number	2019 Number
Broking and underwriting services	-	6
Finance and operations	-	2
Management	-	2
	-	10

The costs incurred in respect of employees were:

	2020 £'000	2019 £'000
Wages and salaries	-	1,012
Social security costs	-	161
Other pension costs	-	56
	-	1,229

6 Directors

	2020 £'000	2019 £'000
Remuneration of directors of the Company included in staff cost was as follows:		
Emoluments payable	-	327
Company contributions payable to defined contribution pension scheme	-	14

	2020 Number	2019 Number
Number of directors who are members of defined contribution scheme	-	2
Number of directors who exercised options/restricted stock	-	-

	2020 £'000	2019 £'000
In respect of highest paid director:		
Emoluments	-	204
Company contributions payable to defined contribution pension scheme	-	9

7 Tax on loss

		2020 £'000	2019 £'000
(a)	**Analysis of credit for the year**		
	UK corporation tax on loss of the year	-	(21)
	Adjustments in respect of prior years	-	-
	Deferred taxation	-	-
	Adjustment to prior year's deferred tax	-	-
	Tax credit for the year	-	(21)

The tax assessed for the year is the standard rate of corporation tax in the UK 19% (2019 19%).

		2020 £'000	2019 £'000
(b)	**Factors affecting tax credit for year**		
	Loss before tax	(22)	(137)
	Loss multiplied by standard rates of corporation tax in the UK 19% (2019 19%)	(4)	(26)
	Effect of:		
	Expenses not deductible for tax purposes	-	5
	Share-based remuneration	-	-
	Deferred Tax not recognised	4	-
	Adjustments in respect of prior years	-	-
	Tax credit for the year	-	(21)

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.

8 Deferred Tax

In the March 2021 Budget it was announced that the UK Corporation Rate will rise from it's 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 £'000	2019 £'000
Unrecognised deferred tax assets	4	-
	4	-

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 Trade and other receivables

	2020 £'000	2019 £'000
Due within one year:		
Insurance debtors	-	438
Other debtors	-	151
Prepayments and accrued income	34	36
	34	625

10 Trade and other payables

	2020 £'000	2019 £'000
Taxation and social security	-	1
Amounts owed to group undertaking	627	1,195
	627	1,196

Amounts due to other Group companies relate to balances owed to Price Forbes and Partners Limited only and are unsecured, interest free and payable on demand.

11 Called up share capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
110,000 (2019: 110,000) ordinary shares of £1 each	110	110

12 Reconciliation of movement in shareholders' funds

	Called up Share capital £'000	Profit and loss account £'000	Other Reserves £'000	Total share-holders' funds £'000
Balance Brought Forward	110	(681)	-	(571)
Loss for the financial year	-	(22)	-	(22)
At 31 December 2020	110	(703)	-	(593)
At 31 December 2019	110	(681)	-	(571)

13 Pension commitment

The Company operates a defined contribution pension scheme on a money purchase basis for all the employees. The scheme funds are administered independently of the Company's finances. The Company's contributions are charged to the profit and loss account in the year in which they are made and are set out in Note 6 above. At 31 December 2020 £Nil (2019 - £Nil) was owed to the scheme.

14 Parent and Ultimate parent undertaking

The immediate parent company at 31 December 2020 is Ardonagh Specialty Holdings Limited. The majority shareholder and ultimate controlling party at 31 December 2020 is HPS Investment Partners LLC. The 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). The immediate parent Company is Ardonagh Specialty Holdings Limited (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

15 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, with transition occurring on 1 January 2020. 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.

There have been no measurement adjustments arising on transition to FRS 101.

16 Post Balance Sheet Events

The directors consider there to be no significant post balance sheet events to disclose.