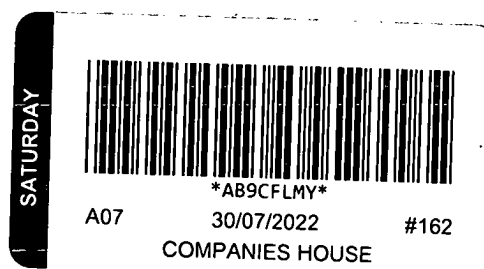


**BENNETTS MOTORCYCLING HOLDINGS LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Company number: 12371381**



## **Company information**

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**Company registration number:** 12371381

**Registered office:** St James House  
27-43 Eastern Road  
Romford  
Essex  
RM1 3NH

**Board of Directors:** Michael Joseph  
Mark Mugge

**Company Secretary:** Alan Hemsley

**Independent Auditor:** BDO LLP  
Statutory Auditor and Chartered Accountants  
55 Baker Street  
London  
W1U 7EU

**Legal advisers:** Slaughter and May  
One Bunhill Row  
London  
EC1Y 8YY

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## Strategic Report for the year ended 31 December 2021

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The directors present their Strategic Report for Bennetts Motorcycling Holdings Limited (the "**Company**") for the year ended 31 December 2021.

### Background

The Company was incorporated on 19 December 2019 and prepared its first financial statements for the period to 31 December 2020.

The principal activity of the Company is that of an intermediate holding company, and is the beneficial owner of the entire issued share capital of Bennetts Motorcycling Services Limited ("**BMSL**"), a leading distributor of motorcycle insurance policies to private customers in the UK.

The Company was a subsidiary of Atlanta Investment Holdings 2 Limited, a wholly owned subsidiary of the The Ardonagh Group Limited ("**Ardonagh**") (registered in Jersey) until 12 May 2021. On 13 May 2021 Lucida Broking Holding Limited ("**Lucida**") acquired the entire issued share capital of the Company from Atlanta Investment Holdings 2 Limited. The Company became a wholly owned subsidiary of Lucida from that date.

The Company was incorporated as Atlanta Investment Holdings C Limited. The name of the Company was changed to Bennetts Motorcycling Holdings Limited on 19 May 2021.

### Business review

The Operating profit of the Company for the year ended 31 December 2021 amounted to £9.8m (period to 31 December 2020: Operating loss of £0.6m), which included income of £9.9m (period to 31 December 2020: £nil) relating to the write-off of intragroup loans advanced to the Company by fellow group undertakings of Ardonagh whilst the Company was a member of the Ardonagh group.

However, the key financial indicator used by the directors to assess the financial performance of the Company and its subsidiary undertakings is EBITDAE (calculated as operating profit before interest, tax, depreciation, amortisation, and material items of an unusual or non-recurring nature which represent gains and losses). The EBITDAE of the Company for the year to 31 December 2021 was a loss of £14,000 (period to 31 December 2020: loss of £5,000).

The EBITDAE of BMSL for the year months to 31 December 2021 was £3.0m (17 month period to 31 December 2020: £2.1m).

*The director considers that the performance of the Company during the year was satisfactory.*

### Future developments

The Company and its ultimate parent undertaking, Lucida, continue to invest to support the development of BMSL as a leading distributor of motorcycle insurance policies to private customers in the UK.

The strategic aim of Lucida is to support the Company and BMSL to be the specialist distributor of motorcycle insurance policies within the Lucida group. To that end, from January 2022 the renewal of the existing motorcycles policies sold by Right Choice Insurance Brokers Limited, a fellow subsidiary of Lucida, will be transacted by BMSL.

### Principal risks and uncertainties

The activities of the Company, and of its subsidiary undertaking, exposes it to a variety of risks. Risk management is the responsibility of the directors who set policies to be followed by the Company. The directors consider that the principal risks and uncertainties to which the Company is exposed are as follows:

#### Ongoing impact of the Covid-19 virus pandemic

As described in the Directors' Report on pages 5 and 6, the directors have been monitoring the ongoing impact of COVID 19, which commenced during 2020, both directly on the business of the Company and BMSL, but also indirectly through reviewing the development of government policy and advice.

#### Conflict in Ukraine

The directors consider that the Russian invasion of Ukraine and resulting sanctions placed on Russia is likely to have an impact on the economic environment in the UK for insurance policies. For most customers the purchase of insurance is not a discretionary purchase so demand for the main products sold by BMSL will continue to be sustained. However, the risk of bad debt may increase and will be monitored by the directors of BMSL.

## Strategic Report for the year ended 31 December 2021 (continued)

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### Regulatory risk

The activities of BMSL are regulated by the Financial Conduct Authority ("FCA"). A failure to comply with regulatory requirements will impact the carrying value of the investment made by the Company in BMSL.

The directors of BMSL manage the risk of not complying with regulatory requirements, regulatory change or regulators' expectations by implementing and operating strict compliance controls and processes which includes monthly compliance reports to the Audit, Risk and Compliance Committee of BMSL. The directors of BMSL also monitor upcoming regulatory change to ensure that the company is prepared for changes in its operating environment.

### Insurer security

BMSL is an insurance intermediary and is therefore reliant on its insurer partners to provide the products which it distributes to its customers. The directors of BMSL maintain close links with its insurer partners to ensure that the relationship is sustainable and beneficial for both parties through regular performance reviews and sharing of performance data.

### Reputational risk

BMSL operates under the trading name of 'Bennetts' which has a high profile within the motorcycle sector. Maintaining the good reputation of the trading name is important for the long-term success of BMSL and the Company. The directors of BMSL have implemented processes to mitigate the risk of material damage to the reputation of the trading name, BMSL, or the Company.

### Brexit

The directors consider that the UK's departure from the European Union is not a significant risk to the Company as all of the customers of BMSL are resident in the UK, and access to insurers domiciled overseas is likely to remain after departure.

### Streamline energy and carbon reporting ("SECR")

The activities of the Company do not result in greenhouse gas emissions. Subsidiary undertakings will make separate disclosures in their financial statements of energy use and greenhouse gas emissions.

### **Statement of compliance with section 172 of the Companies Act 2006**

The directors of the Company, and of all directors of UK companies, must act in accordance with a set of general duties to promote the success of the Company. These duties are set out in section 172 of the Companies Act 2006. The directors can access professional advice on these duties, either through the Company, or, if they judge it necessary, from an independent provider.

The directors identify key stakeholders relevant to each key decision taken through a process of engagement across the Company with each functional department head, and with the shareholders of the Company. Consideration through this process is also given to the interests of employees, customers, and insurance partners with whom the Company trades. This engagement is carried out through the various committees of the Company, meetings of the directors of the Company, and meetings with shareholders.

### Interests of employees

The directors consider that employees of the Company and BMSL are central to its long-term success.

The directors of BMSL have developed a culture of openness and contact with staff, and are understanding and supportive to the needs of employees as they arise. The directors have also established a set of principles which explain the culture of the company and the standards expected of the team. This is achieved through regular meetings with the team, a personal development process, and policies published on the intranet of the company.

### Interests of customers, insurer partners and other suppliers

The directors of the Company and BMSL seek to ensure the interests of customers and insurer partners are fairly balanced in each key decision taken by the Company and BMSL.

As an insurance intermediary, the relationship between insurer partners and BMSL is fundamental to the success of the Company, and significant effort is made by the directors of BMSL to develop these relationships through the sharing of data and insights.

### Reputation for high standards of business conduct

The directors of the Company and BMSL seek to maintain the highest standards of honesty and integrity in their dealings with customers, employees, business partners and regulatory bodies.

## Strategic Report for the year ended 31 December 2021 (continued)

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### Interests of members of the Company

The shareholder of the Company has implemented a governance structure of board and committee meetings to give oversight of the performance of the Company and BMSL. The directors actively participate in the meetings held with the shareholders, and maintain an ongoing dialogue to ensure the views of shareholders are considered.

### Planning for the long term

The directors consider the effect of all key decisions on the long-term plans for the Company. The directors of the Company and BMSL have prepared financial forecasts of future trading performance which includes the financial evaluation of various initiatives proposed by management. Once approved by the directors, the forecasts prepared and strategy form the basis for financial budgets, resource plans and investment decisions. In making decisions concerning future strategy the directors have regard to a variety of matters including the interests of various stakeholders, the consequences of its decisions in the long term, and its long-term reputation.

The Strategic Report was approved by the Board of Directors on 27 July 2022 and signed on their behalf by:



Mark Mugge  
Director

27 July 2022

## Directors' Report for the year ended 31 December 2021

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The directors present their report and the audited financial statements of Bennetts Motorcycling Holdings Limited ("the Company") for the year ended 31 December 2021. The Company was incorporated on 19 December 2019 and prepared its first financial statements for the period to 31 December 2020.

### Directors of the Company

The directors who served the Company during the period and to the date of this report, including the date of their appointment or resignation during the period where appropriate, were as follows:

	<u>Appointed</u>	<u>Resigned</u>
Craig Ball		13 May 2021
Ian Donaldson		13 May 2021
Michael Joseph	13 May 2021	
Mark Mugge	13 May 2021	

### Qualifying third party indemnity provisions

Lucida Broking Holdings Limited, the immediate and ultimate parent undertaking of the Company, has put in place qualifying third party indemnity provisions which extends to all of the directors of the Company.

### Auditors

Under section 487(2) of the Companies Act 2006, BDO LLP will be appointed as Auditor of the Company unless members exercise their rights under the Companies Act 2006 to prevent their appointment.

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 the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purposes of their audit and to establish that the auditors are aware of that information.

### Likely future developments of the Company

Information on the likely future developments in the business of the Company has been included in the Strategic Report on pages 1 to 3.

### Existence of branches of the Company outside of the United Kingdom

The Company has no branches outside of the United Kingdom.

### Dividends

The Company did not declare or pay any dividends during the financial period.

### Employee involvement

The Company has no employees other than the directors of the Company.

### Financial risk management objectives and policies

The Company uses financial instruments such as cash and balances with fellow group undertakings in order to raise finance for its operations. The existence of these instruments exposes the Company to financial risks which are detailed below.

#### Liquidity risk

The Company seeks to manage financial risk by ensuring the continued availability of financial support from fellow group undertakings, including BMSL. The Company monitors cash flow using forecasting techniques to ensure that all obligations can be met as they fall due.

## **Directors' Report for the year ended 31 December 2021 (continued)**

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### Interest rate risk

The Company has minimum exposure to fluctuations in interest rates as it does not have any interest-bearing bank or other borrowings at the date of the Statement of Financial Position. However, the Company's immediate and ultimate parent company, Lucida, has bank borrowings which includes covenants related to the consolidated financial performance of the Lucida and its subsidiary undertakings, including the Company. The directors of Lucida monitor compliance with the covenants on a monthly basis, and the interest rate payable on the bank borrowings is subject to the covenants achieved. The interest rate payable on the bank borrowing has a fixed margin plus variable rate based on an average of the sterling overnight reference rate.

### Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to minimise the cost of capital and comply with the regulatory capital requirements of the Financial Conduct Authority as they affect BMSL.

### **Going Concern**

The principal activity of the Company is that of an intermediate holding company and therefore does not trade in its own right. Therefore, the Company is dependent as a going concern on the financial performance of its subsidiary undertaking, BMSL, and on financial support provided by Lucida.

The directors of BMSL have prepared financial forecasts to assess the impact on the ability of the company to continue to meet its obligations as and when they fall due, and to continue to ensure compliance by Lucida with its loan covenants. The directors of BMSL recognise that as the foreseeable scenarios change, decisions may need to be made in relation to the scale of the company's activity and the level of finance maintained to support that activity. The directors of BMSL constantly monitor the position in case any such scenarios become more likely than is judged to be the case currently. As at the date of these financial statements, the financial forecasts prepared by BMSL indicate that the company will be able to maintain liquidity and compliance with covenants, and will therefore be able to continue to trade as a going concern.

Lucida has provided financial support to the Company through the provision of an intragroup loan which at 31 December amounted to £22.75m (31 December 2020: £nil). The directors of Lucida have provided a letter of continuing support to the directors of the Company confirming the intention of Lucida to provide the Company with the necessary financial support required for the Company to continue to carry out its ordinary activities over the 18 month period from 27 July 2022. In addition, the directors of Lucida have also confirm to the directors of the Company that it is not the intention of Lucida to demand repayment of the intragroup loan during the 18 month period from 27 July 2022.

On the basis of the evidence provided of the financial forecasts prepared by BMSL, and the continuing support from Lucida, the directors have concluded that the Company will be able to continue as a going concern.

### **Ongoing impact of the COVID 19 virus pandemic**

The directors have been monitoring the impact of the COVID 19, which commenced in 2020, both on the business of the Company and BMSL, and indirectly through reviewing the development of government policy and advice. The main considerations are as set out below.

### Operational

BMSL has taken steps to protect its employees and business from the effects of the COVID 19 pandemic. These steps include the use of home working where possible. The IT facilities of BMSL are adequate to maintain operations on this basis for the foreseeable future.

### Profitability of policies sold for insurers

Neither the Company or BMSL distribute policies which directly cover the impact of COVID 19. The policies sold by BMSL are motorcycle policies which do not provide cover for losses caused by a pandemic. The directors consider that the number and frequency of claims will reduce during the pandemic due to periods of lockdown. An increase or decrease in claims could impact the capacity provided by certain insurers to BMSL, and the cost of the insurance products made available by insurer partners for the customers of BMSL.



## **Directors' Report for the year ended 31 December 2021 (continued)**

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### Revenue

For most customers motorcycle insurance is not normally a discretionary cost, so demand for motorcycle insurance policies distributed by BMSL will continue to be sustained. However, the demand for the policies will be suppressed during periods of lockdown required by the UK Government which will also have an impact on the revenue of BMSL.

The medium and longer term impact of the COVID 19 pandemic is yet to become clear and, whilst there has not been a significant short term impact, the risk of recessive economic conditions still exists. Should these conditions develop, there will be customers and business partners of BMSL who will suffer. The impact on BMSL in the short term is likely to be pressure on cash-flow and on recovery of premiums due from customers.

In addition, in the medium term, the pandemic is also likely to put pressure on premium levels and commission rates. The directors of BMSL maintain very close links with the market directly and through business partners, and will be able to manage changes to policy terms and rates as necessary as the position develops.

### Financial forecasts and Going Concern

The Company is dependent as a going concern on the financial performance of its subsidiary undertaking, BMSL, and on financial support provided by Lucida.

The directors of BMSL have prepared financial forecasts to assess the impact on the ability of the company to continue to meet its obligations as and when they fall due, and to continue to ensure compliance by Lucida with its loan covenants. The directors of BMSL recognise that as the foreseeable scenarios change, decisions may need to be made in relation to the scale of the company's activity and the level of finance maintained to support that activity. The directors of BMSL constantly monitor the position in case any such scenarios become more likely than is judged to be the case currently. As at the date of these financial statements, the financial forecasts prepared by BMSL indicate that the company will be able to maintain liquidity and compliance with covenants, and will therefore be able to continue to trade as a going concern.

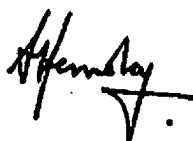
The directors of the Company have also received confirmation from the directors of Lucida of its intention to provide continuing financial support to the Company.

With the benefit of the confirmation from the directors of Lucida, and financial forecasts prepared, as at the date of these financial statements the directors have concluded that the Company can continue to trade as a going concern.

### **Political donations**

The Company did not make any political donations during the financial period.

The Directors' Report was approved by the Board of Directors on 27 July 2022 and signed on their behalf by:



Alan Hemsley  
Company Secretary

## **Statement of Directors' Responsibilities for the year ended 31 December 2021**

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

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

## **Independent Auditor's report to the members of Bennetts Motorcycling Holdings Limited**

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### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Bennetts Motorcycling Holdings Limited ("the Company") for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in shareholder's equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### **Basis of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **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 Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 the fact.

We have nothing to report in this regard.

## **Independent Auditor's report to the members of Bennetts Motorcycling Holdings Limited (continued)**

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### **Other Companies Act 2006 reporting**

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 material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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 Company 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.

### **Responsibilities of Directors**

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### **Extent to which the audit was 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:

- our responses to significant audit risks (management override of controls and impairment of investments) were intended to sufficiently address the risk of fraudulent manipulation. In particular, we have reviewed accounting estimates for any potential management bias to check methods utilised are appropriate;
- enquiries of management;
- review of minutes of board meetings throughout the period;
- obtaining an understanding of the legal and regulatory framework applicable to the Company's operations; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve the deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we are to become aware of it.

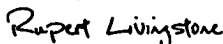
## **Independent Auditor's report to the members of Bennetts Motorcycling Holdings Limited (continued)**

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A further description of our responsibilities is available on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **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.

DocuSigned by:  
  
BA1570E593D7455...

Rupert Livingstone (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London, United Kingdom

28 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

## Statement of Comprehensive Income for the year ended 31 December 2021

	Note	Year ended 31 December 2021 £000	Period ended 31 December 2020 £000
Turnover		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
Administrative expenses	5	(14)	(627)
Other operating income	7	9,855	-
<b>Operating profit/(loss)</b>		<b>9,841</b>	<b>(627)</b>
Other interest receivable and similar income		-	-
Interest payable and similar charges		-	-
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>9,841</b>	<b>(627)</b>
Tax on profit/(loss) on ordinary activities	8	-	-
<b>Profit/(loss) for the financial period</b>		<b>9,841</b>	<b>(627)</b>
Other comprehensive income		-	-
<b>Total comprehensive profit/(loss) for the financial period</b>		<b>9,841</b>	<b>(627)</b>

The notes on pages 14 to 19 form part of these financial statements.

There were no recognised gains and losses for the year ended 31 December 2021 and period ended 31 December 2020 other than those included in the Statement of Comprehensive income.

The Statement of Comprehensive Income is in respect of continuing activities.

## Statement of Financial Position as at 31 December 2021

	Note	31 December 2021	31 December 2020
		£000	£000
<b>Fixed assets</b>			
Investments	9	31,984	4,573
<b>Total fixed assets</b>		<b>31,984</b>	<b>4,573</b>
<b>Current assets</b>			
Debtors	10	-	27,411
Cash at bank and in hand		-	-
<b>Total current assets</b>		<b>-</b>	<b>27,411</b>
Creditors: amounts falling due within one year	11	(22,770)	(32,610)
<b>Net current liabilities</b>		<b>(22,770)</b>	<b>(5,199)</b>
<b>Total assets less current liabilities</b>		<b>9,214</b>	<b>(627)</b>
Creditors: amounts falling due after one year		-	-
<b>NET ASSETS / (LIABILITIES)</b>		<b>9,214</b>	<b>(627)</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	-	-
Profit and loss account		9,214	(627)
<b>SHAREHOLDERS' EQUITY / (DEFICIT)</b>		<b>9,214</b>	<b>(627)</b>

The notes on pages 14 to 19 form part of these financial statements.

Approved by the board of directors on 27 July 2022 and signed on their behalf by:



Mark Mugge  
Director

27 July 2022

## Statement of Changes in Shareholder's Equity as at 31 December 2021

	Called up share capital	Profit and loss account	Shareholder's equity/(deficit)
	£000	£000	£000
<b>On incorporation on 19 December 2019</b>	-	-	-
<u>Transactions with shareholders</u>			
Shares issued	-	-	-
<u>Period ended 31 December 2020</u>			
<i>Comprehensive loss for the financial period</i>			
Loss retained for the year and total comprehensive income for the year	-	(627)	(627)
<b>Balance at 31 December 2020</b>	-	(627)	(627)
<u>Period ended 31 December 2021</u>			
<i>Comprehensive profit for the financial period</i>			
Profit retained for the year and total comprehensive income for the year	-	9,841	9,841
<b>Balance at 31 December 2021</b>	-	9,214	9,214

The notes on pages 14 to 19 form part of these financial statements



## Notes to the Financial Statements for the year ended 31 December 2021

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### 1 General information

The Company is a private company, limited by shares, incorporated and domiciled in England & Wales. The address of the registered office is St James House, 27-43 Eastern Road, Romford, Essex, RM1 3NH.

### 2 Basis of preparation

The basis of preparation of these financial statements is summarised below.

#### Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Companies Act 2006 and UK accounting standards, including Financial Reporting Standard 102 '*The Financial Reporting Standard applicable in the UK and Republic of Ireland*' (March 2018).

The preparation of financial statements in accordance with Financial Reporting Standard 102 requires the use of certain critical accounting estimates. It also requires the directors of the Company to exercise judgement in applying the Company's accounting policies. Details of the significant judgements and estimates are provided in note 4.

#### Financial Reporting Standard 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements as permitted by Financial Reporting Standard 102 '*The Financial Reporting Standard applicable in the UK and Republic of Ireland*' as amended in March 2018:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d) regarding a statement of cash flows for the reporting period; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7 regarding key management personnel compensation.

Lucida Broking Holdings Limited (formerly Right Choice Holdings Limited), whose registered office is St James House, 27-43 Eastern Road, Romford, Essex, RM1 3NH, heads the largest group for which consolidated financial statements are drawn up and of which the Company is a member as at 31 December 2021. A copy of the consolidated financial statements of Lucida Broking Holdings Limited may be obtained from the registered office of the company.

#### Basis of accounting

The financial statements have been prepared under the historical cost convention and are presented in Sterling and in thousands (£000), except where otherwise stated.

The principal accounting policies applied in the preparation of the financial statements have been set out in note 3 to the financial statements.

#### Going concern

The directors prepare and maintain forecasts and projections to ensure that they have a reasonable expectation that the Company and its subsidiary undertakings have adequate resources to continue in operational existence for the foreseeable future.

In addition, the directors seek and obtain evidence of the continued financial support of Lucida Broking Holdings Limited.

As at the date of these financial statements, the financial forecasts prepared and confirmation of support from Lucida indicates that the Company will be able to maintain liquidity and therefore be able to continue to trade as a going concern.

#### Basis of consolidation

Group accounts have not been prepared as the Company is a wholly owned subsidiary of Lucida Broking Holdings Limited at the balance sheet date. The financial results of the Company at 31 December 2021 have been consolidated into the financial statements of Lucida Broking Holdings Limited which are available from St James House, 27-43 Eastern Road, Romford, Essex, RM1 3NH.

## Notes to the Financial Statements for the year ended 31 December 2021 (continued)

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### 3 Accounting policies

The principal accounting policies used in the preparation of these financial statements are summarised below.

#### Subsidiary undertakings

Investments in subsidiary undertakings have been classified as fixed asset investments as the Company intends to hold them on a continuing basis.

Investments in subsidiary undertakings are measured at cost less provision for any impairment in value. Dividends or other distributions received from subsidiary undertakings are treated as income without regard to whether the distribution was made from accumulated profits of the undertakings arising before or after the date of investment by the Company.

#### Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income or expense recognised as other comprehensive income, or to an item recognised directly in equity, is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted, or substantively enacted, by the date of the Statement of Financial Position by the UK Government.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the date of the Statement of Financial Position, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures, and the Company can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them, and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted, or substantively enacted, by the date of the Statement of Financial Position.

#### Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and is classified according to the substance of the contractual arrangement entered into. An equity instrument is any contract which evidences a residual interest in the assets of the Company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction value (including transaction costs) unless the arrangement constitutes a financing arrangement. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when either the contractual rights to the cash flows from the financial asset expire or are settled, the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or the Company has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party without the need to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired. Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

## Notes to the Financial Statements for the year ended 31 December 2021 (continued)

### 4 Critical accounting judgements and estimates

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions relating to the carrying values of assets and liabilities which are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

#### Impairments

The directors exercise judgement in determining whether there are indicators of impairment of the Company's fixed assets investments. Factors taken into consideration in reaching a decision on impairment include economic viability and expected future financial performance of the investment, and where it is a component of a larger cash-generating unit the viability and expected future performance of that unit.

### 5 Administrative expenses

The profit/(loss) on ordinary activities before taxation is stated after charging the following items (inclusive of VAT):

	Year to 31 December 2021 £000	Period to 31 December 2020 £000
Exceptional item: professional fees incurred relating to review by Competition and Markets Authority of the purchase of the Company by The Ardonagh Group Limited	-	622
Fees payable to Auditors – audit services	14	5

### 6 Staff costs

No directors received remuneration for their services provided to the Company.

### 7 Other operating income

Other operating income for the financial period comprised:

	Year to 31 December 2021 £000	Period to 31 December 2020 £000
Write-off of amounts due to fellow group undertaking	9,855	-
Other operating income	9,855	-

The write-off of amount due by the Company to fellow group undertaking took place on 26 March 2021, and related to amounts due by the Company to Ardonagh Midco 3 plc. At the time of the write-off the Company and Ardonagh Midco 3 plc were fellow group undertakings of The Ardonagh Group Limited (incorporated in Jersey).

## Notes to the Financial Statements for the year ended 31 December 2021 (continued)

### 8 Taxation

The charge for taxation for the year comprised:

	Year to 31 December 2021 £000	Period to 31 December 2020 £000
Corporation tax	-	-
Tax on profit/(loss) on ordinary activities	-	-

The factors affecting the charge for taxation for the year comprised:

Profit/(loss) on ordinary activities before taxation	9,841	(627)
Tax on the profit/(loss) on ordinary activities before taxation at the effective corporation tax rate of 19% (period to 31 December 2020 – 19%)	1,870	(119)
Tax effect of items not chargeable to taxation	(1,872)	-
Group relief surrendered	2	-
Unutilised loss carried forward	-	119
Tax on profit/(loss) on ordinary activities	-	-

### 9 Investments

	Subsidiary undertakings £000	Total £000
<b>Cost</b>		
Balance at 1 January 2020	4,573	4,573
Additions	27,411	27,411
Balance at 31 December 2021	31,984	31,984
<b>Provision for impairment</b>		
Balance at 1 January 2020	-	-
Charge for period	-	-
Balance at 31 December 2021	-	-
<b>Net book amount</b>		
<b>At 31 December 2021</b>	<b>31,984</b>	<b>31,984</b>
At 31 December 2020	4,573	4,573

The investments of the Company at 31 December 2021 comprised the companies listed below, all of which were incorporated in England & Wales and directly held by the company.

Name	Country of Nature of business	Proportion of voting rights and ordinary share capital held	Last annual accounts	Aggregate shareholder funds	Loss for the year
<i>Subsidiary undertakings:</i>					
Bennetts Motorcycling Services Limited	Insurance broking	100.0%	31 December 2021	£25.7m	£0.9m

## Notes to the Financial Statements for the year ended 31 December 2021 (continued)

### 9 Investments (continued)

On 30 December 2021 the Company acquired a further 27,410,580 ordinary shares in BMSL in exchange for the value of the subordinated loan due to the Company by BMSL at that date amounting to £27,410,589.

No provision for impairment against the investment made by the Company in BMSL has been made by the directors as the financial statements of BMSL for the year ended 31 December 2021 reported an EBITDAE of £3.0m, and as a result in the opinion of the directors the market value of the investment exceeds the cost of the investment at the date of these financial statements.

### 10 Debtors

Debtors at the balance sheet date comprised:

	31 December 2021 £000	31 December 2020 £000
Amount due from subsidiary undertaking	-	27,411
<b>Debtors</b>	<b>-</b>	<b>27,411</b>

The amount due from subsidiary undertaking related to a subordinated loan provided to BMSL under the terms of an agreement dated 31 December 2020. Under the terms of the agreement no repayment or prepayment of the subordinated loan could be made by BMSL before 7 August 2022 without the prior consent of the FCA. No interest was payable by BMSL in respect of the subordinated loan provided.

The loan was repaid by BMSL on 30 December 2021 with the prior approval of the FCA. The consideration paid by BMSL in repayment of the subordinated loan was the issue of 27,410,580 ordinary shares in BMSL at the consideration of £1 each.

### 11 Creditors: Amounts falling due within one year

Creditors falling due within one year at the balance sheet date comprised:

	31 December 2021 £000	31 December 2020 £000
Amount due to ultimate parent undertaking	22,750	-
Amount due to immediate parent undertaking	-	499
Amounts due to fellow group undertakings	-	32,106
Accruals and deferred income	20	5
<b>Creditors: amounts falling due within one year</b>	<b>22,770</b>	<b>32,610</b>

The amounts due by the Company to immediate parent and fellow group undertakings at 31 December 2020 related to amounts due by the Company to fellow group undertakings of The Ardonagh Group Limited (incorporated in Jersey). The amount due to a fellow group undertaking at 31 December 2020 was written down by £9,855,012 on 26 March 2021, and the remaining balance due to immediate parent and fellow group undertakings of The Ardonagh Group Limited at that date amounting to £22,749,999 was repaid by Lucida on behalf of the Company on 13 May 2021 at which time the amount became due by the Company to Lucida.

The amount due to the ultimate parent undertaking, Lucida, is repayable on demand although the directors of Lucida have provided a letter of support to the directors of the Company confirming that Lucida does not intend to demand repayment of the amount due within 18 months from 27 July 2022.

### 12 Called up share capital

	31 December 2021 £	31 December 2020 £
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	100	100

## Notes to the Financial Statements for the year ended 31 December 2021 (continued)

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### 13 Financial Instruments

The Company is exposed to credit and liquidity risks in the normal course of the Company's business. These risks are mitigated by the Company's financial management policies and practices described below.

#### Financial assets

The financial assets of the Company comprise investments in subsidiary undertakings. At 31 December 2021 the Company had no interest-bearing financial assets.

#### Financial liabilities

The financial liabilities of the Company comprise amounts due to fellow group undertakings. At 31 December 2021 the Company had no interest-bearing financial liabilities. Financial liabilities are stated at the amount due to the counterparty of the liability.

### 14 Ultimate controlling party

The directors consider that the ultimate controlling party of the Company for the period from 1 January 2020 to 12 May 2021 was The Ardonagh Group Limited (registered in Jersey). The parent company of the smallest group which prepared group financial statements at 31 December 2020 which consolidated the financial statements of the Company was Ardonagh Midco 2 plc.

The directors consider that the ultimate controlling party of the Company for the period from 13 May 2021 to the date of these financial statements has been Lucida Broking Holdings Limited.