

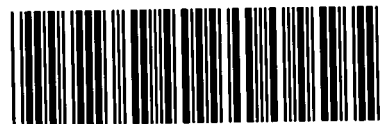
Svalinn 1319 Limited

Company Registration Number: 04518666

Annual Report and Financial Statements

For the year ended 30 June 2023

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Svalinn 1319 Limited

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Svalinn 1319 Limited

Company Information

DIRECTORS: K A Cross (resigned on 2 February 2023)
C R Cunningham (resigned on 31 October 2022)
S Curtis
J H Collins (appointed on 6 March 2024)

SECRETARY: S Woods (resigned on 31 March 2023)

REGISTERED OFFICE: 71 Fenchurch Street
London
EC3M 4BS

REGISTERED NUMBER: 04518666 (England and Wales)

INDEPENDENT AUDITOR Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

Svalinn 1319 Limited

Strategic Report For the year ended 30 June 2023

The Directors present their Strategic Report of Svalinn 1319 Limited ("Svalinn" or the "Company") for the year ended 30 June 2023.

The comparative period is the 18-months period from 1 January 2021 to 30 June 2022. In the prior period the Company extended its accounting period to 18-months in order to align its reporting period with that of its new ultimate shareholder, AUB Group Limited.

Principal activities

The Company is authorised and regulated by the Financial Conduct Authority as an insurance intermediary and provides delegated underwriting insurance distribution solutions to managing general agents (MGAs), insurance brokers, and insurers. The Company's business activities include the provision of administration and consultancy services pertaining to regulated insurance distribution activities.

The Company is a subsidiary of Integro Insurance Brokers Holdings Ltd (the "UK Parent"), under the brand name of Tysers ("Tysers Group" or "the Group"). The Group has a large broking network, with a presence in 12 countries.

The ultimate parent company and controlling entity is AUB Group Limited ("AUB Group") an ASX200 listed group of retail and wholesale insurance brokers and underwriting agencies.

Business Review

The profit before tax for the year was £250,104 (2022: £274,860). The results for the 12 months year ended 30 June 2023 are set out on page 13.

Key performance indicators (KPI's) are factors by reference to which the performance or position of the business of the Company can be measured effectively. The Company's key financial performance indicators during the period were as follows:

	12-Months 30 June 2023	18-Months 30 June 2022
	£	£
Turnover	872,576	1,011,075
Administrative expenses	(622,472)	(736,215)
Profit before tax	250,104	274,860
Total equity	1,010,897	760,793

The increase in total equity is mainly driven by profit for the year of £250,104. In the period to June 2022, income from discontinued operations of £208,816 was included in turnover. All the income in the year to June 2023 relates to continuing operations. See Note 4 for further detail.

The profit before tax from continuing operations is £250,104 (2022: £66,044).

Principal Risks and Uncertainties

The Directors are responsible for the identification of key business risks and their management. They monitor on a systematic and regular basis all the Company's activities and its environment to positively identify, assess, treat and manage risks, which either threaten the Company's resources or provide beneficial opportunities, in order to enable the Company's business objectives to be achieved.

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Risks are managed locally and at the corporate level, depending on where the risk resides. Any major risks are raised to and managed by the Board.

The key risks the Company faces fall into the following categories:

Market risk

The Company operates in a competitive environment. Periodic tenders of clients' contracts and rates hardening are market forces that require the Company to deliver exceptional products and services. Additionally, the Company also faces economic risks in the UK and Overseas that may change client's buying habits.

Currency risk

The Company is exposed to currency risk in respect of revenue as well as assets and liabilities denominated in currencies other than pounds sterling. The most significant currencies that the Company is exposed to is the US dollar and Euro.

Credit risk

Credit risk is the risk that a counterparty fails to pay amounts due to the Company in full or when they fall due. The Company is exposed to credit risk through its trade debtors as well as through intra-group debtors. The Company mitigates its credit risk by closely monitoring all debts created and minimising the collection period of these items.

Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that an entity will encounter when meeting its financial obligations. The Company meets its day to day working capital requirements through operating cash flows and existing cash resources.

Other Uncertainties

Climate Change

Financial risks from climate change do not currently represent a material risk to the Company. The senior management and the subject matter experts use the Risk register to review the climate related risks and have concluded that no material physical or financial liability risks could arise from the current business model and operations.

Section 172 Statement

The Board believes that it has acted in accordance with Section 172(1) of the Companies Act 2006 during the period to 30 June 2023. This requires each Director to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard to the interest of other stakeholders, whilst maintaining high standards of business conduct.

The Company has an established Governance Framework, which facilitates detailed Board review. The Framework also ensures that directors take into account all relevant factors in accordance with their duties prior to making and minuting major Board decisions and that the Board makes decision for the long-term success of the Company and its shareholders.

The Company has considered the impact of operational decisions on the Company's stakeholders throughout the year, mainly shareholders.

Strategic Report (continued)

Section 172 Statement (continued)

Supplier payment policy and performance

The Company benefits from the group procurement managed at the corporate level.

Regulatory relationships

The Board engage with the Company's regulators in particular the FCA. The engagement with regulators is conducted in a transparent manner, facilitated by the Company's legal and compliance team which reports on a regular basis to the board and deals with any ad hoc matters.

Shareholder

On 8 May 2022, Odyssey Investments Partners entered into a 100% sale of Tysers UK Group to AUB Group Limited, a listed company on the Australian Stock Exchange. The sale of Tysers UK Group completed on 30 September 2022. As a result, AUB Group Limited has become the Company's ultimate shareholder, replacing Odyssey Investments Partners as its shareholders.

The Company engages with AUB Group Limited through Group board meetings and regularly updates on business performance. The discussions covered include performance of the Company, acquisition strategy, employee compensation, and the strategic direction of the Company.

Employment policies and diversity

The Company did not have any employees throughout the year to 30 June 2023 (2022: nil).

Clients

There is a strong focus on client care within the Board's responsibilities. It is our priority to listen to our clients and to act in their best interests. We work with international markets to bring innovative and tailored solutions to our customers, and once established, we maintain long-term relationships. The Company's engagement with clients is routinely discussed in the board pack at the regular board meetings.

Approval

This Strategic Report was approved by the Board on 21 March 2023 and signed on its behalf:



S Curtis

Director

Company Registration Number 04518666 registered in England and Wales.

Registered Office:

71 Fenchurch Street
London
EC3M 4BS

Svalinn 1319 Limited

Directors' Report For the year ended 30 June 2023

The Directors present their report and the audited financial statements for the year ended 30 June 2023. The financial statements are presented in pounds sterling.

Directors

The Directors who served during the period and those in office at the date of this report were as follows:

	Appointed	Resigned
K A Cross	14 November 2022	2 February 2023
C R Cunningham	23 November 2021	31 October 2022
S Curtis		
J H Collins	6 March 2024	

Company Secretary
S Woods

31 March 2023

Dividends

The Directors do not recommend the payment of a final dividend (2022: nil).

Future developments

The Company will continue to provide administration and consultancy services pertaining to regulated insurance distribution activities.

Directors' and officers' liability

The Company has made qualifying third-party indemnity provision for the benefit of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision was in place during the period and remains in force as at the date of approving this Directors' Report.

Corporate Governance

The Board discharges its responsibilities by providing effective governance and oversight to the Company within a framework of prudent and manageable controls, which enables risk to be assessed at an early stage and proactively managed. The Board sets the Company's strategic aims and ensures that necessary financial and human resources are in place for the Company to meet its business commitments. The Board regularly monitor management's performance.

The Board maintains an informal schedule of matters, which are specifically reserved for its decision. Such matters include, but are not limited to, the final approval of the annual budget and strategic plan, major acquisitions and disposals, material contracts, and any changes to the Company's financing arrangements. It has also adopted a framework of delegated commercial and operational authorities which define the scope of the executive officers' powers and those of subsidiary management.

The Board of Directors convene regularly at formal Board meetings.

Svalinn 1319 Limited

Directors' Report (continued)

Corporate Governance (continued)

The Company's overriding objective is to maximise long-term shareholder value whilst exceeding the needs of clients and employees. The Board has overall responsibility for the Company's identification and evaluation of key risks and ensuring appropriate systems of internal control are in place. This includes reviewing financial, operational and compliance controls and risk management procedures.

The role of executive management is to implement the Board's policies on risk and control and present assurance on compliance with these policies by the Group and the Company. All group employees are accountable for operating within these policies.

Financial Instruments and Financial Risk Management

The Company's financial risk management and use of financial instruments are described in the Principal Risks and Uncertainties section of the Strategic Report.

Events after the reporting period

Information relating to events after the reporting period is given in Note 17 to the financial statements.

Share capital

The Company's issued share capital at the beginning and end of the financial period was £51,300 (2022: £51,300).

Clients and Suppliers

Clients and suppliers are managed, and due diligence is undertaken in line with the Company's policies and additional risk assessments are undertaken based on a range of criteria. Suppliers are monitored in terms of the value of their offerings from both a financial and market development perspective. Product suppliers are consistently benchmarked to ensure they are working with us to maximise both customer as well as shareholder value. Significant operations and exceptional expenditure are reported to the Board.

Going Concern

The Directors have a reasonable expectation that the Company has an adequate resource to continue in operational existence for a period of twelve months after signing the financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 2.4 of the financial statements under accounting policies.

Auditors

The Independent Auditor, Ernst & Young LLP, will be proposed for reappointment at the Company's Board meeting in accordance with section 485 of the Companies Act 2006.

Directors' Report (continued)

Directors' statement as to the disclosure of information to the Auditor

The Directors who were members at the time of approving the Directors' Report are listed on page 5. Having made enquiries of fellow Directors and of the Company's auditor, each of these Directors confirms that:

- So far as each Director at the date of approving this report is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 30 June 2023 of which the Company's auditor is unaware; and
- Each Director has taken all the steps that they are obliged to take as a member in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This Directors' Report was approved by the Board on 21 March 2024 and signed on its behalf by



S Curtis
Director

Svalinn 1319 Limited

Statement of Directors' Responsibilities **For the year ended 30 June 2023**

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 applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law).

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements 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 also 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. The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



S Curtis
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SVALINN 1319 LIMITED

Opinion

We have audited the financial statements of Svalinn 1319 Limited for the year ended 30 June 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12-months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SVALINN 1319 LIMITED

Other information (cont'd)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SVALINN 1319 LIMITED

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

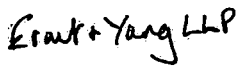
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are relevant laws and regulation related to elements of Companies Act 2006 and UK Tax legislation.
- We understood how the company is complying with those frameworks by making enquiry of management and those responsible for legal and compliance matters. We also reviewed correspondence between the company and UK regulatory bodies; reviewed minutes of the Board of Directors; and gained an understanding of the company's approach to governance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. We also considered the controls that the company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiry of those charged with governance and management for their awareness of any noncompliance of laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, inquiring about the company's methods of enforcing and monitoring compliance with such policies. Further, we performed audit procedures which included testing the appropriateness of journal entries recorded in the general ledger, with a focus on manual journals and evaluating the business rationale for significant or unusual transactions.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SVALINN 1319 LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

^{DS}

Ernst & Young LLP

Robert Bruce (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

21 March 2024

Svalinn 1319 Limited

Statement of Comprehensive Income For the year ended 30 June 2023

	Notes	12-months 30 June 2023			18-months 30 June 2022		
		Continuing operations 2023 £	Discontinued operations 2023 £	Total 2023 £	Continuing operations 2022 £	Discontinued operations 2022 £	Total 2022 £
Turnover	4	872,576	-	872,576	802,259	208,816	1,011,075
Administrative expenses		(622,472)	-	(622,472)	(736,215)	-	(736,215)
Operating profit	5	<u>250,104</u>	<u>-</u>	<u>250,104</u>	<u>66,044</u>	<u>208,816</u>	<u>274,860</u>
Profit on ordinary activities before taxation		<u>250,104</u>	<u>-</u>	<u>250,104</u>	<u>66,044</u>	<u>208,816</u>	<u>274,860</u>
Tax on profit on ordinary activities	8	-	-	-	-	(14,115)	(14,115)
Total Comprehensive income		<u>250,104</u>	<u>-</u>	<u>250,104</u>	<u>66,044</u>	<u>194,701</u>	<u>260,745</u>

Continued operations in 2023 and 2022 relate to insurance consultancy business. All MGA operations for 2022 are presented as discontinued operations.

A statement of other comprehensive income (SOCl) is not presented as there was no items requiring classification to the SOCl during the period and in prior period. Hence, profit (2022: profit) represents total comprehensive income for the period attributable to the owner of the Company.

The Notes on pages 16 to 26 form an integral part of these financial statements.

Svalinn 1319 Limited

Statement of Financial Position

Company number: 04518666

As at 30 June 2023

	Notes	2023 £	2022 £
Current assets			
Debtors	9	1,329,000	1,056,328
Cash at bank and in hand		<u>49,952</u>	<u>103,071</u>
		1,378,952	1,159,399
Creditors – amounts falling due within one year	11	<u>(368,055)</u>	<u>(398,606)</u>
Net current assets		1,010,897	760,793
Total assets less current liabilities		<u>1,010,897</u>	<u>760,793</u>
Net assets		1,010,897	760,793
Capital and reserves			
Called up share capital	12	51,300	51,300
Retained earnings		<u>959,597</u>	<u>709,493</u>
Total equity		1,010,897	760,793

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 21 March 2024:



S Curtis

Director

The Notes on pages 16 to 26 form part of these financial statements.

Svalinn 1319 Limited

Statement of Changes in Equity For the year ended 30 June 2023

	Notes	Called Up Share Capital £	Retained Earnings £	Total £
Balance as at 1 January 2021	12	51,300	448,748	500,048
Profit for the period		-	260,745	260,745
Balance as at 30 June 2022		51,300	709,493	760,793
Balance as at 1 July 2022	12	51,300	709,493	760,793
Profit for the year		-	250,104	250,104
Balance as at 30 June 2023		51,300	959,597	1,010,897

The notes on pages 16 to 26 form part of these financial statements.

Svalinn 1319 Limited

Notes to the financial statements for the year ended 30 June 2023

1. General Information and statement of compliance with FRS 102

Svalinn 1319 Limited is a private company limited by shares and domiciled in England. The address of its registered office is 71 Fenchurch Street, London, EC3M 4BS.

The nature of the Company's operations and its principal activities are set out in the Strategic Report and the Directors' report on pages 5 to 7.

2. Accounting policies

2.1 Statement of compliance

These financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, being Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), and with the requirements of the Companies Act 2006 including the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2006.

2.2 Basis of preparation of financial statements

The financial statements are prepared in accordance with the applicable accounting standards in the United Kingdom. The financial statements are prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The financial statements are prepared in pound sterling ("£") which is the functional and presentational currency of the Company, and all values are rounded to the nearest pound.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also required management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.3 Financial Reporting Standard FRS 102 – Reduced disclosure exemptions

The Company is a qualifying entity as defined by FRS 102 and has taken advantage of the following exemptions available to qualifying entities, which are relevant to its financial statements:

- the requirement of Section 7 Statement of Cash Flows;
- the requirement of Section 26 Share-based Payment paragraph 26.189b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7;
- the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.
- the disclosures requirements of Section 11 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) in respect of financial instruments of the parent (as equivalent disclosures are included in respect of the consolidated financial statements);
- This information is included in the consolidated financial statements of AUB Group Limited, the Company's ultimate parent company, as at 30 June 2023 and these financial statements can be obtained from their website at: www.aubgroup.com.au/annual-reports/.

Notes to the Financial Statements year ended 30 June 2023

2. Accounting policies (continued)

2.4 Going concern

The financial statements of the Company have been prepared on a going concern basis. Until 30 September 2022, the Company was pledged as a security under a secured debt agreements for the borrowings of a previous ultimate parent company, Integro Parent Inc. As part of the acquisition of Tysers Group on 30 September 2022, AUB Group Limited (AUB Group) settled the debt releasing the Company from the debt obligations.

However, the Company became an obligor to a Syndicated Facility Agreement (SFA) entered into by AUB Group on 30 September 2022. At the end of June 2023, AUB Group had utilised AUD 520.5m of the AUD 675m facility available under SFA. The facility had a maturity date of 30 September 2027.

On 24 January 2024, the AUB Group refinanced the existing facility. The new AUD 850m debt facilities comprised of AUD 550m of term loan facilities and an AUD 300m multi-currency revolving credit facility. The tenor of the new debt facilities is a blend of 3,4 and 5 years. The blended average margin under the new syndicated debt facility is 189 basis points above BBSY on a fully drawn basis. This represents a saving of over 260 basis points, compared to the 450 basis points margin under the previous debt facility.

The Company's arrangement as an obligor to the new debt facility does not affect its ability to continue as a going concern on the basis that the Company is now part of AUB Group that has a robust balance sheet as at 30 June 2023 with net assets being AUD 1,513.4m (2022: AUD 997.7m), including cash at bank of AUD 290.4m (2022: AUD 259.3m).

Following the assessment of the Company and Group's financial position and its ability to meet its obligations as and when they fall due, the directors have no reason to believe that a material uncertainty exists that may cast doubt on the ability of the Company to continue as a going concern or its ability to repay its obligations due from time to time. As a consequence, the directors have reasonable expectation that the Company has appropriate resources to continue in operational existence for the next twelve months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2.5 Turnover, commissions, and interest income recognition

Turnover is measured at the fair value of the consideration received and represents amounts receivable for services provided in the normal course of business, net of discounts, rebates, VAT and other sales-related taxes. Turnover represents net invoiced fees from delivery of services and contracts.

Consultancy services fees

Fees are earned when the Company delivers the insurance consulting products or solutions. Where the contracts include a component of products or services that are delivered at or before inception an attributable proportion is recognised at inception. Where the contractual obligations include a component of ongoing services, an appropriate proportion of the contractual revenue is earned over the period of the serviced provision with the unearned portion being recognised as deferred income at the balance sheet date. A correlating expense is recognised for business partner fees payable on consulting revenue earned.

Notes to the Financial Statements year ended 30 June 2023

2. Accounting policies (continued).

2.6 Foreign Currencies

The Company's functional and presentational currency is the pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

All foreign exchange gains and losses are presented in the Statement of Comprehensive Income withing "Administrative expenses".

2.7 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Current or deferred taxation assets and liabilities are not discounted.

Current income tax

Current tax, including UK corporation tax and foreign tax, is provided for at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided for in full, using the liability method, and recognised in respect of all timing differences that have originated but not reversed at the reporting date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences, except:

- When a deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable timing differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal differences can be controlled, and it is probable that the timing differences will not reverse in the foreseeable future.

Notes to the Financial Statements year ended 30 June 2023

2. Accounting policies (continued)

2.7 Taxation (continued)

Deferred tax assets are recognised for all deductible timing differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that the taxable profit will be available against which the deductible timing differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible timing difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible timing differences associated with investments in subsidiaries, associates and interests in joint venture, deferred tax assets are recognised only to the extent that it is probable that the timing differences will reverse in the foreseeable future and taxable profit will be available against which the timing differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited to Other Comprehensive Income for items that are charged or credited directly in Other Comprehensive Income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

2.9 Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

Notes to the Financial Statements year ended 30 June 2023

2. Accounting policies (continued)

2.9 Impairment of non-financial assets (continued)

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised as an expense, unless the asset has been revalued when the amount is recognised in the Other Comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised as an expense.

2.10 Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other debtors, and amounts due from group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities

Basic financial liabilities, including trade creditors, are initially recognised at transaction prices, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivative financial instruments.

Financial guarantees are recognised at the point it is deemed probable (more likely than not) to result in a financial outflow. A contingent liability is recognised when the probability of the guarantee being called upon is more than remote, but not yet probable.

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Amounts due to / from group undertakings

Amounts due from group undertakings represent resources controlled by the Company as a result of past events and from which future economic benefits are expected to flow to the Company. Amounts due to group undertakings represent present obligations of the Company arising from past events, the settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits.

Notes to the financial statements for the year ended 30 June 2023

2. Accounting policies (continued)

2.12 Cash and cash equivalents

Cash at bank and in hand includes cash in hand and deposits held at call with banks. Cash equivalents includes short-term highly liquid investments with original maturities of three months or less.

2.13 Related party disclosures

The Company is exempt under the terms of section 33.1A of FRS 102 'Related Party Disclosures' from disclosing related party transactions with entities that were part of the Integro Group Holdings LP group until 30 September 2022 and later, part of AUB Group Limited.

3. Critical accounting estimates and judgements

The preparation of the financial statements in conformity with FRS 102 required management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual future results may differ from these assumptions and estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Revenue recognition

Consulting service fees are earned when the Company delivers the on the contracted insurance distribution solution and statement of work. Where the contractual obligations include a component of ongoing services, an appropriate proportion of the contractual revenue is earned over the period of the service provision and the unearned portion is recognised as deferred income. Management exercises judgement in determining the proportion of contractual revenue recognised at inception, and as income recognised over the period of service provision. Refer to note 4.

Provision for doubtful debts

An allowance for doubtful debts is established and charged against expenses if it is probable that the debtor will be unable to pay, and the amount of the uncollectable balance can be reasonably estimated.

Current and deferred taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. Given the nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustment to taxable income and expense already recorded. The Company establishes provisions of tax liability, based on reasonable estimates and judgement.

Deferred tax assets are recognised for unused tax losses to the extent it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Details can be found in Notes 8 and 10.

Svalinn 1319 Limited

Notes to the financial statements for the year ended 30 June 2023

4. Turnover

The table below analyses turnover by the location of the client from whom the business is derived.

	Insurance Consultancy		MGA Income	
	2023	2022	2023	2022
	£	£	£	£
Geographical analysis by location				
United Kingdom	872,576	802,259	-	208,816
	872,576	802,259	-	208,816

Following the change in business model on 1 January 2019, each binding authority agreement in the Company was endorsed to transfer the business from the Company to Tysers Insurance Brokers Limited. As a result, the Company changed its name to Svalinn 1319 Limited, and most of the revenue generated in the period to 30 June 2022, and all of the revenue in the year to 30 June 2023, relates to the new insurance administration and consultancy services business. Legacy MGA debtors and creditors remained the responsibility of the Company, and were settled following due diligence performed during the period to 30 June 2022.

MGA income of £208,816 in the period to 30 June 2022 consisted of credit write-backs, which were taken by the directors following appropriate due diligence in respect of legacy transactions associated discontinued operations.

5. Operating Profit

	2023	2022
	£	£
Operating profit is stated after charging:		
Management fees	306,388	302,968
Business partner fees	166,738	217,115
Exchange loss	21,091	15,939
Auditor's remuneration (see note 6)	34,000	35,650
Bad debt expense	101,668	129,771

Management fee expense represents cost incurred on behalf of a fellow group undertaking, Tysers Insurance Brokers Limited, which is recovered on costs plus 5% mark-up basis.

6. Auditor's Remuneration

During the period the following fees were paid or payable for services provided by Ernst & Young LLP, the auditor of the Company, and its associates:

	2023	2022
	£	£
Audit services		
Audit of the financial statements	34,000	35,650
	34,000	35,650

Svalinn 1319 Limited

Notes to the financial statements for the year ended 30 June 2023

7. Staff costs

There were no Company employees during the period (2022: none).

Directors' remuneration

The Directors were remunerated by other group companies and receive no remuneration for their qualifying services as Directors of the Company. Therefore, no disclosure on Directors' remuneration is made in these financial statements.

8. Tax Expense

	2023 £	2022 £
(a) Analysis of tax charge reported in the income statement:		
Current tax:		
UK Corporation tax on profits for the period	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	14,115
Total deferred tax	-	14,115
Tax charge / (credit) on profit on ordinary activities	-	14,115
(b) Factors affecting tax charge for the period:		
Profit on ordinary activities before tax	250,104	274,860
Profit on ordinary activities multiplied by the standard UK corporation tax rate: 20.50% (2022: 19.00%)	51,261	52,224
Factors affecting change:		
Expenses not deductible for tax purposes	493	810
Income not taxable	-	(14,115)
Effects of group relief / other reliefs	(51,754)	(24,804)
Total tax charge / (credit) for the period	-	14,115

The UK Government enacted a Corporation Tax rate change from 1 April 2023, increasing the main rate of tax from the previous 19% rate to a new rate of 25%. For companies with small taxable profits, a small profits rate and marginal relief is introduced at the same time, such that a rate of between 19% and 20% applied to those companies from 1 April 2023.

Svalinn 1319 Limited

Notes to the financial statements for the year ended 30 June 2023

9. Debtors

	2023	2022
	£	£
Amounts owed by group undertakings	645,337	613,128
Consultancy trade debtors	683,663	443,200
	<u>1,329,000</u>	<u>1,056,328</u>

Trade debtors are stated after allowance for doubtful debts of £nil (2022: £184,000).

There were no amounts falling due after more than one year (2022: £nil)

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

10. Deferred tax asset / (liability)

	2023	2022
	£	£
Deferred tax has moved in the period as follows:		
Deferred tax asset at start of period	-	14,115
Deferred tax (charge) / credit in the Statement of Comprehensive Income	-	(14,115)
Deferred tax asset at end of period	<u>-</u>	<u>-</u>
The deferred tax liabilities comprise the following:		
Short term timing differences	-	-
Total asset	<u>-</u>	<u>-</u>

There are no unused tax losses and no unused tax credits as at 30 June 2023 (2022: none).

11. Creditors

	2023	2022
	£	£
Trade Creditors	134,187	167,500
Amounts owed to group undertakings	-	108,736
Accruals and deferred income	233,868	96,079
Other creditors	-	26,291
	<u>368,055</u>	<u>398,606</u>

There are no creditors due after more than one year.

Amounts owed to parent and group undertakings are unsecured, interest free and repayable on demand.

Deferred income is recognised net of business partner fees payable of £11,355 (2022: £11,406).

Other creditors include amounts owed for VAT payable.

Svalinn 1319 Limited

Notes to the financial statements for the year ended 30 June 2023

12. Allotted and issued share capital

	2023 £	2022 £
Allotted issued and fully paid:		
247,000 "A" shares of £0.10 each	24,700	24,700
133,000 "B" shares of £0.20 each	26,600	26,600
	<u>51,300</u>	<u>51,300</u>

All shares were issued and fully paid. There are two classes of ordinary shares. There are no restrictions on either class on the distribution of dividends and the repayment of capital. The A shares and B shares rank pari passu for participation in the profits and assets of the Company and in all other respects, save that they constitute separate classes of shares.

13. Commitments

The Company had no capital commitments as at 30 June 2023 (2022: £nil).

14. Contingent Liabilities

On 30 September 2022, AUB Group Limited, an ASX200 listed group comprising insurance brokers and underwriting agencies completed the acquisition of the Tysers Group. As part of the acquisition of Tysers Group, AUB Group Limited settled the old debt obligations releasing the Company from the debt obligations as detailed in the going concern note in the Strategic Report.

However, the Company became an obligor to a Syndicated Facility Agreement (SFA) entered into by AUD Group on 30 September 2022. At the end of June 2023, AUB Group had utilised AUD 520.5m of the AUD 675m facility available under the SFA. The facility had a maturity date of 30 September 2027.

On 24 January 2024, the AUB Group refinanced the existing facility. The new AUD 850m debt facilities comprised of AUD 550m of term loan facilities and an AUD 300m multi-currency revolving credit facility. The tenor of the new debt facilities is a blend of 3, 4 and 5 years. The blended average margin under the new syndicated debt facility is 189 basis points above BBSY on a fully drawn basis. This represents a saving of over 260 basis points, compared to the 450 basis points margin under the previous debt facility.

The Company's position as an obligor does not require any provision to be recognised as AUB Group Limited remained in compliance with the terms and conditions of the loan facility. See note 2.4 and AUB Group Limited audited financial statements for full detail at www.aubgroup.com.au/annual-reports/.

The Company has no other contingent liability as at 30 June 2023.

15. Related Party Transactions

The Company has taken advantage of the exemption under FRS 102 Section 33.1A not to disclose transactions between entities within AUB Group Limited, where no less than 100% of voting rights are controlled within the group, whose consolidated financial statements are publicly available. There are no other transactions requiring disclosure.

Svalinn 1319 Limited

Notes to the financial statements for the year ended 30 June 2023

16. Ultimate parent company

The immediate parent entity at 30 June 2023 was Integro Insurance Brokers Holdings Limited.

The Company's ultimate parent company and controlling entity is AUB Group Limited, incorporated in New South Wales, Australia.

The smallest and largest group in which the results of Svalinn 1319 Limited are consolidated is that headed by AUB Group Limited, whose registered office is Level 14, 141 Walker Street North Sydney NSW 2060.

The consolidated financial statements of AUB Group Limited are available to the public at www.aubgroup.com.au/annual-reports/.

17. Events after the reporting date

The Directors are not aware of any significant post balance sheet events that require disclosure in these financial statements.