

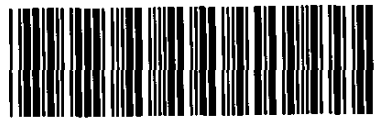
Registration number: 12775915

# Atlanta Investments Holdings D1 Limited

Annual Report and Unaudited Financial Statements

*for the Year Ended 31 December 2022*

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## **Atlanta Investments Holdings D1 Limited**

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## **Atlanta Investments Holdings D1 Limited**

### **Company Information**

<b>Directors</b>	E J Rawlinson
	R J Shepherd
<b>Company secretary</b>	Ardonagh Corporate Secretary limited
<b>Registered office</b>	Autonet Insurance
	Nile Street
	Burslem
	ST6 2BA United Kingdom

## **Atlanta Investments Holdings D1 Limited**

### **Strategic Report for the Year Ended 31 December 2022**

The directors present their strategic report for the year ended 31 December 2022 for Atlanta Investments Holdings D1 Limited ("the Company"). The Strategic Report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the performance of the Company during the financial year and its position at the end of the year. The report discusses the developments that have affected the Company and the main trends and factors that could affect its future. The Company is part of Ardonagh Group Holdings Limited ("the Group").

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

The principal activity of the Company is that of an intermediate holding company, holding an investment in its subsidiary, Lloyd Latchford Group Limited.

The results for the Company show revenue of £Nil (2021: £Nil) and loss before tax of £32,319 (17 months to 31 December 2021: £536,766) for the year. At 31 December 2022 the Company had net assets of £2,949,667 (2021: £2,981,986). On 15 September 2023, the Ardonagh Group and the Markerstudy Group agreed a merger between Markerstudy and the Atlanta Group. See note 15 for further details. The going concern note (part of accounting policies) on page 15 sets out the reasons why the directors continue to believe that the preparation of the financial statements on a going concern basis is appropriate.

Previous year financial statements were audited. However, for the current year the Company has taken exemption from audit under s479A.

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

The business will act as an intermediary holding company and support the strategic objectives of the Group of internal growth and target acquisitions.

#### **Section 172 (1) Statement**

The Directors take seriously their obligations under s.172 (1) (a)-(f) of the Companies Act 2006 ("s.172 Duties") to act in a way they consider, in good faith, would be the most likely to promote the success of the Company for the benefit of its members as a whole consistent with s.172 Duties.

Board oversight and governance are discharged by the Atlanta Retail Group Platform and Segment Boards. The Platform Board considers and approves acquisitions and disposals, sets integration/synergy plans and recommends investments over a set limit to the Ardonagh Group Board for approval. The Atlanta Platform Board has constituted a Remuneration Committee and an Audit Committee. The Remuneration Committee approves matters delegated to them by the Group Remuneration Committee and recommends matters that require approval by the Group Remuneration & Nominations Committee. The Audit Committee ensure robust oversight over prudential and financial risk and Internal Audit plan delivery.

The performance and delivery of annual and integration plans of the underlying Broking and MGA businesses within the Atlanta Retail Group are subject to detailed oversight by our Insurance Broking and MGA Segment Boards. The Segment Boards also discharge rigorous oversight over the management of risk. Given the respective size of the businesses, the insurance broking Segment Board have constituted a risk committee that reports back to the Board.

## **Atlanta Investments Holdings D1 Limited**

### **Strategic Report for the Year Ended 31 December 2022 (continued)**

#### **Section 172 (1) Statement (continued)**

All our Boards and Committees operate under written terms of reference and a delegated authority framework set by the Ardonagh Group. Our Boards and Committees are supplied with regular, comprehensive and timely information in a form and quality that enables them to discharge their duties effectively. Below is an explanation of how the Atlanta Platform and Segment Boards engage with our stakeholders and how their views inform Board decision making.

#### *Shareholders*

There are two shareholder representative directors on the Atlanta Platform Board who articulate their views during Board discussions.

#### *Employees*

Our employees are central to the success of the Atlanta Group and our remuneration structures are designed to reward good performance at the individual and business level and support our values. In addition, the Atlanta Group focusses on providing long-term career prospects for staff with opportunities to up-skill through training, providing career progression paths and study support and, if appropriate, movement across different Atlanta businesses.

The Atlanta Group has adopted an Equality and Diversity Policy and the Board believes that equality, diversity and inclusion strengthen the Atlanta Group, contribute to long-term business performance, and attract key talent. The Atlanta Board have taken time to consider management actions and initiatives regarding diversity and inclusion, and they support and monitor management actions to increase the proportion of senior leadership roles held by women and other under-represented groups across Atlanta.

During the year, Management introduced several initiatives including an advance pay review of 2% and a one off £500 Cost of Living payment for lower paid colleagues, a Winter Warmer campaign providing free breakfast, lunches and a Community Cupboard to alleviate the cost-of-living related financial pressures for employees.

An annual Groupwide employee pulse survey has been conducted since 2019. 84% of Atlanta employees participated in the 2022 pulse survey, the highest response rate across the Ardonagh Group. Atlanta achieved an average score of 7.7 (out of 10) across all questions, higher than the 7.5 average score across the Ardonagh Group. The survey highlighted positive trends regarding creating a sense of belonging and purpose, fostering cultures of inclusion and respect, and building strong team and line manager relationships. The survey also highlighted that there is also work to do on recognition and inter-department/brand collaboration.

#### *Customers*

Seeking good customer outcomes is central to the success of the business. Management continues to seek customer views and improve how we track our customers' perceptions of our businesses and bring the voice of our customers into Board reporting. Our products and services are periodically reviewed to ensure they continue to meet the needs of our customers.

In response to the cost-of-living crisis, the Board has reviewed and enhanced how we support our vulnerable customers, including dedicated call lines staffed by colleagues who have received specific training and provided with tools and solutions to help our customers.

## Atlanta Investments Holdings D1 Limited

### Strategic Report for the Year Ended 31 December 2022 (continued)

#### Section 172 (1) Statement (continued)

In preparation for the new UK Customer Duty launched by the FCA, the Atlanta segment board selected an independent non-executive director to act as a Customer Champion who regularly meets with management to discuss and challenge performance against customer related metrics and helps facilitate the voice of the customer to be heard in the Boardroom.

#### *Regulatory relationships*

The Board prioritises positive, open and transparent engagement with all our regulatory relationships. Our directors receive regular updates on regulatory interactions and new regulatory rules and guidance and how they impact our businesses. We participate in thematic reviews and believe that strong regulatory relationships are a source of competitive advantage.

#### *Insurers*

Our insurance partners are fundamental to the success of the business. Senior leaders regularly meet with key insurance partners, supported by increasingly sophisticated data, to discuss performance and ways in which we can continue to meet customers' needs and these developments are reported to our Boards.

#### *Our Suppliers*

Management aims to treat all our suppliers fairly and to pay them in accordance with contractual terms. Our key suppliers are defined by the Group Outsourcing and Procurement Policy which ensures that all key suppliers are identified and subject to appropriate monitoring and engagement. Management ensures appropriate due diligence is performed on key suppliers before they are engaged. We require that our suppliers have ESG and modern slavery policies that are at least as stringent as our own.

The businesses publish a Payment Practices Report, on a bi-annual basis in accordance with the statutory reporting duty which requires companies to report on their payment policies, practices and performance.

#### *Community*

Ardonagh contributes to the communities in which we operate through the Ardonagh Charitable Trust. Further details on how we interact with communities are set out in the Sustainability Report available on the Ardonagh website.

Case Study in considering stakeholders in decision making

Our Atlanta Platform Board considered the new UK Consumer Duty rules and how they will impact our businesses and our stakeholders, as outlined out below:

#### *Our Boards*

The Platform Board considered and approved management's implementation plans to ensure compliance with the new Consumer Duty rules by the regulatory deadline. The Board received training and the previously mentioned Consumer Duty champion on the Board received additional briefings and training to ensure they can effectively discharge oversight and challenge. The Atlanta Segment Board will receive annual reviews in order to evidence that products and services comply with the new Consumer Duty.

#### *Colleagues*

Our Boards received assurances that relevant staff will receive training on the new Consumer Duty rules and regular communications are sent out to staff to ensure awareness of the new rules and support the embedding of the Consumer Duty requirements. Our Boards regularly consider the culture within our businesses and ensure risk frameworks and remuneration policies help drive the right conduct and behaviours.

## **Atlanta Investments Holdings D1 Limited**

### **Strategic Report for the Year Ended 31 December 2022 (continued)**

#### **Section 172 (1) Statement (continued)**

##### *Customers*

Our customers are at the heart of our decision making and our Boards considered how the business will ensure 'good customer outcomes' will be achieved and evidenced and how the business treats vulnerable customers. Our Boards have tasked management to build new metrics and reporting to enable compliance with the new rules to be measured and monitored. Management is also seeking ways to enhance customer communications in light of the new rules, and these enhancements will be subject to Board oversight and challenge.

##### *Insurers*

Our segment Boards considered how the business will work with our insurer partners in order to comply with the new Consumer Duty rules, in particular how 'fair value' assessments will be conducted.

##### *Regulatory*

Our segment Boards discharge oversight and challenge to ensure the business complies with regulatory deadlines set out in the new Consumer Duty rules. In addition, our Risk Committee consider interactions with the FCA to ensure our regulatory relationship is constructive, transparent and cooperative.

##### *Shareholders*

Our shareholder representative directors report back to the Group Board on progress and the impact of compliance with the new Consumer Duty rules on the business.

#### **Outlook**

On 15 September 2023, the Ardonagh Group and the Markerstudy Group agreed a merger between Markerstudy and the Atlanta Group. See note 15 for further details.

The directors do not expect there to be any changes in the nature of the business in 2023.

#### **Key performance indicators**

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

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

#### **Principal risks and uncertainties**

Trading performance in the subsidiary could create the need for impairment leading to a reduction in net assets and distributable reserves of the Company. The subsidiary sets performance targets for the year ahead and performance is reviewed regularly against these targets. Reasons for under performance are monitored and mitigating actions are taken.

## Atlanta Investments Holdings D1 Limited

### Strategic Report for the Year Ended 31 December 2022 (continued)

The principal risks and their mitigation are as follows:

#### *Financial risk*

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

The Group has demonstrated its resilience to economic uncertainties and demonstrated operational and financial resilience in response to a downturn in UK business and customer confidence.

The Group has sufficient liquidity to withstand a period of potential poor trading resulting from a sustained economic decline, although this has not materialised to date and the Group would respond to income declines by seeking cost savings. The Group had available liquidity of £995.1m at 30 June 2023 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.

#### *Litigation*

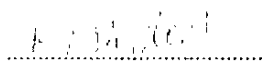
We are subject to various actual and potential claims, lawsuits and other proceedings relating principally to alleged errors, omissions or unfair provisions in connection with the placement of insurance or the provision of financial services advice in the ordinary course of business.

We maintain professional indemnity insurance for errors and omissions claims. The terms of this insurance vary by policy year and our ability to obtain professional indemnity insurance in the future may be adversely impacted by general developments in the market for such insurance, or by our own claims experience. If our insurance coverage proves inadequate or unavailable, there is an increase in liabilities for which we self-insure.

#### *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 (underpinned by the three lines of defence governance model set out on above) and closely monitors changes to the regulatory environment.

Approved by the Board on 26 October 2023 and signed on its behalf by:



R J Shepherd  
Director



## **Atlanta Investments Holdings D1 Limited**

### **Directors' Report for the Year Ended 31 December 2022**

The directors present their annual report and the unaudited financial statements for the year ended 31 December 2022.

#### **Directors of the Company**

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

C D Ball (resigned 18 April 2023)

I J Donaldson (resigned 18 April 2023)

The following directors were appointed after the year end:

E J Rawlinson (appointed 13 April 2023)

R J Shepherd (appointed 13 April 2023)

#### **Dividends**

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2022 (17 months to 31 December 2021: £Nil).

#### **Financial risk management objectives and policies**

Details of financial risk management objectives and policies can be found in the Strategic Report within the 'Principal risks and uncertainties' section on page 5.

#### **Future developments**

Details of future developments can be found in the Strategic Report within the 'Outlook' section on page 5.

#### **Political donations**

The Company has not made any political donations during the year (17 months to 31 December 2021: £Nil).

#### **Subsequent events**

Details of subsequent events can be found in the notes to the financial statements within the 'Subsequent events' section on page 28.

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development are described in the Strategic Report on page 2. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. As at 31 December 2022, the Company is reporting net current liabilities of £13.3m (2021: £13.3m). In reaching their view on the preparation of the Company's financial statements on a going concern basis, the directors have also considered the letter of support provided by Ardonagh Group Holdings Limited and the potential implications of the Markerstudy merger. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details of this assessment can be found in note 2 to these financial statements.

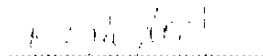
## **Atlanta Investments Holdings D1 Limited**

### **Directors' Report for the Year Ended 31 December 2022 (continued)**

#### **Directors' indemnities**

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

Approved by the Board on 26 October 2023 and signed on its behalf by:



R J Shepherd  
Director

## **Atlanta Investments Holdings D1 Limited**

### **Statement of Directors' Responsibilities**

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

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

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

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

The directors are responsible for 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information relating to the Company that is included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

## Atlanta Investments Holdings D1 Limited

### Statement of Comprehensive Income for the Year Ended 31 December 2022

		2022	17 months to 31 December 2021
	Note	£	£
Administrative expenses		(150)	(536,766)
<b>Operating loss</b>	4	(150)	(536,766)
Gains and losses	5	(32,169)	-
<b>Loss before tax</b>		(32,319)	(536,766)
Income tax	8	-	1,197
<b>Loss for the year/period</b>		(32,319)	(535,569)

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

The notes on pages 13 to 28 form an integral part of these financial statements.

# Atlanta Investments Holdings D1 Limited

(Registration number: 12775915)

## Statement of Financial Position as at 31 December 2022

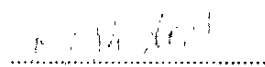
	Note	2022 £	2021 £
<b>Non-current assets</b>			
Investments in subsidiaries	9	16,298,719	16,298,719
<b>Current assets</b>			
Trade and other receivables	10	-	75
Current tax assets		-	1,197
		<u>-</u>	<u>1,272</u>
<b>Current liabilities</b>			
Trade and other payables	11	<u>(13,349,052)</u>	<u>(13,318,005)</u>
<b>Net current liabilities</b>		<u>(13,349,052)</u>	<u>(13,316,733)</u>
<b>Total assets less current liabilities</b>		<u>2,949,667</u>	<u>2,981,986</u>
<b>Net assets</b>		<u>2,949,667</u>	<u>2,981,986</u>
<b>Capital and reserves</b>			
Share capital	12	100	100
Share premium		3,517,455	3,517,455
Retained losses		<u>(567,888)</u>	<u>(535,569)</u>
<b>Total equity</b>		<u>2,949,667</u>	<u>2,981,986</u>

For the financial year ending 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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

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

Approved by the Board on 26 October 2023 and signed on its behalf by:

  
 .....  
 R J Shepherd  
 Director

The notes on pages 13 to 28 form an integral part of these financial statements.

## Atlanta Investments Holdings D1 Limited

### Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £	Share premium £	Retained losses £	Total £
At 1 January 2022	100	3,517,455	(535,569)	2,981,986
Loss for the year	-	-	(32,319)	(32,319)
At 31 December 2022	<u>100</u>	<u>3,517,455</u>	<u>(567,888)</u>	<u>2,949,667</u>

	Share capital £	Share premium £	Retained losses £	Total £
At 29 July 2020	-	-	-	-
Allotment of A Ordinary shares	75	-	-	75
Allotment of B Ordinary shares	25	3,517,455	-	3,517,480
Loss for the period	-	-	(535,569)	(535,569)
At 31 December 2021	<u>100</u>	<u>3,517,455</u>	<u>(535,569)</u>	<u>2,981,986</u>

The notes on pages 13 to 28 form an integral part of these financial statements.

## **Atlanta Investments Holdings D1 Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022**

#### **1 General information**

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

These financial statements for the year ended 31 December 2022 were authorised for issue by the Board on 26 October 2023 and the Statement of Financial Position was signed on the board's behalf by R J Shepherd.

#### **2 Accounting policies**

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

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

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

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

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

Amounts shown are rounded to the nearest pound, unless stated otherwise.

These financial statements have been prepared under the historical cost convention, as modified to use a different measurement basis where necessary to comply with FRS 101.

As a wholly owned subsidiary of Ardonagh Group Holdings Limited ("AGHL") at 31 December 2022, the Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts, and its results are included in the consolidated accounts of its ultimate parent for the year ended 31 December 2022. The previous holding company of the Company was The Ardonagh Group Ltd ("TAGL").

There are no new standards, amendments or interpretations which are effective in 2022 and that are expected to materially impact the Company's financial statements.

## **Atlanta Investments Holdings D1 Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)**

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

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("UK-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.

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

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

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next year, are discussed in the Critical accounting judgements and key sources of estimation uncertainty disclosure on page 22.



## **Atlanta Investments Holdings D1 Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)**

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

##### **Going concern**

As shown in account note 14, the Company was a member of a group ("the Group") of which Tara Topco Limited was the ultimate parent company and Ardonagh Group Holdings Limited was the highest level at which results were consolidated.

The financial statements of the Company have been prepared on a going concern basis. At 31 December 2022 the Company had net assets of £2,949,667 (2021: £2,981,986) and net current liabilities of £13,349,052 (2021: £13,316,733). The net current liabilities include amounts receivable from related parties of £Nil (2021: £75) and amounts due to related parties of £13,094,274 (2021: £13,013,575). The Company reported a loss before tax of £32,319 (2021: £535,569).

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 Group Holdings Limited.

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 Group's capital structure, operations and liquidity.
- Base case and stressed cash flow forecasts over the calendar years 2023 and 2024.
- The impact on the base case and stressed cashflow forecasts arising from subsequent material acquisitions.
- The principal risks facing the Group and its systems of risk management and internal control.
- Actual trading and cashflows of the Company and Group, including those of the group of companies previously owned by TAGL.

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

- The Group will continue to benefit from a £191.5m Revolving Credit Facility that is not drawn at the date of this report. In addition to this, net equity proceeds of £134.9m were received in January 2023 and £187.4m in March 2023 from the Group's ultimate shareholder.
- Client retention and renewal rates remain robust, despite the current economic uncertainty, as the 2023 trading performance continues to demonstrate resilience across the Group, including that of the group of companies previously owned by TAGL.
- Interest costs should be modelled using current forward interest rates and current FX rates (other than

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 2023 and 2024.
- Deterioration in base case cash conversion rates over and above the shortfalls in income.
- An inflationary cost increase of 2% over the base case assumptions.
- Mitigating actions within management control including delayed capital expenditure, a reduction in

## **Atlanta Investments Holdings D1 Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)**

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

The directors have also modelled reverse stress scenarios, including assessing those that result in a default on the Group's term debt facilities that would require a technical repayment obligation and those that would exhaust available liquidity. The stresses needed for these outcomes to happen significantly exceed the key stress scenarios above and the 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 and financial consequences and ramifications of global political and economic tensions (including related to the Ukrainian conflict, foreign exchange rates, inflation and increasing interest rates). In particular:

- 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 unduly exposed to a single carrier, customer or market sector.
- Although economic developments remain fluid, the stress testing demonstrates the Group's financial resilience and operating flexibility.
- As a result of Russia invading Ukraine, we have seen significant new sanctions legislation from a range of legislators (including the US, EU and UK), with newly sanctioned entities and individuals, and new (or wider in scope) sectoral sanctions targeting Russia (and Belarus). The Ardonagh Group has no appetite for potential breaches of applicable sanctions regimes and applies appropriate controls including automated screening of clients against relevant sanctions lists. We continue to actively monitor the situation as it develops and will respond accordingly as new sanctions are enacted.
- The Group continues to monitor the risk of cyberattacks, but the Group has not identified any significant cybersecurity risks during the period ended 31 December 2022.

Management note that on 15 September 2023 the Ardonagh Group and the Markerstudy Group agreed a merger between Markerstudy and the Atlanta Group, which includes the Company, that is likely to result in Atlanta being acquired within the 12 month going concern assessment period assuming the satisfaction of customary completion conditions (see note 15). There is currently limited information available over the future owners plans for the Company, however, synergies are expected in the companies that will be part of the combined Atlanta Group and Markerstudy Group which would enhance their future outlooks. As noted in note 15 the combined group, Atlanta and Markerstudy, will bring together highly complementary capabilities across pricing, underwriting and distribution and will deliver an enhanced proposition for millions of new and existing customers.

Following the assessment of the Company's ability to meet its obligations as and when they fall due and the Group's financial position and liquidity, including the further potential financial implications of the Covid-19 pandemic included in Group stress tests and the Markerstudy merger, and the wider operational consequences and ramifications of the pandemic, the Directors have not identified any material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

## **Atlanta Investments Holdings D1 Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)**

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

##### **Investments in subsidiaries**

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

##### **Impairment of investment**

The carrying amount of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. The last annual impairment test was performed as at 31 December 2022.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment loss of £Nil (2021: £Nil) is recognised in the Statement of Comprehensive Income.

##### *Calculation of recoverable amount*

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

##### **Financial instruments**

##### **Recognition and initial measurement**

Financial assets and financial liabilities comprise all assets and liabilities reflected in the Statement of Financial Position, although excluding tangible assets, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the Statement of Financial Position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

## Atlanta Investments Holdings D1 Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

#### 2 Accounting policies (continued)

##### **Derecognition**

###### *Financial assets*

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right 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; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability.

The company enters into transactions whereby it transfers assets recognised on its Statement of Financial Position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When the company derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

- (a) The carrying amount of the assets and liabilities that are recognised in the entity's Statement of Financial Position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised.
- (b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;
- (c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined
- (d) The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets

###### *Financial liabilities*

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

##### **Offsetting**

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

## Atlanta Investments Holdings D1 Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

#### 2 Accounting policies (continued)

##### Classification and subsequent measurement of financial assets

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

##### Financial assets classified as amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

The Company's financial assets measured at amortised cost include trade and other receivables (except for certain other receivables measured at FVTPL, see below), advances to related parties, cash and cash equivalents and certain other financial assets.

The Company's trade receivables do not generally have a significant financing component, so and as such their transaction (invoiced) price is considered to be their amortised cost.

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

In certain circumstances, the Company advances premiums, refunds or claims to insurance underwriters or clients prior to collection. These advances are reflected in the Statement of Financial Position as part of trade receivables.

## **Atlanta Investments Holdings D1 Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)**

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

##### **Financial assets classified as FVTOCI**

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:-

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the Statement of Comprehensive Income.

##### **Financial assets classified as FVTPL**

Financial assets not otherwise classified above are classified and measured as FVTPL.

##### **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 following that change.

##### **Impairment of financial assets**

The Company assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets carried at amortised cost. The Company recognises a loss allowance for such losses at each reporting date.

The Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

All cash and cash equivalents are assessed to have low credit risk at each reporting date as they are held with reputable banks and financial institution counterparties with, wherever possible, a minimum single A credit rating from both Moody's and S&P.

ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available.

## **Atlanta Investments Holdings D1 Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)**

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

##### **Impairment of financial assets (continued)**

###### **Definition of default**

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

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full.

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

###### **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 the Statement of Comprehensive Income.

##### **Classification and subsequent measurement of financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified and measured at FVTPL when 1) the financial liability is deferred consideration, contingent consideration or a share buyout balance relating to a business combination to which IFRS 3 applies, or 2) it is a derivative.

##### **Financial liabilities at fair value through the profit or loss**

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

The Company's financial liabilities include trade and other payables which are initially recognised at fair value and are subsequently measured at amortised cost.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Taxation**

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

## Atlanta Investments Holdings D1 Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

#### 2 Accounting policies (continued)

##### *Current tax*

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

#### 3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the period.

There were no critical judgements that have a significant effect on the carrying amounts of assets and liabilities.

##### **Key sources of estimation uncertainty**

##### *Impairment of investments in subsidiaries*

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

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

#### 4 Operating loss

Arrived at after charging:

	<b>17 months to 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Acquisition of subsidiary - professional fees	-	515,466
Auditors' remuneration	-	6,300
Other professional fees	150	15,000



## Atlanta Investments Holdings D1 Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

#### 4 Operating loss (continued)

For the year ended 31 December 2022, the Company has taken the exemption under s479 of the Companies Act 2006 from the requirement to obtain an audit of their separate financial statements. The guarantee of the outstanding liabilities as at 31 December 2022 has been provided by Ardonagh Midco 2 plc, a fellow Group company. As a result, no audit fee has been incurred (2021: £6,300).

#### 5 Gains and losses

	2022	17 months to 31 December 2021
	£	£
Loss on revaluation of consideration liability	32,169	-

Consideration for the acquisition of Lloyd Latchford Group Limited was settled at an amount more than that estimated at the point of acquisition and the actualisation has been recognised in the Statement of Comprehensive Income in line with IFRS3.

#### 6 Staff costs

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

#### 7 Directors' remuneration

The emoluments of all directors for current year are paid by other Group companies, which make no recharge to the Company. These directors are directors of other fellow subsidiaries. Their total emoluments are included in the consolidated financial statements of Ardonagh Group Holdings Limited for the year ended 31 December 2022. It is impracticable to determine the proportion of director emoluments that relate to this entity.

## Atlanta Investments Holdings D1 Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

#### 8 Income tax

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

	2022 £	17 months to 31 December 2021 £
<b>Current tax</b>		
UK corporation tax	-	(1,197)
Adjustments in respect of prior periods	-	-
<b>Total current tax</b>	-	(1,197)
<b>Deferred tax</b>		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
Effect of tax rate change on opening balance	-	-
<b>Total deferred tax</b>	-	-
<b>Tax credit in the statement of comprehensive income</b>	-	(1,197)

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

	2022 £	17 months to 31 December 2021 £
<b>Loss before tax</b>	(32,319)	(536,766)
Corporation tax at standard rate of 19% (2021: 19%)	(6,141)	(101,986)
Expenses not deductible for tax purposes	6,141	100,789
<b>Total tax credit</b>	-	(1,197)

The UK Corporation Tax Rate will rise from its current rate of 19% to 25% with effect from April 2023.

## Atlanta Investments Holdings D1 Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

#### 9 Investments in subsidiaries

	£
<b>Cost or valuation</b>	
At 1 January 2022	<u>16,298,719</u>
At 31 December 2022	<u>16,298,719</u>
<b>Provision for impairment</b>	
At 1 January 2022	<u>-</u>
At 31 December 2022	<u>-</u>
<b>Carrying amount</b>	
At 31 December 2022	<u>16,298,719</u>
At 31 December 2021	<u>16,298,719</u>

Details of the subsidiaries as at 31 December 2022 are as follows.

Name of subsidiary	Principal activity	Country of incorporation and Principal place of business	Nature of holding	Company interest in ordinary share capital and voting rights held	
				2022	2021
Lloyd Latchford Group Limited	Insurance Broker	Embankment West Tower, 101 Cathedral Approach, Salford, United Kingdom, M3 7FB	Ordinary	100%	100%

## Atlanta Investments Holdings D1 Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

#### 10 Trade and other receivables

	2022	2021
	£	£
Receivables from other Group companies	-	75
	<u>-</u>	<u>75</u>

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

#### 11 Trade and other payables

	2022	2021
	£	£
<b>Current trade and other payables</b>		
Amounts due to other Group companies	13,094,274	13,013,575
Other payables	254,778	304,430
	<u>13,349,052</u>	<u>13,318,005</u>

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

## Atlanta Investments Holdings D1 Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

#### 12 Share capital

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

	2022		2021	
	No.	£	No.	£
A Ordinary shares of £0.01 each	7,505	75.05	7,505	75.05
B Ordinary shares of £0.01 each	2,495	24.95	2,495	24.95
	<u>10,000</u>	<u>100</u>	<u>10,000</u>	<u>100</u>

#### 13 Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with a number of related parties. The Company has taken the exemption under FRS 101 not to disclose transactions with fellow wholly owned subsidiaries or key management personnel.

#### 14 Parent and ultimate parent undertaking

The Company's immediate parent company is Atlanta Investment Holdings D Limited and the ultimate parent company is Tara Topco Limited.

The Group's majority shareholder and ultimate controlling party at 31 December 2022 is Madison Dearborn Partners LLC. The parent company of the largest group that prepares group financial statements at 31 December 2022 that consolidate the Company is Ardonagh Group Holdings Limited (incorporated in Great Britain, registered office address 2 Minster Court, Mincing Lane, London, EC3R 7PD). The parent company of the smallest group that prepares group financial statements at 31 December 2022 that consolidate the Company is Ardonagh Midco 2 plc (incorporated in Great Britain, registered office address 2 Minster Court, Mincing Lane, London, EC3R 7PD).

Financial statements for Ardonagh Group Holdings Limited and Ardonagh Midco 2 plc are available on request from:

2 Minster Court  
Mincing Lane  
London  
EC3R 7PD

## **Atlanta Investments Holdings D1 Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **15 Subsequent events**

On 15 September 2023, the Ardonagh Group and the Markerstudy Group agreed a merger between Markerstudy and Atlanta to create a major new player in the UK insurance market. The transaction, which is subject to customary conditions (including regulatory approvals), values Atlanta at £1.2 billion. Ardonagh will retain a minority interest in the new combined group.

The combined group, Atlanta and Markerstudy, will bring together highly complementary capabilities across pricing, underwriting and distribution and will deliver an enhanced proposition for millions of new and existing customers.

There is no impact on the Company's financial statements.