

Price Forbes & Partners Limited

Annual report and
financial statements

For the year ended 31 December 2021

Registered Number 05734247

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PRICE FORBES & PARTNERS LIMITED

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COMPANY INFORMATION AND PROFESSIONAL ADVISORS

DIRECTORS:

J A Masterton
A Erotocritou
R L Peers

REGISTERED OFFICE:

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SOLICITORS:

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United Kingdom

REGISTERED INDEPENDENT AUDITORS:

Deloitte LLP
Statutory Auditor
1 New Street Square
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EC4A 3HQ
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STRATEGIC REPORT

The directors present their strategic report and audited financial statements for the year ended 31 December 2021.

Review of the Business

The Company's turnover grew by £4.8m, an increase of 5% over prior year. The year saw good growth from the core lines as well as growth from our regional strategy with the broader product and territorial teams. Complementary to this we have continued investment in new specialism capabilities and strengthening our existing production base, with highly encouraging progress being made on our historic investments whilst securing a further cohort of talent through 2021. The rating environment has been strengthening across the majority of our markets through 2021.

The Board is of the opinion that the Company's investments maintain strong bench strength in the classes in which we chose to operate which continues to ensure we are a preferred choice of London based broker. These investments will continue to mature into 2022 and provide a strong foundation for our business.

The risks the Company faces regarding Brexit are diluted as the Company's income is primarily sourced from countries outside the EU. The insurance markets we access on behalf of our clients are predominantly UK based and therefore the board is of the opinion that there will not be a material shift in access to this capacity post Brexit. The Company has developed a post Brexit strategy to ensure its clients have access to the most appropriate markets for their needs.

Investment and Future Developments

As part of the Company's continued investment in the future of its business and people, further new product lines were added to those already offered including strengthening our reinsurance capability. In addition the Company hired talented individuals and teams into existing departments to complement and enhance these sector leaders. This continued investment in talent will help to ensure the Company maintains its preeminent position in the London Wholesale Broking market. The Company continues to invest in the development of new computer software to support its new broking platforms.

Financial Performance and Key Performance Indicators

The investment within the business facilitated the Company's turnover growth of £4.8m and increase in operating profit and profit before tax of £3.3m and £6.7m respectively. The bridge to EBITDA and Adjusted underlying EBITDA, being alternative performance measures used by the directors to monitor the business, are as follows:

	2021 Reported £'m	2020 Reported £'m (restated)
Profit before taxation	24.6	17.9
License fee	2.5	2.5
Depreciation	1.9	1.9
Amortisation	0.7	1.9
*EBITDA	<u>£29.7</u>	<u>£24.2</u>
 **Investment in People	 £2.6	 £3.8
Adjusted underlying EBITDA	<u>£32.3</u>	<u>£28.0</u>

*EBITDA excludes the management fee charged by a fellow subsidiary of the Company's parent relating to the licence of certain intangible assets held by a fellow subsidiary of the Company's parent. It includes other operating gains on derivative instruments. Please see note 24 for the restatement details.

**Investment in people refers to recruitment costs of new hires to help grow and expand the business.

STRATEGIC REPORT (continued)

The Company's hedging policy, is to sell forward a proportion of the Company's anticipated US dollar receipts for the following twelve months. The fall in the value of GBP in the year has strengthened the trading outlook of the Company but hedges maturing in the year, at an average rate of 1.3149, generated a gain to the Statement of Comprehensive Income of £3.0m in the year. The Company does not use hedge accounting.

	2021 Reported £'m	2020 Reported £'m
Turnover	107.0	102.2
EBITDA	29.7	24.2
Profit Before Tax	24.6	17.9
Net Assets	66.7	46.6

Financial Position at the Reporting Date

Net assets stood at £66.7m as at 31 December 2021 up £20.1m on last year end. No dividend was declared.

Companies Act s172 duty

The directors take seriously their obligations under s.172 (1) (a)-(f) of the Companies Act 2006 ("S.172 Duties") to act in a way they consider, in good faith, would be the most likely to promote the success of the Company for the benefit of its members as a whole and in doing so, have regard to; the likely consequences of any decision in the long-term, the interests of the Company's employees, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment, the desirability of the Company maintaining a reputation for high standards of business conduct and the need for fairness between members of the Company. The day to day Board level governance over the business of Price Forbes & Partners Limited ("Price Forbes") is undertaken by the Board of Ardonagh Specialty Holdings Limited ("Segment Board"), of which 2 directors of the Company are members and a third Director an attendee.

The Board considers the long-term consequences of its decisions and these are guided by a 5-year business plan, risk appetite and risk framework, which seeks to ensure that the business plan is executed with due regard to our stakeholders and maintaining our high standards of business conduct. Ongoing engagement with our shareholders and bondholders are primarily exercised by the The Ardonagh Group Limited Board ("Group Board") and a voluntary disclosure of how the Group Board applies the Wates Corporate Governance Principles for Large Private Companies and discharges their s.172 Duties are set out in the Group Annual Report. The directors have identified the following as our key stakeholders and how the Board engages with each stakeholder is set out below:

Employees

Our employees are central to our success and remuneration structures are designed to reward good performance at the individual and business level and support our culture. In addition, our businesses focus on providing working conditions that are Covid-19 safe and providing long-term career prospects for staff with opportunities to up-skill through training, providing career progression paths and study support. The Segment Board has undertaken a review of management succession, including focus on improving diversity over time. The Employee Group Plan is an equity scheme that recognises the wider contribution of employees; identifying key talent and future leaders within the Group. The plan extends to a wide cross-section of our people and has created a more diverse group both in terms of age and gender that now hold equity.

STRATEGIC REPORT (continued)**Companies Act s172 duty (continued)****Employees (Continued)**

Our Board believes in the importance of communication and engagement with all employees and this has become increasingly important since many of our staff moved to homeworking or hybrid office and home working in 2020 and 2021. Good communication and engagement is also linked to, and supports, our actions taken to enhance staff well-being. In addition to communication and engagement activities undertaken by the business, there were also a number of Group initiatives, such as the award winning Radio Ardonagh. Other Group initiatives include 'applause' where employees can give a 'shout out' to their colleagues who have gone above and beyond.

The third Group-wide employee pulse survey was undertaken in Q4 2021. The Specialty notification segment achieved a 68% response rate and an overall positivity score of 74.1% compared with 74.49% in 2020, which management consider to be a good result given the impact and challenges of Covid 19. Price Forbes achieved an overall positivity score of 74.86%. Our Segment Board have considered the pulse survey scores and the actions to be taken as a result of the survey, which include a refresh of actions to be taken across each of our 5 people commitments; Attract and Retain, Onboard and Develop, Recognise and Reward, Empower and Enable, and Respect and Support. Each of these 5 people commitments outline our ambition for a diverse and fair workforce and an inclusive culture. As a business, we believe that diversity strengthens us and in 2021 we launched a number of employee forums in which to hold frank, straightforward conversations on topics such as well-being, diversity and inclusion and this two-way dialogue with our people has been warmly received and is leading to tangible actions and progress.

Environment

The environment is considered by the Ardonagh Group as a whole, of which Price Forbes is a component part. For details of environmental considerations refer to the Group accounts S172 statement.

Customers

Seeking good customer outcomes is central to the success of the business. Management continues to improve its tracking and understanding of how our customers perceive our business. In addition, our products and services are periodically reviewed to ensure they continue to meet the needs of our customers. The Segment Board discharges oversight over performance against conduct risk frameworks and key customer related metrics to ensure we can evidence that the customer remains at the heart of our decision making.

Regulatory relationships

Our regulators across the world are key stakeholders and the Board prioritises positive, open and transparent engagement with all our regulatory relationships by ensuring the right 'tone from the top', which starts with how the Board and senior management engage with our regulators. The Segment Board receive regular updates on regulatory interactions and new regulatory guidance and how they impact our businesses. We regularly participate in regulatory thematic reviews and believe that a strong relationship with our regulators is a source of competitive advantage.

Insurers

Our insurance partners are fundamental to the success of the business. Senior leaders regularly meet with our key insurance partners to discuss performance and ways in which we can enhance cover for customers. Feedback on insurer relationships are reported to the Segment Board.

STRATEGIC REPORT (continued)

Companies Act s172 duty (continued)

Our Suppliers

Our key suppliers are defined by the Group Outsourcing and Procurement Policy which ensures that all key suppliers are identified and subject to appropriate monitoring and engagement, the level of which is dependent on the size and critical nature of the services supplied. We also have minimum due diligence standards to be performed on key suppliers before they are engaged, which includes a requirement that suppliers have ESG and modern slavery policies that are at least as stringent as our own.

Community

Since The Ardonagh Community Trust ("ACT") was formed, the Group has donated circa. £1,000,000 to over 400 charities as chosen by our Ardonagh colleagues, including the wider Ardonagh group.

In 2021, 35 projects were nominated by colleagues with over £150,000 of funds awarded, including projects nominated by the wider Ardonagh group colleagues. This allowed charities and community organisations to complete projects to further support those who need their services.

With the lifting of Covid 19 restrictions, we also saw an increase in colleagues fundraising for causes they care about through marathons, sponsored walks and other challenges. ACT was able to boost the £104,000 raised by our colleagues with an additional £52,000. Additionally, the wider Ardonagh group colleagues were encouraged to take their one-paid day a year of volunteering time and notwithstanding the ongoing restrictions imposed by Covid-19 over 500 hours across the Ardonagh Group were donated into local communities.

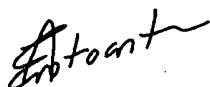
The Group partnership with mental health charity Mind came to an end in 2021 with £200,000 raised for the charity and conversations opened on the importance of this topic. The Group began its latest partnership with the Samaritans in May 2021, launched in line with Mental Health Awareness Week. More wider Ardonagh group colleagues were trained as mental health first aiders in 2021 and this will continue into 2022. In addition, awareness training is planned with the Samaritans that will enable us to continue to break the stigma surrounding mental health.

The principal risks and uncertainties are detailed in the directors' report.

The directors do not anticipate any significant change in the Company's activities in the foreseeable future as it will continue to be a broker in insurance and reinsurance markets.

Approved by the Board of Directors on 8 September 2022

and signed on behalf of the Board by



A Erotocritou
Director

DIRECTORS' REPORT

Principal activities

The Company's principal activity during the year continued to be that of acting as a broker in insurance and reinsurance markets. The Company is authorised and regulated by the Financial Conduct Authority. The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report on pages 2 -5. This includes details of the Company's investments in the business and future developments.

Financial Risk Management

A review of the Company's principal risks and uncertainties is included below.

Legal and Regulatory Risk

The Company is exposed to potential claims, litigation and regulatory sanctions arising out of the ordinary course of business relating to alleged errors and omissions, or non-compliance with laws and regulations. These risks are managed through sound governance oversight, robust procedures, training and professional indemnity insurance.

Financial Risk

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

The Group and Company have demonstrated resilience to economic and operational shocks in their response to the Covid-19 pandemic.

The Group and Company have sufficient liquidity to withstand a period of potential poor trading resulting from a sustained economic decline. Although this has not materialised to date, the Group and the Company's response to such income declines would include implementation of cost saving initiatives. The Group had available liquidity of £767.1m at 31 December 2021 and closely monitors available liquidity on an ongoing basis. The Company is also solvent, with net assets of £66.6m at 31 December 2021 and profit after tax of £20m for the year then ended. The war in Ukraine and subsequent global uncertainty are being monitored closely by the Group and Company, and at this stage are not expected to affect materially the trading of Price Forbes.

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

Foreign Currency Risk

The Company's main exposure to foreign currency risk arises from the settlement in foreign currency, principally US Dollars, of brokerage and fees relating to insurance business originating overseas. Transactions denominated in US Dollars form approximately 59% of the Company's revenues. The Company manages this exposure through active treasury management processes, including hedging operations in conjunction with other companies within the group where appropriate.

Liquidity Risk

Fees and commissions are received and withdrawn from insurance trust accounts based on client money calculations performed in accordance with the Financial Conduct Authority's client money rules (CASS 5). Insurance and Corporate funds are monitored and maintained so as to enable the Company to meet cash settlement requirements as they fall due. The Company holds earmarked funds as part of the wider Ardonagh Group ("the Group") treasury facility through which funding is also provided to the Company.

Interest Rate Risk

The prevailing low interest rates means that the extent of any adverse variance on the Company's results is immaterial. Global interest rates are rising, the Group and Company therefore continue to monitor the economic outlook and interest rate exposures.

DIRECTORS' REPORT (continued)***Counter Party Credit Risk***

To minimise this risk the Company has a general policy of not funding payment of claims on behalf of insurers or premiums on behalf of its clients. The Company has established a strict authorisation policy whereby management may in certain circumstances authorise funding with careful monitoring of the resulting exposure to credit risk deriving from insurers and clients in this respect. The directors have appointed a Security Committee which monitors the financial condition of insurers and reinsurers through the use of professional rating agency reports on an ongoing basis. Counter party credit risk is monitored closely by senior management and the directors.

Client money is spread over a number of approved banks with a minimum required credit rating to mitigate the bank counter party exposure.

Operational Risk

Operational risk is the risk of loss due to factors such as inadequate systems, management failure, inadequate internal controls, fraud and human error. The Company mitigates these risks through systems of internal controls and risk management, internal audit and compliance functions and other measures such as back-up procedures, contingency planning and insurance.

Results and Dividends

The Company's profit for the financial year is £20m (2020: profit of £13.7m) and an equivalent amount has been transferred to reserves. During the year no dividend (2020: nil) was paid or proposed to the Company's parent.

Directors

The directors of the Company who were in office during the year and up to the date of signing were:

J A Masterton
A Erotocritou
R L Peers

Directors' Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disclosure of Information to Auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Streamlined Energy and Carbon Reporting (SECR)

As a subsidiary undertaking for the year ended 31 December 2021, the Company has not separately reported its energy and carbon information. Instead, this information has been reported at Group level. Further details can be found in the 2021 Annual Report and Financial Statements of Ardonagh Midco 2 plc, which is published on the Group website.

DIRECTORS' REPORT (continued)

Independent Auditor

Deloitte LLP, the Company's independent auditor, has expressed its willingness to continue in office. The articles do not require the Company to hold an AGM and so the Board re-appoint Deloitte as part of the accounts approval resolution.

Disabled Employees

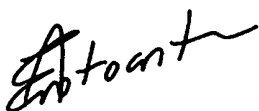
The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee Involvement

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged. This achieves a common awareness of the financial and economic factors affecting the Company and plays a major role in maintaining its competitive positioning and corporate culture. The Company encourages the involvement of employees by means of regular staff forums with management.

From 2021 onwards the Group will monitor its Environmental, Social and Governance (ESG) progress against the Ardonagh Sustainability Charter which will address five key objectives including environmental impact, diversity and inclusion. Further details on the ESG strategy can be found in The Ardonagh Group Limited Annual Report, which is published on the Group website.

The financial statements on pages 13 to 39 were approved by the Board of Directors on 8 September 2022 and signed on behalf of the Board by



A Erotocritou
Director

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PRICE FORBES & PARTNERS LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Independent auditor's report to the members of Price Forbes and Partners Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Price Forbes and Partners Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report and financial statements, 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 our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

PRICE FORBES & PARTNERS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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.

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

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- **Manipulation of revenue submission** : As EBITDA is the primary driver for the bonus decisions, there is a risk of manipulation around the submission of revenue based on budget vs actual performance. We pinpointed the risk to those divisions that deviated notably from budget throughout the year, or that performed out of line with market expectations, or fluctuated significantly across the quarters. We have performed the following tests:
 - Performed an analysis of the divisional performance regarding revenue actual vs budget throughout the year, to determine any unusual trends in reporting; and
 - Sampled and tested transactions in the identified divisions processed/reversed in January and December.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

PRICE FORBES & PARTNERS LIMITED (CONTINUED)

accounting estimates are indicative of a potential bias, and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims; and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with Financial Conduct Authority.

Report on other legal and regulatory requirements

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 the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

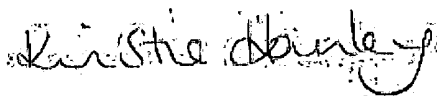
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

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.



Kirstie Hanley, ACA (senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
8 September 2022

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
TURNOVER	2	107,002	102,217
Administrative expenses		(84,757)	(85,160)
Other operating income	3	<u>177</u>	<u>2,056</u>
OPERATING PROFIT	4	22,422	19,113
Gains/(Losses) on derivative instruments	9	3,042	(255)
Interest payable and similar expenses	5	<u>(864)</u>	<u>(931)</u>
PROFIT BEFORE TAXATION		24,600	17,927
Tax on profit	8	<u>(4,647)</u>	<u>(4,232)</u>
PROFIT FOR THE FINANCIAL YEAR	17	<u><u>19,953</u></u>	<u><u>13,695</u></u>
Other comprehensive income for the year, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>19,953</u></u>	<u><u>13,695</u></u>

All activities derive from continuing operations.

Notes from pages 16 - 37 form part of the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

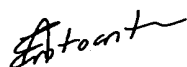
		31 December 2021 £'000	31 December 2020 £'000 (restated)
	Note		
NON CURRENT ASSETS			
Intangible assets	10	5,403	5,126
Right of use Assets	11	4,510	5,940
Tangible assets	12	2,825	2,143
Debtors	13	859	626
CURRENT ASSETS			
Debtors	13	113,150	75,223
Deferred tax asset	8	482	-
Cash at bank and in hand		153,383	138,484
		<u>267,015</u>	<u>213,707</u>
CURRENT LIABILITIES			
Current tax liability	8	(10,033)	(4,838)
Creditors	14	<u>(202,631)</u>	<u>(175,048)</u>
NET CURRENT ASSETS		<u>54,351</u>	<u>33,821</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		67,948	47,656
PROVISIONS FOR LIABILITIES	15	<u>(1,296)</u>	<u>(1,020)</u>
NET ASSETS		<u><u>66,653</u></u>	<u><u>46,636</u></u>

CAPITAL AND RESERVES

Called up share capital	16	6,001	6,001
Profit and loss account	17	59,708	39,755
Other reserves	17	<u>944</u>	<u>880</u>
TOTAL SHAREHOLDERS' FUNDS	17	<u><u>66,653</u></u>	<u><u>46,636</u></u>

Notes from pages 16 - 37 form part of the financial statements.

The financial statements were approved by the board of directors on 8th September 2022 and were signed on its behalf by:



A Erotocritou
Director

Registered Number 05734247

STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December 2021**

	Called up Share capital £'000	Profit and loss account £'000	Other Reserves £'000	Total share- holders' funds £'000
At 1 January 2021	6,001	39,755	880	46,636
Total comprehensive income for the financial year	-	19,953	-	19,953
Share based payments	-	-	64	64
At 31 December 2021	<u>6,001</u>	<u>59,708</u>	<u>944</u>	<u>66,653</u>

	Called up Share capital £'000	Profit and loss account £'000	Other Reserves £'000	Total share- holders' funds £'000
At 1 January 2020	6,000	26,060	684	32,744
Total comprehensive income for the financial year	-	13,695	-	13,695
Share based payments	-	-	196	196
Share issue	1	-	-	1
At 31 December 2020	<u>6,001</u>	<u>39,755</u>	<u>880</u>	<u>46,636</u>

Notes 16 and 21 show details of called up share capital and share based payments respectively

Notes from pages 16 - 37 forms part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2021****1. ACCOUNTING POLICIES**

Price Forbes & Partners Limited ("the Company") acts as a broker in insurance and reinsurance markets. The Company is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006 and domiciled in England. The address of its registered office is 2 Minster Court, Mincing Lane, London, United Kingdom, EC3R 7PD.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of preparation

These financial statements are prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101').

The financial statements are presented in GBP sterling (£), which is also the Company's functional currency. The financial statements have been prepared on a historical cost basis, as modified to use a different measurement basis where necessary to comply with FRS 101.

Going Concern

These financial statements are prepared on a going concern basis.

The directors have assessed the Company's and Group's financial position and the Company's 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:

Company considerations

- At 31 December 2021, the Company had net assets of £66.7m (2020: £46.6m) and net current assets of £54.4m (2020: £33.8m). The net current assets include amounts receivable from Group companies of £65.5m (2020: £37.3m) and amounts due to related parties of 22.1m (2020: £11.2m).
- The Company's business plans and forecasts.

Group considerations

- The Group's capital structure, operations and liquidity, and base case and stressed cash flow forecasts over the calendar years 2022 and 2023, which are used by the Group for assessing going concern.
- The impact on the base case cashflow forecasts arising from material acquisitions since the finalisation of the Group's base case budget.
- The principal risks facing the Group and its systems of risk management, and its systems of risk management and internal control.

Key assumptions that the Group 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.
- The utilisation of payment-in-kind interest option.

Key stress scenarios that the Group directors have considered include cumulative stresses to the base plan as a result of:

- Shortfalls in base case projected income throughout 2022 and 2023.
- Deterioration in base case cash conversion rates over and above the shortfalls in income.
- Mitigating actions within management control including delayed capital expenditure, a reduction in discretionary spend and some reduction in employee headcount and remuneration.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2021****1. ACCOUNTING POLICIES (continued)**

The Group 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 Group 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 Group and Company directors continue to consider the wider operational consequences and ramifications of global political tensions (including related to the Ukrainian conflict - see note 23) and the Covid-19 pandemic. In particular:

- The Group and Company have demonstrated stability of the Group's and Company's infrastructure and the ability for home working for a significant portion of the employee base.
- Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. The Group and Company are diversified and not materially exposed to a single carrier, customer or market sector.

Following the assessment of the Company's financial position and its ability to meet its obligations as and when they fall due, the directors are not aware of any material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("EU-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 available in FRS 101, where relevant:

- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-Based Payments' because the arrangement concerns equity instruments of the Group;

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2021****1. ACCOUNTING POLICIES (continued)**

- the requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement';
 - the requirements in paragraph 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements, which includes the need to provide details on capital management;
 - the requirements of paragraphs 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets in respect of disclosure of assumptions on which projections used in the impairment review are based and sensitivity analysis;
 - the requirements in paragraphs 17 and 18A of IAS 24 Related Party Disclosures around the need to disclose information on key management personnel and details on related party transactions entered into between two or more members of a Company, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
 - 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 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.
- Equivalent disclosures are included in the Company's financial statements as required by FRS 101, where exemptions have been applied.

(b) Key Accounting estimates and judgements

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. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

The company makes a number of judgements and estimates in relation to IFRS 15, with the key estimate being that of the value of Post Placement obligations in relation to claims handling. The most significant assumptions used in this calculation are the expected volume of claims transactions and the future cost of claims handling operations. These assumptions are not considered material by management.

(c) Intangible assets**Internally generated computer software and assets under construction**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the development of computer software is recognised if, and only if, all the following conditions have been demonstrated:

- the technical feasibility of completing the asset so that it will be available for use or sale;
- the intention is to complete the asset and to use or sell it;
- the ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the asset during its development.

The amount initially recognised is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above and is classified as an asset under construction. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2021****1. ACCOUNTING POLICIES (continued)****(c) Intangible assets (continued)**

The fair value of internally-generated computer software acquired on a business combination is calculated by reference to the current cost to recreate the software.

Intangible assets relating to software are amortised over their estimate usable life, using the following amortisation rates:

- Computer software - 33.3% per annum straight line basis
- Computer software - Portals - 20.0% per annum straight line basis
- Computer software - Broking system - 10.0% per annum straight line basis

Internally-generated intangible assets are not amortised in the period subsequent to initial recognition but before they are ready for use. Amortisation commences when they are ready for use as intended by management. They are then reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The company also has intangible assets including clients lists which are amortised on a 12 month rolling basis.

Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the 'cash generating unit' to which the asset belongs is determined, being the lowest level for which there are separately identifiable cash flows.

Any impairment charges arising from the review of the carrying value of goodwill and intangible assets are, where material, disclosed separately on the face of the consolidated income statement.

(d) Tangible assets

Assets are stated at their net book value (historical cost less accumulated depreciation). Depreciation is calculated to write off the cost of such assets on a straight-line basis over their estimated useful lives. At the reporting date, the Company's principal rates of depreciation were as follows:

- Office fixtures - 10.0% per annum straight line basis
- Leasehold improvements - 10.0% per annum straight line basis
- Computer hardware - 20.0% per annum straight line basis

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2021****1. ACCOUNTING POLICIES (continued)****(e) Leases**

The Company accounts for lease and non-lease components in a contract as a single lease component.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for certain remeasurements of the lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date of the lease less any lease incentives received, plus the estimated costs of restoring the underlying asset to the condition required by the terms of the lease. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable, which is generally the case. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Leases of low value assets

The Company elects on a lease-by-lease basis whether to apply the lease of low-value assets exemption to non-property leases that are considered to be of low value (i.e. below £5,000). Where the exemption is applied, lease payments on leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(f) 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 arising on the issue of a financial asset or financial liability are accounted for as follows:

- Transaction costs are added to or deducted from the fair value of the financial asset or financial liability if they are directly attributable to the acquisition of the financial asset or financial liability, respectively, and if the financial asset is measured at fair value or if the financial asset or financial liability, respectively, is measured at amortised cost.
- Transaction costs are recognised immediately in profit or loss if they are directly attributable to the issue of a financial asset or financial liability at fair value through profit or loss, or if they are not directly attributable to the issue of a financial asset or financial liability.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

Derecognition

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 profit or loss. 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 equity is not reclassified to profit or loss but is included in retained earnings.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. The difference between the carrying value of the 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.

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.

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 (except for certain other receivables measured at FVTPL, see below), advances to related parties, cash and cash equivalents and certain other financial assets.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2021****1. ACCOUNTING POLICIES (continued)****(f) Financial instruments (continued)**

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.

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not usually liable as principal for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transactions are not, in general, included as an asset of the Company. Other than the receivable for fees and commissions earned on a transaction, recognition of the insurance transaction does not, in general, occur until the Company receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client. An exception exists in relation to funded premium and claim items whereby the Company has a legal obligation to make good any shortfall to client monies in the event of default.

In certain circumstances, the Company advances premiums, refunds or claims to insurers or clients prior to collection. These advances are reflected in the statement of financial position as part of trade receivables.

Financial assets classified as FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL.
- Debt instruments (including receivables) that do not meet the amortised cost criteria are classified as at FVTPL.

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss to the extent they are not part of a designated hedging relationship. Interest earned on assets mandatorily required to be measured at FVTPL is recognised using a contractual interest rate.

Other financial assets measured at FVTPL include receivables recognised on a business combination in relation to the Company's right to variable consideration on rolling contracts with customers for which the performance obligation was satisfied prior to the acquisition. These financial assets are not classified at amortised cost or fair value through other comprehensive income, because their cash flows do not represent solely payments of principal and interest.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- financial assets that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the other operating costs line item.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition. They would only be reclassified if the Company were to change its business model for managing its financial assets, in which case the affected financial assets would be reclassified following that change.

Impairment of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2021****1. ACCOUNTING POLICIES (continued)****(f) Financial instruments (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.

Definition of default

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

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of the financial difficulties.

Write-off policy

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are one year past due, whichever occurs earlier. A write-off constitutes a derecognition event. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)Classification and subsequent measurement of financial liabilities

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

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

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the 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 borrowings, trade and other payables, derivatives, deferred consideration and contingent consideration.

Borrowings

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently measured at amortised cost using the effective interest rate method.

Trade payables

Trade payables are initially recognised at fair value and are subsequently measured at amortised cost.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately. At the end of the financial year Price Forbes holds no derivative financial instruments.

The fair values of various derivative financial instruments are disclosed in note 9. Movements in the cash flow hedging reserve in shareholders' equity are included in the statement of changes in equity.

Finance income and finance costs

The Company's finance income and finance costs include:

- Interest income
- Interest expense
- Unwind of discount on financial assets or liabilities, including on lease liabilities and lease receivables
- Unwind of discount and fair value remeasurement of deferred consideration, contingent consideration and the share buyout balance.

Interest earned on assets mandatorily required to be measured at FVTPL is recorded using the contractual interest rate.

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

The amount recognised as a provision is management's best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

Where appropriate the Company discounts provisions to their present value. The unwinding of the provision discounting is included as an interest charge within finance costs in the income statement.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2021****1. ACCOUNTING POLICIES (continued)****(g) Share capital**

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

(h) Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer (net of refunds) and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a service to a customer.

Commission and fees

Revenue includes commission and fees receivable by the Company. Commission and fees relate mainly to placement or underwriting of policies on behalf of insurers or policyholders and are recognised at the later of policy inception date and of when the policy placement has been completed and confirmed.

The Company charges fees and retains a portion of the policy premiums as commission. Premiums are typically collected on an annual basis, at or near contract inception (which could be up to 60 days from contract inception). In some cases, customers are offered the option to pay in instalments or are directed to a third-party premium credit provider for which the Company is entitled to additional consideration that is recognised at policy inception. Some of the policies are rolling until the customer cancels the policy.

Post-placement performance obligations

The Company may also have post-placement obligations in contracts with customers, which mainly consist of claims services associated with the claims life cycle, e.g. first notification, claims investigation, decision and settlement, supply chain management, fraud investigation, field/loss adjusting services and management information, but which may also include other performance obligations such as the provision of mid-term adjustments.

To the extent that commission and fees received (or receivable) relate to both placement and post-placement performance obligations, a suitable proportion of income related to post-placement obligations is deferred based on the estimated standalone selling prices of the performance obligations in the contract and is presented as a contract liability. Revenue for post-placement obligations is recognised over the period of providing the services.

Variable consideration

The Company is a party to the following material arrangements where the consideration receivable by the Company is variable:

- Trading deals – profit share arrangements:

Trading deals are arrangements with insurers which include incentives and penalties based on the performance of the book of business. Revenue related to these arrangements is recognised on a best estimate basis, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur (a constraint).

Under some of these arrangements (e.g. profit share arrangements), an additional commission is earned from the insurer based on the profit from the underlying book of business or the volume of policies placed. The estimated additional commission is recognised as a contract asset and is reclassified to trade and other receivables when the underlying results are determined. Some of the additional commissions may be provided in advance, in which case they can be subject to a clawback. Advanced commission is recognised as a contract liability until the Company satisfies the underlying performance obligations.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2021****1. ACCOUNTING POLICIES (continued)****(i) Revenue (continued)**

Under loss corridor arrangements, the commission received by the Company is subject to a clawback if a set loss ratio exceeds an agreed threshold. When the threshold is exceeded, a payment calculated as a percentage of the loss (between 1% and 4% of the loss) is due to the insurer up to a maximum. Expected clawbacks under loss corridor arrangements are recognised in trade and other payables.

Payment terms of the above arrangements vary across the Company and depend on the specific agreement with the insurer. Because of the time required for policies to earn out and for claims to mature, final settlement of profit share and loss corridor arrangements may take up to 2-3 years from the point at which the Company places a policy (i.e. satisfies its performance obligation).

- **Cancellation rights:**

Some contracts with customers include cancellation rights, whereby the consideration receivable by the Company is subject to a clawback. If no claims are made under the policy, then cancellations usually entitle the policyholder to a proportional refund of the consideration. When the effect is material, the Company adjusts the estimated consideration for the expected clawback based on historical experience of average cancellations and recognises revenue only on the amount that is not expected to be refunded. The Company reassesses at the end of the reporting period whether the estimated clawback needs to be revisited. Amounts that are expected to be refunded for consideration that has been received or invoiced are recognised in trade and other payables.

- **Rolling contracts:**

Some policies placed by the Company are rolling until the customer cancels the policy. Revenue recognised on rolling contracts (based on the expected consideration net of cancellations) is presented in contract assets until the consideration is invoiced (except where acquired as part of a business combination, in which case it is presented in trade and other receivables as a financial asset measured at fair value).

(j) Contract costs

Contract costs give rise to assets recognised in accordance with IFRS 15 which consist of:

- Costs to fulfil – salary and other costs of customer-facing employees who undertake activities necessary to satisfy anticipated contracts with the customer. The Company estimates the proportion of costs that are eligible to be capitalised based on the time spent by customer-facing employees on relevant inception/renewal activities. Capitalised costs are released to profit or loss on inception or renewal of the contract with the customer, which normally takes place within one to three months of the reporting period.
- Costs to obtain – incremental fees paid to distributors for obtaining new business. These costs are amortised, on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, over the average life of the relationship with the customer.

The Company utilises the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Contract costs are presented within ‘other assets’ when recognised in the statement of financial position.

(k) Employee benefits**Pension costs**

The Company operates a defined contribution pension scheme. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity.

The Company has no legal or constructive obligations to pay further contributions.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2021****1. ACCOUNTING POLICIES (continued)****(k) Employee benefits (continued)**

The Company operates a number of Long Term Incentive Plans (LTIPs), under which the Company receives services from employees as consideration for cash settled incentives which vest over a number of years based on achievement against certain performance measures and/or service conditions. The incentives are earned by participants in the relevant performance and/or service period (the performance period), and in some instances interim payments are made but in all instances participants must then remain in employment for a further period (the clawback period) in order to retain the full value of their pay out.

The Company recognises an expense in respect of LTIPs over the vesting period, which is deemed to commence when the Company makes participants aware of their right to participate in the LTIP and ends on conclusion of the performance period.

Where an LTIP is payable in instalments the Company recognises an expense based on either (i) the staged vesting approach, or (ii) the plan's benefit formula, depending on the specific facts and circumstances of the relevant award. Where benefits are materially higher in later years the expense is recognised on a straight-line basis over the vesting period.

At the end of each reporting period the Company revises its estimate of the expected pay out, and it recognises the impact of the revision to the original estimate, if any, in the income statement with a corresponding adjustment to the related provision or prepayment (there will be a prepayment during the clawback period if an interim payment has been made) as relevant.

Share-based payments

During the year the Company operates equity-settled and cash-settled share-based payment schemes. For equity-settled share-based payment schemes, the fair value of the services received in exchange for the grant of the shares is recognised as an expense, measured based on the grant date fair value of the shares and recognised on a straight-line basis over the vesting period, which generally depends on service and performance conditions being met. For cash-settled share-based payment schemes, the Company recognises an expense and a corresponding liability over the vesting period based on the fair value of the shares at the reporting date.

The shares issued under the schemes generally have no dividend or voting rights and cannot be sold. The shares of an equity-settled share-based payment scheme are normally convertible to ordinary shares of the Company on the occurrence of a crystallisation event, being the earlier of a liquidity event, an Initial Public Offering (IPO) and a winding-up. The Company has the option to repurchase the shares if an employee leaves the Company prior to the occurrence of a crystallisation event.

(l) Foreign currencies

The Company's financial statements are presented in GBP, the Company's presentation currency.

Foreign currency transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are converted into sterling using the exchange rate at the reporting date, with differences recognised in profit or loss.

Non-monetary items are not retranslated at the reporting date and are measured at historical cost (translated using the exchange rates at the transaction date),

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2021****1. ACCOUNTING POLICIES (continued)****(m) Taxation****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.

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.

The tax expense for the year comprises current and deferred tax. Income 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. Similarly, income tax is recognised directly to equity if it relates to items that are recognised directly to equity.

(n) Dividend distribution

Dividends proposed or declared after the statement of financial position date are not recognised as a liability at the reporting date. Final dividends are recognised as a charge to equity once approved, and interim dividends are recognised once paid.

(o) Application of new and revised International Financial Reporting Standards (IFRS)

The company adopted the 'Amendments to IFRS 9, and IFRS 7 Interest Rate Benchmark Reform' issued in September 2019 and effective from 1 January 2020. The amendments provide temporary relief from some of the conditions for applying hedge accounting requirements to hedging relationships directly affected by IBOR reform.

The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness is to be recorded in the income statement. The amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

The company also adopted the 'Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform—Phase 2, issued in August 2020 and effective from 1 January 2021'. The phase 2 amendments address issues arising during interest rate benchmark reform, including specifying when the 'phase 1' amendments will cease to apply, when hedge designations and documentation should be updated, and when hedges of the alternative benchmark rate as the hedged risk are permitted.

The impact on the company's financial statements of other amendments to accounting standards that have become effective in the year beginning 1 January 2021 is not material.

Other standards, amendments to standards and interpretations

Several amendments to standards are mandatorily effective for annual periods beginning on 1 January 2021. None of these had a material effect on the company's financial statements.

There are no standards, amendments to standards or interpretations which are not yet effective and that are expected to materially impact the company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 December 2021****2. TURNOVER**

All turnover and profit before tax arises from insurance broking activities:

	2021	2020
	£'000	£'000
Turnover by location of client is split as follows:		
United Kingdom	8,278	7,809
Continental Europe	1,007	4,045
North America	63,553	59,929
Other	34,164	30,434
	<u>107,002</u>	<u>102,217</u>

3. OTHER OPERATING INCOME

	2021	2020
	£'000	£'000
On intercompany loans	160	40
Fair value income on intra-group transfer of business	-	1,433
Bank interest receivable	17	583
	<u>177</u>	<u>2,056</u>

Income earned on monies held as an integral part of the operations of the Company is disclosed within operating income.

4. OPERATING PROFIT**(restated)**

	2021	2020
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of tangible assets (note 11 and note 12)	1,893	1,901
Amortisation of intangible assets (note 10)	697	1,915
Fair value income on transfer of business	-	(1,433)
Total	<u>2,590</u>	<u>2,383</u>

Amounts receivable by the auditors and their associates in respect of:

Fees payable to the Company's auditors for the audit of the Company	128	116
Fees payable to the Company's auditors and their associates for other services including:		
Audit-related assurance services	42	35
Tax compliance services	-	-
Tax advisory services	-	-
Total fees payable to the Company's auditors	170	151

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£'000	£'000
On leases	<u>864</u>	<u>931</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 December 2021****6. EMPLOYEES AND STAFF COSTS**

	2021	2020
	Number	Number
The monthly average number of persons employed by the Company, which includes directors, was:		
Broking and underwriting services	310	296
Claims	27	29
Finance and operations	35	46
Management	6	6
	<u>378</u>	<u>377</u>

The costs incurred in respect of employees were:

	2021	2020
	£'000	£'000
Wages and salaries	48,398	47,877
Social security costs	4,614	4,596
Other pension costs	5,053	4,943
	<u>58,065</u>	<u>57,416</u>

7. DIRECTORS

	2021	2020
	£'000	£'000
Remuneration of directors of the Company included in staff cost was as follows:		
Emoluments payable	1,570	1,167
Company contributions payable to defined contribution pension scheme	-	-
Compensation for loss of office	-	-

	2021	2020
	Number	Number
Number of directors who are members of defined contribution scheme	-	-
Number of directors who exercised options/restricted stock	-	-
Number of directors who were granted shares under the Ardonagh Group management incentive plan	3	3

	2021	2020
	£'000	£'000
In respect of highest paid director:		
Emoluments	608	563
Company contributions payable to defined contribution pension scheme	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

8. TAX ON PROFIT

	2021	2020
	£'000	£'000
Tax charged in the Statement of Comprehensive Income		
Current taxation		
UK corporation tax	5,129	4,126
UK corporation tax adjustment to prior periods	-	(16)
	<u>5,129</u>	<u>4,110</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(491)	216
Adjustments in respect of prior periods	-	(71)
Effect of tax rate change on opening balance	8	(23)
Total deferred taxation	<u>(482)</u>	<u>122</u>
Tax charge/(credit) in the Statement of Comprehensive Income	<u><u>4,647</u></u>	<u><u>4,232</u></u>
The differences are reconciled below:		
	2021	2020
	£'000	£'000
Profit/(Loss) before tax	24,600	17,925
Corporation tax at standard rate of 19% (2020: 19%)	<u>4,674</u>	<u>3,406</u>
Expenses not deductible for tax purposes	175	324
Adjustments to tax charge in respect of previous periods - current tax	-	(16)
Adjustments to tax charge in respect of previous periods - deferred tax	-	(71)
Tax expense relating to changes in tax rates or laws	(151)	(23)
Deferred tax not recognised	(79)	278
Fixed asset differences	28	334
Total tax charge	<u><u>4,647</u></u>	<u><u>4,232</u></u>

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

The Company has a current tax liability at 31 December 2021 of £10,033k (2020: £4,838k).

Deferred Tax

Deferred tax assets and liabilities are recognised at a rate of 24.19% in line with the Ardonagh Group.
Deferred tax assets and liabilities are recognised on the balance sheet as follows:

2021	Asset/(Liability)
	£'000
Accelerated tax depreciation	482
	<u><u>482</u></u>
2020	Asset/(Liability)
	£'000
Accelerated tax depreciation	-
	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

8. TAX ON PROFIT (continued)

	At 1 January 2021 £'000	Asset/(Liability) Recognised in income £'000	At 31 December 2021 £'000
Accelerated tax depreciation	-	482	482
	-	482	482

	1 January 2020 £'000	Recognised in income £'000	31 December 2020 £'000
Accelerated tax depreciation	122	(122)	-
	122	(122)	-

The Company did not recognise the following deferred tax assets as they are not expected to be utilised based on Group financial projections.

	2021 £'000	2020 £'000
Accelerated tax depreciation	198	278
Unrecognised deferred tax assets	198	278

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

9. RECONCILIATION OF LOSS ON DERIVATIVE INSTRUMENTS

	2021 £'000	2020 £'000
Fair value transferred 1st January	2,802	1,402
Fair value movement during year	240	(1,657)
Crystallised gain/(loss)	<u>3,042</u>	<u>(255)</u>

10. Intangible Assets (restated)

	Computer Software (£'000)	Customer Relationships (£'000)	Total (£'000)
Cost			
Brought Forward	7,029	3,852	10,881
Additions	929	46	975
At 31 December 2021	<u>7,958</u>	<u>3,898</u>	<u>11,856</u>
Accumulated depreciation			
Brought Forward	2,059	3,696	5,755
Charge for the year	526	171	697
At 31 December 2021	<u>2,585</u>	<u>3,867</u>	<u>6,452</u>
Net book value			
At 31 December 2021	<u>5,373</u>	<u>31</u>	<u>5,403</u>
At 31 December 2020	<u>4,970</u>	<u>156</u>	<u>5,126</u>

11. RIGHT OF USE ASSETS

	Cost	Depreciation		2021	2020
		B/f	Charge		
Leasehold Property	8,337	2,675	1,337	4,324	5,662
Computer Hardware	441	163	93	185	278
	<u>8,778</u>	<u>2,838</u>	<u>1,430</u>	<u>4,510</u>	<u>5,940</u>

12. TANGIBLE ASSETS (restated)

	Leasehold Improvements	Office Fixtures	Computer Hardware	Total (Restated)
	£'000	£'000	£'000	£'000
Cost				
Brought Forward	3,304	962	430	4,696
Additions	671	293	181	1,145
At 31 December 2021	<u>3,975</u>	<u>1,255</u>	<u>611</u>	<u>5,841</u>
Accumulated depreciation				
Brought Forward	1,669	511	373	2,553
Charge for the year	330	96	37	463
At 31 December 2021	<u>1,999</u>	<u>607</u>	<u>409</u>	<u>3,015</u>
Net book value				
At 31 December 2021	<u>1,976</u>	<u>648</u>	<u>201</u>	<u>2,825</u>
At 31 December 2020	<u>1,635</u>	<u>451</u>	<u>57</u>	<u>2,143</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

13. DEBTORS

	2021 £'000	2020 £'000
Due within one year:		
Insurance debtors	37,416	28,764
Other debtors	3,915	4,693
Amounts due from group undertaking (unsecured, interest-free)	65,507	37,343
Contract Assets IFRS15	2,965	2,850
Prepayments and accrued income	3,347	1,573
	<u>113,150</u>	<u>75,223</u>
Due after one year:		
Other debtors	-	-
Contract Assets IFRS15	317	345
Insurance debtors	542	281
	<u>859</u>	<u>626</u>

14. CREDITORS

	2021 £'000	2020 £'000
Due within one year:		
Insurance Creditors	149,839	139,549
Taxation and other security	1,683	1,725
Amounts owed to group undertaking (unsecured, interest-free)	22,104	11,161
Accruals and deferred income	23,026	15,186
Contract Liabilities IFRS15	297	249
Lease liability	3,510	2,295
	<u>200,459</u>	<u>170,165</u>
Payable after one year:		
Lease liability	2,172	4,883
	<u>202,631</u>	<u>175,048</u>

15. PROVISIONS FOR LIABILITIES

	Dilapidations £'000	Errors & Omissions £'000	Holiday Provision £'000	Total £'000
Balance Brought Forward	418	-	602	1,020
Charge/Utilised for the year	-	-	276	276
At 31 December 2021	<u>418</u>	<u>-</u>	<u>878</u>	<u>1,296</u>

Provisions are made up of three components;

- The Company is subject to claims and litigation in the ordinary course of business resulting principally from alleged errors and omissions. Although all claims are defended vigorously, a charge is made within the accounts, net of any anticipated insurance recoveries, in respect of provisions made for potential liabilities including expenses that are deemed more likely than not to arise in respect of potential claims and litigation notified to the Company at the date of these financial statements. Claims may arise several years after the original events which could be the subject of dispute.

- The Company recognises a provision for the estimated cost for dilapidations that may become payable under the terms of current leasehold property contracts at the end of the lease. The costs are accrued over the life of the lease being reassessed each year.

- The Company recognises a provision for the estimated cost of holiday entitlement carried forward into the next financial year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

16. CALLED UP SHARE CAPITAL

	2021 £'000	2020 £'000
Authorised share capital:		
100,000,000 ordinary shares of 10p each	<u>10,000</u>	<u>10,000</u>
60,000,000 (2020: 60,000,000) ordinary shares of 10p each		
10,000 G1 shares of 1p each were issued in 2019		
10,000 G3 shares of 1p each were issued in 2019		
10,000 G2 shares of 1p each were issued in 2020		
10,000 G4 shares of 1p each were issued in 2020		
10,000 G5 shares of 1p each were issued in 2020		
10,000 G6 shares of 1p each were issued in 2020		
1,700 G1 shares of 1p each were issued in 2021		
4,286 G3 shares of 1p each were issued in 2021		
10,000 G7 shares of 1p each were issued in 2021		
10,000 G8 shares of 1p each were issued in 2021		
Allotted, called up and fully paid.	<u>6,001</u>	<u>6,001</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up Share capital £'000	Profit and loss account £'000	Other Reserves £'000	Total share- holders' funds £'000
Balance Brought Forward	6,001	39,755	880	46,636
Movement for the financial year	-	19,953	64	20,017
At 31 December 2021	<u>6,001</u>	<u>59,708</u>	<u>944</u>	<u>66,653</u>
At 31 December 2020	<u>6,001</u>	<u>39,755</u>	<u>880</u>	<u>46,636</u>

Other reserves are in respect of a capital contribution provision required due to share based payments schemes (see note 21).

18. LEASE COMMITMENTS

The following table provides a maturity analysis of the Company's undiscounted lease liability.

	Operating Land and buildings 2021 £'000	Finance Laptops 2021 £'000	Operating Land and buildings 2020 £'000	Finance Laptops 2020 £'000
Within one year	2,221	122	2,221	122
In two to five years	4,442	122	6,663	245
Over five years	-	-	-	-

The Company makes rental payments on behalf of another group company which are reimbursed in full. The total cash payments for land and buildings and laptops for 2021 was £2,221k and £122k respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 December 2021****19. OFF-BALANCE SHEET COMMITMENTS**

As of 19 August 2021, the list of Group company guarantors was reduced to Ardonagh Finco Plc and Ardonagh Services Limited as guarantors under both the £1.575 billion Senior Facilities Agreement and the USD 500m Senior Unsecured Notes, with Ardonagh Midco 3 Plc being the Issuer of the private debt and a guarantor of the public notes. Accordingly the Company is no longer a guarantor. The Group has provided limited recourse share charges in favour of the lenders in respect of the following Group companies:

Arachas Corporate Brokers Limited
Ardonagh Advisory Holdings Limited
Ardonagh Specialty Holdings Limited
Paymentshield Limited
Price Forbes & Partners Limited
Atlanta Insurance Intermediaries Limited (formerly Swinton Group Limited)
Advisory Insurance Brokers Limited (formerly Towergate Underwriting Group Limited)
Atlanta Investment Holdings 3 Limited
Nevada 5 Topco Limited

20. CONTINGENT LIABILITIES

The Company is subject to potential claims and litigation arising out of the ordinary course of business. Any such claims are vigorously defended. On the facts known to the directors, the directors do not believe that any material losses will be incurred.

21. PENSION COMMITMENT

The Company operates a defined contribution pension scheme on a money purchase basis for all the employees. The scheme funds are administered independently of the Company's finances. The Company's contributions are charged to the profit and loss account in the year in which they are made and are set out in Note 6 above. At 31 December 2021 £374,337 (2020 - nil) was owed to the scheme.

22. SHARE INCENTIVE PLANS

During 2021 there was an immaterial charge regarding The Ardonagh Group Limited share based payments scheme for individuals employed by the Company.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At 31 December 2021, the Company's controlling party is HPS Investment Partners LLC.

At 31 December 2021 the parent company was The Ardonagh Group Limited

(incorporated in Jersey, registered office address, 3rd Floor, 47 Esplanade, St Helier, Jersey, JE4 9WG)

and is the largest group in which the results are consolidated. Ardonagh Midco 2 Limited

(incorporated in United Kingdom, registered office address, 2 Minster Court, London, England. EC3R 7

is the smallest group in which the results are consolidated. The financial statements for the companies noted above are available upon request from 2 Minster Court, Mincing Lane, London. EC3R 7PD.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 December 2021****23. SUBSEQUENT EVENTS**

Following the satisfaction of closing conditions on 31 May 2022, the Ardonagh Group obtained a significant new equity investment into the Group led by existing long-term shareholders MDP and HPS, alongside new co-investors through accounts managed by MDP and HPS. The new equity investment has resulted in The Ardonagh Group Limited ('TAGL') merging into a newly created company Tara Topco Limited ('Tara') on 31 May 2022, following which the Group's activities became overseen by a newly created subsidiary of Tara from 1 June 2022 named Ardonagh Group Holdings Limited.

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 Company and Group have no appetite for potential breaches of applicable sanctions regimes. Our robust framework and sophisticated control environment includes enhanced due diligence on Russian-linked business (prior to accepting the client relationships) and automated daily screening of existing clients against relevant sanctions lists dynamically updated as they change. The Group and Company have also reviewed their defence against cyber risks in the context of anticipated increases in such threats to Western companies from Russia and its procurement processes and supplier relationships for Russian links. Our mandatory due diligence on potential acquisitions also includes pre-completion screening of full client and supplier lists. We continue to actively monitor the situation as it develops and will respond accordingly as new sanctions are enacted.

24. RESTATEMENTS

In the prior period intangible computer software was incorrectly classified as a tangible fixed asset. In the current year management have restated the prior year comparatives to correctly classify these as intangible assets. The comparative figures in the primary statements and notes have been restated to reflect the prior period error.

The effects of the prior period error is as follows:

Operating profit (note 4)	2020 (£,000)	Prior year adjustment (£,000)	Adjusted 2020 (£,000)
Amortisation	1,457	458	1,915
Depreciation	2,359	(458)	1,901
Intangible assets (note 10)	156	4,970	5,126
Tangible assets (note 12)	7,113	(4,970)	2,143

There has been no impact to the overall net asset position or the statement of comprehensive income of the company as a result of this restatement.