

Registration number: 07254605

Ed Broking Group Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2022



Ed Broking Group Limited

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Ed Broking Group Limited

Company Information

Directors	A Erotocritou S W Hough
Company secretary	Ardonagh Corporate Secretary Limited
Registered office	2 Minster Court Mincing Lane London EC3R 7PD United Kingdom

Ed Broking Group Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022 for Ed Broking Group Limited ("the Company"). The Strategic Report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the performance of the Company during the financial year and its position at the end of the year. The report discusses the developments that have affected the Company and the main trends and factors that could affect its future. The Company is part of Ardonagh Group Holdings Limited ("the Group"). The Company for the financial year ending 31 December 2022 has taken the exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies, whereas the prior year was audited with the financial statements' functional currency being USD and the presentational currency in USD.

Principal activities and business review

The principal activity of the Company is that of an investment holding company.

The results for the Company show turnover of £Nil (2021: £Nil) and profit before tax of £3,116k (2021: loss before tax of £1,370k) for the year. At 31 December 2022 the Company had net assets of £144,007k (2021: £141,483k). The going concern note (part of accounting policies) on page 15 sets out the reasons why the directors continue to believe that the preparation of the financial statements on a going concern basis is appropriate.

The financial statements for the year ended 31 December 2021 were presented in USD and would change to GBP from 1 January 2022. The Company's functional currency changed from USD to GBP on 1 November 2021, the date of acquisition by the Ardonagh Group. The use of 1 January 2022 rather than 1 November 2021 to effect the change in functional currency does not have a material impact on comparatives and therefore no restatement is necessary. The presentation currency for the current year financial statements has been changed from USD to GBP, in order to be consistent with the presentation currency of the new owners of the Company. The change in presentation currency constitutes a change in accounting policy and, as such, must be applied retrospectively. No adjustments are required to the underlying amounts recognised in the prior periods, but translating comparative information from USD to GBP has resulted in the recognition of a foreign currency translation reserve of £43,762k.

Business strategy and objectives

The primary activities of the Ed Group are international insurance and reinsurance intermediation. The Group operates from a number of offices worldwide and will continue to carry on these activities.

Companies Act s.172 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 consistent with s.172 Duties.

Board oversight and governance is discharged by the Ardonagh Specialty Holdings Limited Board ("Specialty Board"). The Specialty Board considers and approves acquisitions and disposals, set integration/synergy plans, risk appetite and recommends investments over a set limit to the Ardonagh Group Board for approval. The performance and delivery of annual and integration plans are also subject to detailed oversight by the Specialty Board.

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

The Specialty Board have constituted the following Committees:

Risk Committee - discharges rigorous oversight over the management of risk and receives regular reports from the Risk & Compliance function and deep-dives into specific risks, such as cyber risk.

Remuneration Committee - approves matters delegated to them by the Group Remuneration Committee and recommend matters that require approval by the Group Remuneration & Nominations Committee. These matters include senior hires, bonus and pay budgets and allocation thereof, and Balanced Scorecards used to measure performance.

Audit Committee - exercises robust oversight over prudential and financial risk and Internal Audit plan delivery.

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

Shareholders

There are two shareholder representative who attend the Specialty Board who articulate their views during Board discussions.

Employees

Our employees are central to the success of Ardonagh Specialty, and our remuneration structures are designed to reward good performance and support our values. In addition, the business focusses on providing long-term career prospects for staff with opportunities to up-skill through training, providing career progression paths.

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

An annual Groupwide employee pulse survey has been conducted since 2019. Specialty achieved an average score of 7.1 (out of 10) across all questions, slightly below the 7.5 average score across the Ardonagh Group. The survey highlighted positive trends regarding fostering cultures of inclusion and respect, however the survey also highlighted that there is work to do and management are taking actions across the following three themes; belonging & inclusion, organisational direction and people-first culture.

Customers

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

In preparation for the new UK Customer Duty launched by the FCA, the Specialty Board selected an independent non-executive director to act as a Consumer Duty Champion helps facilitate the voice of the customer to be heard in the Boardroom.

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

Insurers

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

Our Suppliers

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

Community

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

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

Our Boards

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

Colleagues

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

Regulatory

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

Outlook

The directors plan to continue to run the business as before and no further direct investments are planned.

Ed Broking Group Limited

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

Key performance indicators

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

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

In the current year there was no impairment charge recognised (2021: £Nil).

Principal risks and uncertainties

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

The principal risks and their mitigation are as follows:

Strategic and commercial risk

There are risks of changes to the competitive and economic environment. This is mitigated by a robust strategy and planning process, regular monitoring of the economic and competitive environment and by diversification of product lines and channels.

Financial risk

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

The Company and Group have demonstrated operational and financial resilience to economic uncertainties and changes in customer confidence.

The Company and Group have sufficient liquidity to withstand a period of potential poor trading resulting from a sustained economic decline, although this has not materialised to date and the Company and Group would respond to income declines by seeking cost savings. The Group had available liquidity of £995.1m at 30 June 2023. The Company has positive net current assets and net assets. The Company and Group closely monitor available liquidity on an ongoing basis.

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

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

Regulatory and legal risk

This is the risk of regulatory sanctions, material financial loss or loss to reputation suffered as a result of non-compliance with laws, regulations and applicable administrative provisions. If we fail to comply with regulatory requirements, we may not be able to conduct our business or may be subject to substantial fines or other sanctions that may have an adverse effect on our results of operations and financial condition. The Group operates a robust risk and control framework, underpinned by the three line of defence governance model, and closely monitors changes to the regulatory environment.

Approved by the Board on 25 September 2023 and signed on its behalf by:



S W Hough
Director

Ed Broking Group Limited

Directors' Report for the Year Ended 31 December 2022

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

Directors of the Company

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

S P Hearn (resigned 13 March 2023)

A D Wallin (resigned 9 March 2023)

J L P Whiter (resigned 31 March 2022)

The following directors were appointed after the year end:

A Erotocritou (appointed 13 March 2023)

S W Hough (appointed 1 June 2023)

Dividends

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

Financial risk management objectives and policies

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

Future developments

Details of future developments can be found in the Strategic Report within the 'Outlook' section on page 4.

Political donations

The Company has not made any political donations during the year (2021: £Nil).

Subsequent events

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

Going concern

The Company's business activities, together with the factors likely to affect its future development are described in the Strategic Report on page 2. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details of this assessment can be found in note 2 to these financial statements.

Directors' indemnities

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

Ed Broking Group Limited

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

Approved by the Board on 25 September 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S W Hough', with a long horizontal flourish extending to the right.

S W Hough
Director

Ed Broking Group Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "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 year. 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 Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

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Statement of Comprehensive Income for the Year Ended 31 December 2022

		2022	2021
	Note	£ 000	(As restated) £ 000
Administrative expenses		2,953	(531)
Operating profit/(loss)	4	2,953	(531)
Finance income	5	163	140
Finance costs	5	-	(979)
Profit/(loss) before tax		3,116	(1,370)
Income tax	8	(592)	-
Profit/(loss) for the year		2,524	(1,370)
Other comprehensive income			
Exchange differences arising on change in presentation currency		-	43,762
Total comprehensive income for the year		2,524	42,392

The above results arise from continuing operations.

The presentation currency for the current year financial statements has been changed from USD to GBP, further details can be found in the Strategic Report on page 2.

Ed Broking Group Limited
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Statement of Financial Position as at 31 December 2022

		2022	2021
	Note	£ 000	(As restated) £ 000
Non-current assets			
Investments in subsidiaries	9	74.878	74.878
Current assets			
Cash and cash equivalents	10	10	1.978
Trade and other receivables	11	70.077	66.753
		<u>70.087</u>	<u>68.731</u>
Current liabilities			
Trade and other payables	12	(958)	(2.126)
Net current assets		<u>69.129</u>	<u>66.605</u>
Total assets less current liabilities		<u>144.007</u>	<u>141.483</u>
Net assets		<u>144.007</u>	<u>141.483</u>
Capital and reserves			
Share capital	13	3.832	3.832
Share premium		170.982	170.982
Foreign currency translation reserve		43.762	43.762
Retained losses		(74.569)	(77.093)
Total equity		<u>144.007</u>	<u>141.483</u>

The presentation currency for the current year financial statements has been changed from USD to GBP, further details can be found in the Strategic Report on page 2.

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

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


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

Ed Broking Group Limited

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Statement of Financial Position as at 31 December 2022 (continued)

Approved by the Board on 25 September 2023 and signed on its behalf by:



.....
S W Hough
Director

Ed Broking Group Limited

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

	Share capital £ 000	Share premium £ 000	Foreign currency translation reserve £ 000	Retained losses £ 000	Total £ 000
At 1 January 2022	3,832	170,982	43,762	(77,093)	141,483
Profit for the year	-	-	-	2,524	2,524
At 31 December 2022	<u>3,832</u>	<u>170,982</u>	<u>43,762</u>	<u>(74,569)</u>	<u>144,007</u>

	Share capital £ 000	Share premium £ 000	Foreign currency translation reserve £ 000	Retained losses £ 000	Total £ 000
At 1 January 2021	2,917	80,396	-	(75,723)	7,590
Loss for the year	-	-	-	(1,370)	(1,370)
Other comprehensive income	-	-	43,762	-	43,762
Issue of share capital	<u>915</u>	<u>90,586</u>	<u>-</u>	<u>-</u>	<u>91,501</u>
At 31 December 2021	<u>3,832</u>	<u>170,982</u>	<u>43,762</u>	<u>(77,093)</u>	<u>141,483</u>

The presentation currency for the current year financial statements has been changed from USD to GBP, further details can be found in the Strategic Report on page 2.

Ed Broking Group Limited

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

1 General information

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

The financial statements for the year ended 31 December 2022 were authorised for issue by the Board on 25 September 2023 and the Statement of Financial Position was signed on the board's behalf by S Hough.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102") and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are presented in GBP sterling (£), which is also the Company's functional currency. All amounts in the financial statements and notes have been rounded off to the nearest Sterling Pound, unless otherwise stated.

The financial statements for the year ended 31 December 2021 were presented in USD and would change to GBP from 1 January 2022. The Company's functional currency changed from USD to GBP on 1 November 2021, the date of acquisition by the Ardonagh Group. The use of 1 January 2022 rather than 1 November 2021 to effect the change in functional currency does not have a material impact on comparatives and therefore no restatement is necessary. The presentation currency for the current year financial statements has been changed from USD to GBP, in order to be consistent with the presentation currency of the new owners of the Company. The change in presentation currency constitutes a change in accounting policy and, as such, must be applied retrospectively. No adjustments are required to the underlying amounts recognised in the prior periods, but translating comparative information from USD to GBP has resulted in the recognition of a foreign currency translation reserve of £43,762k.

These financial statements have been prepared under the historical cost convention, as modified to use a different measurement basis where necessary to comply with FRS 102.

As a wholly owned subsidiary of Ardonagh Group Holdings Limited, the Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts, and its results are included in the consolidated accounts of its ultimate parent.

Ed Broking Group Limited

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

2 Accounting policies (continued)

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

In preparing the Company individual financial statements, the Company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 Related Party Disclosures;
- from presenting a statement of cash flows, as required by Section 7 Statement of Cash Flows.

On the basis that equivalent disclosures are given in the consolidated financial statements of Ardonagh Group Holdings Limited the parent of the Company, the Company has also taken advantage of the exemption not to provide:

- the disclosure requirements of Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument Issues.

Going concern

As shown in account note 15, the Company is a member of a group ("the Group") of which Tara Topco Limited is the ultimate parent company and Ardonagh Group Holdings Limited is the highest level at which results are consolidated.

The financial statements of the Company have been prepared on a going concern basis. At 31 December 2022 the Company had net assets of £144,007k (2021: £141,483k) and net current assets of £69,128k (2021: £66,605k). The net current assets include amounts receivable from related parties of £70,016k (2021: £66,672k), and amounts due to related parties of £883k (2021: £2,000k). The Company reported a profit before tax of £3,116k (2021: loss before tax of £1,370k).

The Directors have assessed the Company's financial position and its ability to meet its obligations as and when they fall due. This has included the consideration of:

- The Company's capital structure, operations and liquidity.
- Base case and stressed cash flow forecasts over the calendar years 2023 and 2024.
- The impact on the base case and stressed cashflow forecasts arising from subsequent material acquisitions.
- The principal risks facing the Company and its systems of risk management and internal control.
- The Company's financial position and Group entities' ability to meet intercompany obligations, noting that the Group's capital management, among other things, aims to ensure that the Group meets its financial covenants attached to its interest-bearing loans and borrowings.
- The actual cashflows of the Company during the year and since the year end.

Key assumptions that the Directors have reflected in the base case cash flow forecasts include that Client retention and renewal rates remain robust, despite the current economic uncertainty, as the 2022 and 2023 trading performance continues to demonstrate resilience.

Ed Broking Group Limited

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

2 Accounting policies (continued)

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

- Shortfalls in base case projected income throughout 2023 and 2024.
- Deterioration in base case cash conversion rates over and above the shortfalls in income.
- An inflationary cost increase of 2% over the base case assumptions.
- The impact of increasing interest rates.
- Mitigating actions within management control including delayed capital expenditure, a reduction in discretionary spend and measured reductions in employee headcount and remuneration.

The Directors continue to consider the wider operational and financial consequences and ramifications of global political and economic tensions (including related to the Ukrainian conflict, foreign exchange rates, inflation and increasing interest rates). In particular:

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

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

Ed Broking Group Limited

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

2 Accounting policies (continued)

Investments in subsidiaries

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

Impairment of investment

The carrying amount of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Impairment losses are recognised in the Statement of Comprehensive Income.

Financial assets

The Company classifies its financial assets as receivables, cash and loans. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date. Receivables are recognised at cost being the fair value of the consideration receivable.

Financial liabilities

The Company classifies its financial liabilities as payables and loans. Payables are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current liabilities.

Impairment of assets

Assets are reviewed for impairment if events or changes in circumstances indicate that the carry amount of the asset may not be recoverable.

An impairment loss is recognised in profit and loss to the extent that carry amount exceeds the best estimate of amount that would be received if the asset was to be sold at the reporting date.

Foreign currency translation

Transactions in currencies other than the functional currency are recorded at rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in currencies other than the functional currency are translated at agreed settlement rates or at the rates of exchange prevailing at the balance sheet date. All differences are taken to the statement of comprehensive income.

Share capital

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

Ed Broking Group Limited

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

2 Accounting policies (continued)

Taxation

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

Current tax

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

Deferred tax

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. 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 other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, deferred tax is reversed. 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. Deferred tax asset and the deferred tax liability can only be offset when they relate to income taxes levied by the same taxation authority. Where deferred tax is offset on different taxable entities this is allowed when it is intending either to settle current tax assets or liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously.

Finance income and costs policy

The Company's finance income and finance costs include:

- interest payable on bank balances
- interest receivable on balances with other Group companies
- foreign exchange gains/losses on USD internal debt

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

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

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Critical judgements in applying accounting policies

The critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the Directors have considered both external and internal sources of information such as market conditions and experience of recoverability. In particular, in relation to the carrying value of investments in subsidiaries and associates, that includes forecasts of performance over the next year and longer-term assessments of the viability of their businesses.

4 Operating profit/(loss)

Arrived at after charging/(crediting):

	2022 £ 000	2021 £ 000
Auditor's remuneration: audit of these financial statements	(66)	68
Intercompany forgiveness	-	1,134
Unrealised FX gain	(2,909)	(81)

The audit fees in the year are as a result of all audit fees being accrued in Ed Broking Group Limited and then passed down to each entity, the remainder was an over-accrual which has led to a credit audit fees balance of £67k.

For the year ended 31 December 2022, the Company has taken the exemption under s479A of the Companies Act 2006 from the requirement to obtain an audit of their separate financial statements. The guarantee of the outstanding liabilities as at 31 December 2022 has been provided by Ardonagh Midco 2 plc, a fellow Group company. As a result, no audit fee has been incurred for the Company for the year (2021: £68k).

Ed Broking Group Limited

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

5 Finance income and finance costs

	2022 £ 000	2021 £ 000
Finance income		
Interest from other Group companies	163	140
Finance costs		
Interest to other Group companies	-	13
Foreign exchange loss on USD internal debt	-	966
	-	979

6 Staff costs

The Company had no employees in the current year or the preceding year. All administration is performed by employees of the Group, for which no recharge was made to the Company (2021: £27k).

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £ 000	2021 £ 000
Aggregate emoluments	-	27

The emoluments of all directors are paid by other Group companies, for which no recharge allocation was made to the Company together with other staff costs as explained in note 6, amounts recharged in the prior year were £27k. The directors were directors of other fellow subsidiaries and this table discloses the amount re-charged.

Ed Broking Group Limited

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

8 Income tax

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

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	592	-
Adjustments in respect of prior periods	-	-
Total current taxation	<u>592</u>	<u>-</u>
Deferred taxation		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
Effect of tax rate change on opening balance	-	-
Total deferred taxation	<u>-</u>	<u>-</u>
Tax charge in the Statement of Comprehensive Income	<u>592</u>	<u>-</u>

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

	2022 £ 000	2021 £ 000
Profit/(loss) before tax	<u>3,116</u>	<u>(1,370)</u>
Corporation tax at standard rate of 19% (2021: 19%)	592	(260)
Expenses not deductible for tax purposes	-	(35)
Remeasurement of deferred tax for changes in tax rates	-	(1,075)
Group relief surrendered / (claimed)	-	281
Movement in deferred tax not recognised	-	1,089
Total tax charge	<u>592</u>	<u>-</u>

Deferred tax

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

The company did not recognise deferred tax assets as follows. These deferred tax assets have not been recognised in these accounts as it is not expected that the Group's future profitability will be sufficient to utilise them.

Ed Broking Group Limited

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

8 Income tax (continued)

	2022	2021
	£ 000	£ 000
Losses	<u>4,570</u>	<u>4,570</u>
Unrecognised deferred tax assets	<u>4,570</u>	<u>4,570</u>

9 Investments in subsidiaries

	£ 000
Cost or valuation	
At 1 January 2022	<u>247,734</u>
At 31 December 2022	<u>247,734</u>
Provision for impairment	
At 1 January 2022	<u>172,856</u>
At 31 December 2022	<u>172,856</u>
Carrying amount	
At 31 December 2022	<u>74,878</u>
At 31 December 2021	<u>74,878</u>

Ed Broking Group Limited

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

9 Investments in subsidiaries (continued)

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

Name of subsidiary	Principal activity	Country of incorporation and Principal place of business	Company interest in ordinary share capital and voting rights held	
			2022	2021
Ed Broking Holdings (London) Limited*	Intermediate holding company	England	100%	100%
Ed Broking (UK) Limited	Intermediate holding company	England	100%	100%
Piiq Risk Partners Limited	Insurance and reinsurance intermediary	England	100%	100%
Piiq Risk Partners SAS	Insurance and reinsurance intermediary	13 - 15 rue Taitbout, 75009, Paris France	100%	100%
Ed Broking Holdings (2016) Ltd	Intermediate holding company	England	100%	100%
Ed Broking 2016 Limited	Intermediate holding company	England	100%	100%
Ed Broking Holdings LLP	Intermediate holding company	England	100%	100%
Ed Broking LLP	Insurance and reinsurance intermediary	England	100%	100%
NMB Beijing Consulting Company Limited	Reinsurance intermediary	27 Floor Tower, No 5 Jinghua South Street, Chaoyang District, Beijing, 10020 China	100%	100%
Junge Versicherungsmakler Holding GmbH	Intermediate holding company	Hohe Bleichen 11, 20354, Hamburg Germany	100%	100%
Junge & Co Versicherungsmakler GmbH	Insurance intermediary	Hohe Bleichen 11, 20354, Hamburg Germany	100%	100%

Ed Broking Group Limited

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

9 Investments in subsidiaries (continued)

Name of subsidiary	Principal activity	Country of incorporation and Principal place of business	Company interest in ordinary share capital and voting rights held	
			2022	2021
Gantner GmbH	Lubsen Underwriting agency	Hohe Bleichen 11, 20354, Hamburg Germany	100%	100%
Cooper Gay SAS	Insurance and reinsurance intermediary	71 - 73 Avenue des Champs Elysees, 75008, Paris France	100%	100%
Ed Broking (MENA) Limited	Reinsurance intermediary	Al Fattan Properties, Currency House, Tower 1, Level 3, Office 307-308 - DIFC, Dubai UAE	100%	100%
Price Forbes Broking (Asia) Pte. Ltd (formerly Ed Broking (Asia) Pte Limited)	Reinsurance intermediary	3 Church Street, 28-04 Singapore, 49483 Singapore	100%	100%
Cooper Gay (Australia) Pty Ltd	Reinsurance intermediary	Suite 1, Level 23, 25 Bligh Street, Sydney NSW 2000 Australia	100%	100%
Ed Broking (Hong Kong) Limited	Reinsurance intermediary	Unit 2011, 20/F, Prosperity Millennia Plaza, 663 King's Road, North Point Hong Kong	100%	100%
Piiq Risk Partners Inc	Insurance and reinsurance intermediary	222 West Adam Street, Suite 1900, Chicago, Illinois, 60606 USA	100%	100%
Price Forbes Miami Inc. (formerly Ed Broking Miami Inc.)	Insurance and reinsurance intermediary	800 Brickell Avenue, Suite 300, Miami, FL 33121 USA	100%	100%
Ardonagh Holdings Limited	Specialty (Bermuda) reinsurance intermediary	3rd Floor, 34 Bermudiana Road, Hamilton, HM 11 Bermuda	100%	100%

Ed Broking Group Limited

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

9 Investments in subsidiaries (continued)

Name of subsidiary	Principal activity	Country of incorporation and Principal place of business	Company interest in ordinary share capital and voting rights held	
			2022	2021
Inver Re (Bermuda) Limited (formerly Ed Broking Re (Bermuda) Limited)	Insurance and reinsurance intermediary	3rd Floor, 34 Bermudiana Road, Hamilton, HM 11 Bermuda	100%	100%
Inver Re Capital Advisors Ltd	Insurance and reinsurance intermediary	3rd Floor, 34 Bermudiana Road, Hamilton, HM 11 Bermuda	100%	100%
Price Forbes (Bermuda) Limited (formerly Ed Broking (Bermuda) Limited)	Insurance and reinsurance intermediary	3rd Floor, 34 Bermudiana Road, Hamilton, HM 11 Bermuda	100%	100%
Inver Re (Bermuda) SAC Limited	Insurance and reinsurance intermediary	3rd Floor, 34 Bermudiana Road, Hamilton, HM 11 Bermuda	100%	100%
Cooper Gay Ltd.	Insurance and reinsurance intermediary	Floor 4, Willow House, Cricket Square, Grand Cayman, KY1-9010 Cayman Islands	100%	100%

* indicates direct investment of the company

The registered address of the subsidiaries noted above that were incorporated in England is 2 Minster Court, Mincing Lane, London, EC3R 7PD.

On 2 November 2022 the Company's indirect investment in CGSC Holdings (Australia) Pty Limited was sold to Ardonagh Mideo 3 plc, a company under common control, for £15.7m.

On 20 September 2022 the Company's indirect investment in Globe Underwriting Limited was sold to Geo Specialty Group Holdings Limited, a company under common control, for £3.0m.

Ed Broking Group Limited

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

9 Investments in subsidiaries (continued)

Management reviews business performance based on lines of business. Investment in subsidiaries is tested for impairment at Company level. The recoverable amount of the Company is determined as the higher of fair value less cost of disposal (FVLCD) and value in use (VIU), in accordance with the Company's accounting policy. For the year ended 31 December 2022, the recoverable amount of the Company was determined to be FVLCD.

FVLCD is considered to be a level 3 valuation in the fair value hierarchy, as it is not based on observable market data.

Following this assessment, it was determined that there was no impairment charge for the year (2021: £Nil).

10 Cash and cash equivalents

	2022 £ 000	2021 £ 000
Own funds	<u>10</u>	<u>1,978</u>

11 Trade and other receivables

	2022 £ 000	2021 £ 000
Receivables from other Group companies	70,016	66,672
Prepayments	47	68
Other receivables	<u>14</u>	<u>13</u>
	<u>70,077</u>	<u>66,753</u>

The directors believe that the intercompany receivables are recoverable. The amounts receivable from Ed Broking Holdings (London) Limited totalling £8.041k are subject to interest charged at LIBOR + 2% and is repayable on demand. The remaining balances are unsecured, interest free and repayable on demand.

12 Trade and other payables

	2022 £ 000	2021 £ 000
Current trade and other payables		
Amounts due to other Group companies	883	2,000
Other payables	<u>75</u>	<u>126</u>
	<u>958</u>	<u>2,126</u>

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

Ed Broking Group Limited

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

13 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No. 000	£ 000	No. 000	£ 000
D Shares of 0.1p each of £0.00 each	35 912	36	35,912	36
Deferred shares of £0.01 each	10,730	107	10,730	107
Non-redeemable voting ordinary shares of £0.01 each	368,865	3,689	368,865	3,689
	<u>415,507</u>	<u>3,832</u>	<u>415,507</u>	<u>3,832</u>

D Shares

No voting rights or right to participate in dividends. As regards capital, upon a return of capital upon a winding up or otherwise.

Deferred Shares

No voting rights or right to participate in dividends. As regards capital, on a return of capital upon a winding up or otherwise, after receipt by the non-redeemable voting ordinary shareholders of £1,000k per share out of any surplus arising, the deferred shareholders are entitled to receive the sum of £0.01 per deferred share but shall have no entitlement to participate in any other amount in any surplus so arising.

Non-Redeemable Voting Ordinary Shares

One vote per share on all matters, apart from resolution to appoint a director. Right to participate in dividends and to vote at general meetings. On return of capital upon a winding up or otherwise, (i) entitled to be paid the nominal amount paid up on their non-redeemable voting ordinary shares, pari passu, with non-voting ordinary shares and redeemable voting ordinary shares, as is they were all shares of the same class and (ii) other, subject to the rights attaching to the deferred shares.

14 Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with a number of related parties. The Company has taken the exemption under FRS 102 not to disclose transactions with fellow wholly owned subsidiaries or key management personnel.

Ed Broking Group Limited

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

15 Parent and ultimate parent undertaking

The immediate parent company is Ardonagh Specialty Holdings 2 Limited and the ultimate parent company is Tara Topco Limited.

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

2 Minster Court
Mincing Lane
London
EC3R 7PD

16 Subsequent events

The Company performed a review of events subsequent to the balance sheet date through the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.