

Registration number: 13151029

Atlanta Investment Holdings D4 Limited

Annual Report and Unaudited Financial Statements
for the Period from 21 January 2021 to 31 December 2021



Atlanta Investment Holdings D4 Limited

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Atlanta Investment Holdings D4 Limited

Company Information

Directors	C D Ball I J Donaldson
Company secretary	Ardonagh Corporate Secretary Limited
Registered office	Autonet Insurance Nile Street Burslem ST6 2BA United Kingdom

Atlanta Investment Holdings D4 Limited

Strategic Report for the Period from 21 January 2021 to 31 December 2021

The directors present their strategic report for the period from 21 January 2021 to 31 December 2021 for Atlanta Investment Holdings D4 Limited ("the Company"). The Strategic Report provides a review of the business for the financial period and describes how the directors manage risks. The report outlines the performance of the Company during the financial period and its position at the end of the period. The report discusses the developments that have affected the Company and the main trends and factors that could affect its future. Following significant new equity investment as disclosed in note 12, the Company is now part of a new holding company structure. Prior to this and as at 31 December 2021, the Company was part of The Ardonagh Group Limited ("the Group").

Principal activities and business review

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

The results for the Company show turnover of £Nil and profit before tax of £Nil for the period. At 31 December 2021 the Company had net assets of £2. The going concern note (part of accounting policies) on page 10 sets out the reasons why the directors believe that the preparation of the financial statements on a going concern basis is appropriate.

Outlook

The Company is not actively trading and is not expected to trade in 2022 but has adequate net assets, as stated in 'Principal activities and business review' to fund its activities if this position changes. In addition, financial support offered by the Group, as discussed in note 2 'Going concern' provides sufficient assurance as to the Company's ability to trade on a going concern basis for a period of at least twelve months from the date of approval of the financial statements.

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.

Principal risks and uncertainties

The Company has a comprehensive strategy for the identification, mitigation and management of risk. A wide-ranging assessment of business risks has been undertaken resulting in the compilation of a risk register. The risk register is subject to discussion at regular Group Risk Management Committee meetings and the Company's ongoing risk management ensures there is appropriate reporting from the business which will highlight changes in risk profile to the Group Risk Management Committee. The risks are managed and monitored to be within the agreed risk appetite. If a risk exceeds appetite, management actions will be put in place to bring it within appetite.

Atlanta Investment Holdings D4 Limited

Strategic Report for the Period from 21 January 2021 to 31 December 2021 (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 Company and Group has demonstrated its resilience from an economic shock and demonstrated operational and financial resilience in response to the Covid-19 pandemic.

The Company and 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 £683.3m at 30 June 2022 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.

Approved by the Board on 13/09/2022 and signed on its behalf by:



.....
C D Ball
Director

Atlanta Investment Holdings D4 Limited

Directors' Report for the Period from 21 January 2021 to 31 December 2021

The directors present their annual report and the unaudited financial statements for the period from 21 January 2021 to 31 December 2021.

Incorporation

The company was incorporated on 21 January 2021.

Directors of the Company

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

C D Ball (appointed 21 January 2021)

I J Donaldson (appointed 21 January 2021)

Dividends

The directors do not recommend a final dividend payment to be made in respect of the financial period ended 31 December 2021.

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report within the 'Principal risks and uncertainties' section on page 2.

Future developments

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

Political donations

The Company has not made any political donations during the period.

Subsequent events

Details of subsequent events can be found in the Notes to the financial statements within the 'Subsequent events' section on page 15.

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. Thus, they have adopted 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.

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 period and at the date of this report.

Approved by the Board on 13/09/2022 and signed on its behalf by:



.....
C D Ball
Director

Atlanta Investment Holdings D4 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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Atlanta Investment Holdings D4 Limited

Statement of Comprehensive Income for the Period from 21 January 2021 to 31 December 2021

		Period from 21 January 2021 to 31 December 2021
	Note	£
Commission and fees		-
Operating profit	4	-
Profit before tax		-
Income tax credit/(expense)	7	-
Profit for the period		-

During the period the Company did not trade and received no income and incurred no expenditure. Consequently, during the period the Company made neither a profit nor a loss. No results were derived from discontinued operations.

Atlanta Investment Holdings D4 Limited

(Registration number: 13151029)

Statement of Financial Position as at 31 December 2021

	Note	2021 £
Current assets		
Trade and other receivables	8	<u>2</u>
Net current assets		<u>2</u>
Total assets less current liabilities		<u>2</u>
Net assets		<u>2</u>
Capital and reserves		
Share capital	9	<u>2</u>
Total equity		<u>2</u>

For the financial period ending 31 December 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board on ~~13/09/2022~~ and signed on its behalf by:



.....
C D Ball
Director

Atlanta Investment Holdings D4 Limited

Statement of Changes in Equity for the Period from 21 January 2021 to 31 December 2021

	Note	Share capital £	Total £
At 21 January 2021		-	-
New share capital issued	9	<u>2</u>	<u>2</u>
At 31 December 2021		<u><u>2</u></u>	<u><u>2</u></u>

Atlanta Investment Holdings D4 Limited

Notes to the Unaudited Financial Statements for the Period from 21 January 2021 to 31 December 2021

1 General information

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

The financial statements for the period ended 31 December 2021 were authorised for issue by the board on and the Statement of Financial Position was signed on the board's behalf by C D Ball.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

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

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

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.

No amendments to standards and interpretations that are mandatorily effective for annual periods beginning on 1 January 2021 have had a material effect on the Company's financial statements.

Summary of disclosure exemptions

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

- the requirements 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;

Atlanta Investment Holdings D4 Limited

Notes to the Unaudited Financial Statements for the Period from 21 January 2021 to 31 December 2021 (continued)

2 Accounting policies (continued)

- 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 12.

Going concern

As shown in account note 11, the Company was a member of a group ("the Group") of which The Ardonagh Group Limited ("TAGL") was the ultimate parent company and the highest level at which results were consolidated for the year ended 31 December 2021.

The financial statements of the Company have been prepared on a going concern basis. At 31 December 2021 the Company had net assets of £2 and net current assets of £2. The net current assets include amounts receivable from related parties of £2, and amounts due to related parties of £Nil. The Company reported a profit before tax £Nil.

The directors have assessed the Group'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 2022 and 2023.
- 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 since the Company's incorporation, including those of the group of companies previously owned by TAGL.

Atlanta Investment Holdings D4 Limited

Notes to the Unaudited Financial Statements for the Period from 21 January 2021 to 31 December 2021 (continued)

2 Accounting policies (continued)

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.
- Client retention and renewal rates remain robust, despite the current economic uncertainty, as the 2022 trading performance continues to demonstrate resilience across the Group, including that of the group of companies previously owned by TAGL.

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 2022 and 2023.
- Deterioration in base case cash conversion rates over and above the shortfalls in income.
- Mitigating actions within management control including delayed capital expenditure, a reduction in discretionary spend and measured reductions in employee headcount and remuneration.
- The impact of increasing interest rates.

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, 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.

Following the assessment of the Company and Group's financial position and its ability to meet its obligations as and when they fall due, including the further potential financial implications of economic uncertainty included in stress tests, the directors are not aware of any material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

Atlanta Investment Holdings D4 Limited

Notes to the Unaudited Financial Statements for the Period from 21 January 2021 to 31 December 2021 (continued)

2 Accounting policies (continued)

Financial assets

Financial assets are initially measured at fair value plus directly attributable transaction costs. The Company's financial assets include trade and other receivables. Trade and other receivables represent amounts due from related parties. They are initially measured at fair value and subsequently measured at amortised cost less expected credit losses. 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.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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.

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

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results. There were no key sources of estimation uncertainty or critical judgements in applying accounting policies that have had a significant impact on the carrying amounts of assets and liabilities in the financial period.

4 Operating result

For the period ended 31 December 2021, 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 2021 has been provided by Ardonagh Midco 2 plc, a fellow Group company. As a result, no audit fee has been incurred.

5 Staff costs

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

Atlanta Investment Holdings D4 Limited

Notes to the Unaudited Financial Statements for the Period from 21 January 2021 to 31 December 2021 (continued)

6 Directors' remuneration

The emoluments of all directors are paid by other Group companies, which make no recharge to the Company. These directors are directors of The Ardonagh Group Limited and/or other fellow subsidiaries. Their total emoluments are included in the consolidated financial statements of The Ardonagh Group Limited for the year ended 31 December 2021.

7 Income tax

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

	Period from 21 January 2021 to 31 December 2021 £
Current taxation	
UK corporation tax	-
Adjustments in respect of prior periods	-
Total current taxation	-
Deferred taxation	
Origination and reversal of temporary differences	-
Adjustments in respect of prior periods	-
Effect of tax rate change on opening balance	-
Total deferred taxation	-
Tax charge/(credit) in the Statement of Comprehensive Income	-

In the March 2021 Budget, it was announced that the UK Corporation Tax Rate will rise from its current rate of 19% to 25% with effect from April 2023.

8 Trade and other receivables

	2021 £
Receivables from other Group companies	2

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

Atlanta Investment Holdings D4 Limited

Notes to the Unaudited Financial Statements for the Period from 21 January 2021 to 31 December 2021 (continued)

9 Share capital

Allotted, called up and fully paid shares

	2021	
	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

On incorporation the Company issued 2 Ordinary shares with a nominal value of £1 each.

The ordinary shareholders are entitled to receive notice of an annual general meeting, receive a copy of any proposed written resolution and to speak or vote at any general meeting of the Company. They are entitled to receive dividends and capital distribution (including on winding up) but do not carry redemption rights.

10 Related party transactions

The Company has taken the exemption under FRS 101 not to disclose transactions with fellow wholly owned subsidiaries or key management personnel.

11 Parent and ultimate parent undertaking

The immediate parent company of the Company is Atlanta Investment Holdings D Limited and the ultimate parent company is Tara Topco Limited, (see note 12).

The Group's majority shareholder and ultimate controlling party at 31 December 2021 is HPS Investment Partners LLC. The parent company of the largest group that prepares group financial statements at 31 December 2021 that consolidate the Company is The Ardonagh Group Limited (incorporated in Jersey, registered office address 3rd Floor, 44 Esplanade, St Helier, Jersey, JE4 9WG). The parent company of the smallest group that prepares group financial statements at 31 December 2021 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 The Ardonagh Group Limited and Ardonagh Midco 2 plc are available on request from:

2 Minster Court
Mincing Lane
London
EC3R 7PD

Atlanta Investment Holdings D4 Limited

Notes to the Unaudited Financial Statements for the Period from 21 January 2021 to 31 December 2021 (continued)

12 Subsequent events

Following the satisfaction of closing conditions on 31 May 2022, Ardonagh has obtained a significant new equity investment into the Group led by existing long-term shareholders MDP and HPS, alongside new *co-investors through accounts managed by MDP and HPS*. Under the terms of the transaction, funds affiliated with MDP have increased their shareholding in the Group, and HPS has reinvested in the Group. Co-investors, including a wholly owned subsidiary of Abu Dhabi Investment Authority and several other large global institutions, have also acquired more than USD1 billion equity through accounts managed by MDP and HPS as part of the transaction, which gives an enterprise valuation for Ardonagh of USD7.5 billion.

The new equity investment has resulted in The Ardonagh Group Limited merging into a newly created company Tara Topco Limited ('Tara') on 31 May 2022 following which the Ardonagh Group activities became overseen by a newly created subsidiary of Tara from 1 June 2022, Ardonagh Group Holdings Limited.