

Registration number: 13802514

# Ardonagh Global Partners Investment Holdings 1 Limited

Annual Report and Unaudited Financial Statements  
for the Period from 15 December 2021 to 31 December 2022

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# **Ardonagh Global Partners Investment Holdings 1 Limited**

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## **Ardonagh Global Partners Investment Holdings 1 Limited**

### **Company Information**

<b>Directors</b>	D Cougill D C Ross
<b>Company secretary</b>	Ardonagh Corporate Secretary Limited
<b>Registered office</b>	2 Minster Court Mincing Lane London EC3R 7PD United Kingdom

## **Ardonagh Global Partners Investment Holdings 1 Limited**

### **Strategic Report for the Period from 15 December 2021 to 31 December 2022**

The directors present their strategic report for the period ended 31 December 2022 for Ardonagh Global Partners Investment Holdings 1 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. 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 non trading holding company.

The results for the Company show revenue of £Nil and loss before tax of £5.6m for the period. At 31 December 2022 the Company had net liabilities of £4.5m. The going concern note (part of accounting policies) on page 11 sets out the reasons why the directors continue to believe that the preparation of the financial statements on a going concern basis is appropriate.

#### **Outlook**

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

#### **Key performance indicators**

The directors of Ardonagh manage the Group's 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 Ardonagh Midco 2 plc which includes this Company is discussed in the Group's annual report.

The key performance indicator for this Company is the carrying value of its subsidiaries, as these are the main assets of the Company. The performance of the subsidiary undertakings will determine whether an impairment to the carrying value is required and this is tested on an annual basis.

There were no impairment charges for the current period end.

#### **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.

## **Ardonagh Global Partners Investment Holdings 1 Limited**

### **Strategic Report for the Period from 15 December 2021 to 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 Company and 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 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 £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.

Approved by the Board on 12 September 2023 and signed on its behalf by:

*Diane Cougill*

.....  
D Cougill  
Director

## **Ardonagh Global Partners Investment Holdings 1 Limited**

### **Directors' Report for the Period from 15 December 2021 to 31 December 2022**

The directors present their annual report and the unaudited financial statements for the period from 15 December 2021 to 31 December 2022.

#### **Incorporation**

The company was incorporated on 15 December 2021.

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

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

D Cougill (appointed 15 December 2021)

D C Ross (appointed 15 December 2021)

#### **Dividends**

The directors do not recommend a final dividend payment to be made in respect of the financial period ended 31 December 2022.

#### **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.

#### **Political donations**

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

#### **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 liabilities of £4.5m. 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. 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.

#### **Subsequent events**

Details of subsequent events can be found in the Notes to the financial statements within the 'Subsequent events' section on page 22.

## **Ardonagh Global Partners Investment Holdings 1 Limited**

### **Directors' Report for the Period from 15 December 2021 to 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 period and at the date of this report.

Approved by the Board on 12 September 2023 and signed on its behalf by:



.....  
D Cougill  
Director

## **Ardonagh Global Partners Investment Holdings 1 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 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;
- 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.



# **Ardonagh Global Partners Investment Holdings 1 Limited**

## **Statement of Comprehensive Income for the Period from 15 December 2021 to 31 December 2022**

	Note	2022 £ 000
Revenue		-
<b>Operating result</b>	4	-
Finance costs	5	(5,593)
<b>Loss before tax</b>		(5,593)
Income tax	8	1,063
<b>Loss for the period</b>		(4,530)

The above results were derived from continuing operations.

There are no items of other comprehensive income in the current period.

**Ardonagh Global Partners Investment Holdings 1 Limited**

**(Registration number: 13802514)**

**Statement of Financial Position as at 31 December 2022**

	Note	2022 £ 000
<b>Non-current assets</b>		
Investments in subsidiaries	9	178,703
<b>Current assets</b>		
Trade and other receivables	10	33,161
Current tax assets		<u>1,063</u>
		<u>34,224</u>
<b>Current liabilities</b>		
Trade and other payables	11	<u>(217,457)</u>
<b>Net current liabilities</b>		<u>(183,233)</u>
<b>Total assets less current liabilities</b>		<u>(4,530)</u>
<b>Net liabilities</b>		<u>(4,530)</u>
<b>Capital and reserves</b>		
Share capital	12	-
Retained earnings		<u>(4,530)</u>
<b>Total equity</b>		<u>(4,530)</u>

For the financial period ending 31 December 2022 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 12 September 2023 and signed on its behalf by:

*Diane Cougill*

.....  
D Cougill  
Director

**Ardonagh Global Partners Investment Holdings 1 Limited**

**Statement of Changes in Equity for the Period from 15 December 2021 to 31 December 2022**

	<b>Share capital £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 15 December 2021	-	-	-
Loss for the period	-	(4,530)	(4,530)
At 31 December 2022	-	(4,530)	(4,530)

## **Ardonagh Global Partners Investment Holdings 1 Limited**

### **Notes to the Unaudited Financial Statements for the Period from 15 December 2021 to 31 December 2022**

#### **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 2022 were authorised for issue by the Board of Directors on 12 September 2023 and the statement of financial position was signed on the Board's behalf by D Cougill.

#### **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'.

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

The financial statements are presented in GBP sterling (£), which is also the Company's functional currency. Amounts shown are rounded to the nearest thousand pound, unless stated otherwise.

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 period 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.

##### **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.

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

## **Ardonagh Global Partners Investment Holdings 1 Limited**

### **Notes to the Unaudited Financial Statements for the Period from 15 December 2021 to 31 December 2022 (continued)**

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

- 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 17.

#### **Going concern**

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

The financial statements of the Company have been prepared on a going concern basis. At 31 December 2022 the Company had net liabilities of £4.5m and net current liabilities of £183.2m. The net current liabilities include amounts receivable from related parties of £33.2m and amounts due to related parties of £217.5m. The Company reported a loss before tax of £5.6m. 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 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 assessment of the Group:

## **Ardonagh Global Partners Investment Holdings 1 Limited**

### **Notes to the Unaudited Financial Statements for the Period from 15 December 2021 to 31 December 2022 (continued)**

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

- 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.
- The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to its interest-bearing loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.
- 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.

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 GBP 134.9m were received in January 2023 and GBP 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 where interest rates on debt have been fixed through interest rate swaps).

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.
- Additional interest costs on the term and CAR debt facilities based on forward interest rate expectations.
- Mitigating actions within management control including delayed capital expenditure, a reduction in discretionary spend and measured reductions in employee headcount and remuneration.

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:

## **Ardonagh Global Partners Investment Holdings 1 Limited**

### **Notes to the Unaudited Financial Statements for the Period from 15 December 2021 to 31 December 2022 (continued)**

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

- Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. The Group is highly diversified and not materially exposed to a single carrier, customer or market sector.
- Although 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.

Following the assessment of the Group and Company'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.

#### **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. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Impairment losses are recognised in the Statement of Comprehensive Income.

#### **Impairment of assets**

The fair value of the Company was calculated based on multiples of Adjusted EBITDA and on information provided by external advisors, where that information is based on recent transactions in the insurance broking industry.

Furthermore, the Company's fair value has also been considered using the fair value of the division based on value in use of each Group division.

## **Ardonagh Global Partners Investment Holdings 1 Limited**

### **Notes to the Unaudited Financial Statements for the Period from 15 December 2021 to 31 December 2022 (continued)**

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

##### **Financial instruments**

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

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and they are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Comprehensive Income.

###### **Derecognition**

###### *Financial assets*

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Comprehensive Income. On derecognition of an investment in an equity instrument which the Company has elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to the Statement of Comprehensive Income, but is transferred to retained earnings.

###### *Financial liabilities*

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. The difference between the carrying value of the original financial liability and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. All financial liabilities are subsequently measured at amortised cost using the effective interest method.

###### **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.

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

The Company classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through profit or loss (FVTPL)

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on their classification.



## **Ardonagh Global Partners Investment Holdings 1 Limited**

### **Notes to the Unaudited Financial Statements for the Period from 15 December 2021 to 31 December 2022 (continued)**

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

##### **Financial assets classified as amortised cost**

Financial assets that meet the following conditions are classified and subsequently measured at amortised cost:

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

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The Company's financial assets measured at amortised cost include trade and other receivables.

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

##### **Foreign exchange gains and losses**

Foreign currency transactions are translated into the functional currency of the reporting entity using the exchange rate prevailing at the date the transactions took place. Income and expenses items are translated using an average exchange rate for the year where there are limited fluctuations in foreign exchange rates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the reporting date of monetary assets and liabilities are reported in profit or loss.

##### **Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition. They would only be reclassified if the Group 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. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months ECL.

## **Ardonagh Global Partners Investment Holdings 1 Limited**

### **Notes to the Unaudited Financial Statements for the Period from 15 December 2021 to 31 December 2022 (continued)**

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

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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. The Company measures the loss allowance for such assets at an amount equal to 12 months ECL. 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. 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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.

#### **Financial liabilities**

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

For financial liabilities that are denominated in a foreign currency that are not part of a designated hedging relationship, the foreign exchange gains and losses are recognised in profit or loss.

The Company's financial liabilities include trade and other payables.

#### **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 and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

##### *Current tax*

Current tax is recognised for the amount of tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

## **Ardonagh Global Partners Investment Holdings 1 Limited**

### **Notes to the Unaudited Financial Statements for the Period from 15 December 2021 to 31 December 2022 (continued)**

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

##### *Deferred tax*

Deferred tax is recognised in respect of taxable temporary differences at the reporting date (except in relation to goodwill or a transaction which is not a business combination and does not affect profit nor taxable profit). Deferred tax assets are only recognised to the extent that it is probable they will be recovered against the reversal of deferred tax liabilities or against future taxable profits. Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and if they relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities which intend to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously.

##### **Finance costs policy**

The Company's finance costs include:

- unrealised foreign currency losses on intercompany balances

Interest income and expense are recognised using the effective interest method for debt instruments classified as amortised cost.

#### **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 are no critical accounting judgements that would have a significant effect on the amounts recognised in the Company's financial statements or key sources of estimation uncertainty at the Statement of Financial Position date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **4 Operating result**

For the period 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, the Group company. As a result, no audit fee has been incurred.

#### **5 Finance costs**

	<b>2022</b>
	<b>£ 000</b>
<b>Finance costs</b>	
Unrealised foreign currency losses on intercompany balances	<u>5,593</u>

Finance costs represent the associated foreign exchange impact on intercompany balances held at the period end.

## Ardonagh Global Partners Investment Holdings 1 Limited

### Notes to the Unaudited Financial Statements for the Period from 15 December 2021 to 31 December 2022 (continued)

#### 6 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.

#### 7 Directors' remuneration

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

#### 8 Income tax

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

	<b>2022</b> <b>£ 000</b>
<b>Current taxation</b>	
UK corporation tax	(1,063)
Adjustments in respect of prior periods	-
<b>Total current taxation</b>	<u>(1,063)</u>
<b>Deferred taxation</b>	
Origination and reversal of temporary differences	-
Adjustments in respect of prior periods	-
Effect of tax rate change on opening balance	-
<b>Total deferred taxation</b>	<u>-</u>
<b>Tax credit in the Statement of Comprehensive Income</b>	<u><u>(1,063)</u></u>

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 period.

	<b>2022</b> <b>£ 000</b>
Loss before tax	<u>(5,593)</u>
Corporation tax at standard rate of 19%	<u>(1,063)</u>
Total tax credit	<u><u>(1,063)</u></u>

## Ardonagh Global Partners Investment Holdings 1 Limited

### Notes to the Unaudited Financial Statements for the Period from 15 December 2021 to 31 December 2022 (continued)

#### 8 Income tax (continued)

In the March 2023 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.

#### 9 Investments in subsidiaries

	£ 000
<b>Cost or valuation</b>	
At 15 December 2021	-
Additions	<u>178,703</u>
At 31 December 2022	<u>178,703</u>
<b>Provision for impairment</b>	
At 15 December 2021	-
Impairment charge	<u>-</u>
At 31 December 2022	<u>-</u>
<b>Carrying amount</b>	
At 31 December 2022	<u>178,703</u>

During the period, the Company purchased 100% of the share capital of its subsidiary Ardonagh Global Partners - Project Macau.

Name of subsidiary	Principal activity	Country of incorporation and Principal place of business	Company interest in ordinary share capital and voting rights held 2022
Ardonagh Global Partners - Project Macau	Management Company	Portugal	100%

Registered office address is Av. António Augusto De Aguiar Nr. 19 4th Dtº, Ps. B 1050-012 - Lisbon. Portugal.

## **Ardonagh Global Partners Investment Holdings 1 Limited**

### **Notes to the Unaudited Financial Statements for the Period from 15 December 2021 to 31 December 2022 (continued)**

#### **9 Investments in subsidiaries (continued)**

For the period ended 31 December 2022 there was no impairment recognised.

The recoverable amount of the Company's investments in subsidiaries has been determined as the higher of fair value less costs of disposal (FVLCD) or its value-in-use (VIU), in accordance with the Company's accounting policy. For the period end 31 December 2022, FVLCD is deemed to be the appropriate valuation.

FVLCD is considered a Level 3 valuation in the fair value hierarchy, as it is not based on observable market data. It is derived based on the Company's net assets and its future economic rights which is an average of a multiple of revenue and a multiple of EBITDA

#### **10 Trade and other receivables**

**2022**  
**£ 000**

##### **Current trade and other receivables**

Receivables from other Group companies	<u>33,161</u>
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The directors believe that the remaining intercompany receivables are recoverable. The balances are unsecured, interest free and repayable on demand.

#### **11 Trade and other payables**

**2022**  
**£ 000**

##### **Current trade and other payables**

Amounts due to other Group companies	<u>217,457</u>
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Amounts due to other Group companies are unsecured, interest free and payable on demand.

## **Ardonagh Global Partners Investment Holdings 1 Limited**

### **Notes to the Unaudited Financial Statements for the Period from 15 December 2021 to 31 December 2022 (continued)**

#### **12 Share capital**

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

	No.	2022 £
Ordinary Shares of £1 each	<u>1</u>	<u>1</u>

On incorporation the Company issued 1 Ordinary share with a nominal value of £1.

The ordinary share has attached to it full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

#### **13 Related party transactions**

During the period 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 immediate parent company is Ardonagh Overseas Investments 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

**Ardonagh Global Partners Investment Holdings 1 Limited**

**Notes to the Unaudited Financial Statements for the Period from 15 December 2021 to 31  
December 2022 (continued)**

**15 Subsequent events**

There are no known subsequent events at the point of signing.