

Registration number: 00991769

# Dawson Pennington & Company Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016



\*A6G0EP0Q\*

A43

29/09/2017

#30

COMPANIES HOUSE

# **Dawson Pennington & Company Limited**

## **Contents**

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements	6
Independent Auditor's Report to the members of Dawson Pennington & Company Limited	7 to 8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 19

# **Dawson Pennington & Company Limited**

## **Company Information**

<b>Directors</b>	M S Mugge D C Ross
<b>Company secretary</b>	J A Gregory
<b>Registered office</b>	Towergate House Eclipse Park Sittingbourne Road Maidstone Kent ME14 3EN
<b>Auditor</b>	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

## **Dawson Pennington & Company Limited**

### **Strategic Report for the Year Ended 31 December 2016**

The directors present their strategic report for the year ended 31 December 2016 for Dawson Pennington & Company 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 developments and performance of the Company during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future. The Company is part of the Sentry Holdings Limited Group ("the Group" or "Towergate"). Whilst Sentry Holdings Limited is the ultimate parent company, the directors of its subsidiary The Ardonagh Group Limited (formerly known as TIG Topco Limited) manage the Group's operations on a daily basis.

#### **Principal activities and business review**

The principal activity of the Company is that of a non-trading holding company.

The results for the Company show turnover of £Nil (2015: £Nil) and profit before tax of £Nil (2015: £Nil) for the year. At 31 December 2016 the Company had net assets of £1,547 (2015: £1,547). The accounting policies (note 2) on page 14 sets out the reasons why the directors continue to believe that the preparation of the financial statements on the going concern basis is appropriate.

#### **Outlook**

The directors do not expect there to be any changes in the nature of the business in 2017.

#### **Key performance indicators**

The directors of The Ardonagh Group Limited manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that a separate 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 is discussed in the Group's annual report.

The key performance indicator for this company is the carrying value of its investments in subsidiaries, as these are the main assets of the Company. The performance of the subsidiary undertakings will determine whether an impairment to the carrying value is required and this is tested on a regular basis. There were no impairment charges for the year (2015: £Nil).

#### **Principal risks and uncertainties**

##### **Risk management**

The Company's performance and value, as a holding company of the Group, is integrated with its investment in the Company's subsidiaries. As such from the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are managed separately. Accordingly, the principal risks and uncertainties are discussed in the Group's annual report.

## **Dawson Pennington & Company Limited**

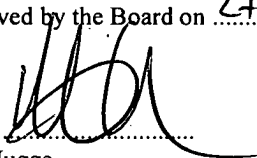
### **Strategic Report for the Year Ended 31 December 2016**

#### *Future impact of Brexit*

As a business that operates predominantly in the United Kingdom (UK) the Company is affected by economic conditions in the UK and the associated possibility of decline in business and customer confidence. This risk has been exacerbated by the uncertainties surrounding the UK's decision to leave the European Union ("Brexit"). Our typical small to medium-sized business (SME) customers and individual consumers may be more vulnerable to any economic downturn than larger commercial customers, reducing or delaying insurance purchases or making premium payments.

The Brexit decision could lead to the UK leaving the single market for goods and services and the ability of businesses to passport between the UK and other EU states. The direct impact on the Company will not be significant because it currently conducts little business outside the UK, although there may be some effects on the insurance markets into which we place business.

Approved by the Board on .....<sup>27</sup> September 2017 and signed on its behalf by:

  
.....  
M S Mugge  
Director

## **Dawson Pennington & Company Limited**

### **Directors' Report for the Year Ended 31 December 2016**

The directors present their report and the financial statements for the year ended 31 December 2016.

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

The directors, who held office during the year, were as follows:

M S Mugge

D C Ross (appointed 20 December 2016)

#### **Dividends**

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2016 (2015: £Nil).

#### **Financial risk management objectives and policies**

Details of financial risk management objectives and policies can be found in the strategic report within the 'Risk management' section on page 2.

#### **Future developments**

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

#### **Political donations**

The Company has not made any political donations during the year (2015: £Nil).

#### **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 at least the next 12 months. 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' liabilities**

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

#### **Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

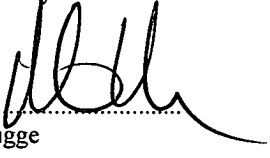
**Dawson Pennington & Company Limited**

**Directors' Report for the Year Ended 31 December 2016**

**Reappointment of auditor**

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on <sup>27</sup>..... September 2017 and signed on its behalf by:

  
.....  
M S Mugge  
Director

Towergate House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent  
ME14 3EN

## **Dawson Pennington & Company Limited**

### **Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework (FRS 101).

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## **Independent Auditor's Report to the members of Dawson Pennington & Company Limited**

We have audited the financial statements of Dawson Pennington & Company Limited for the year ended 31 December 2016, set out on pages 9 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements (set out on page 6), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its result for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and the Directors' report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

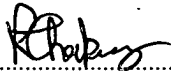
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

## **Independent Auditor's Report to the members of Dawson Pennington & Company Limited**

### **Matters on which we are required to report by exception**

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

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



.....  
Rajan Thakrar (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*

15 Canada Square  
Canary Wharf  
London  
E14 5GL

Date: 27 September 2017

# **Dawson Pennington & Company Limited**

## **Statement of Comprehensive Income for the Year Ended 31 December 2016**

	Note	2016 £	2015 £
Turnover		-	-
Operating profit/(loss)	3	-	-
Profit/(loss) before tax		-	-
Total comprehensive profit for the year		-	-

The notes on pages 12 to 19 form an integral part of these financial statements.

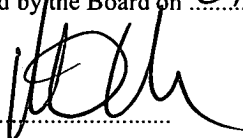
# Dawson Pennington & Company Limited

(Registration number: 00991769)

## Statement of Financial Position as at 31 December 2016

	Note	2016 £	2015 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiary undertakings	6	<u>200,205</u>	<u>200,505</u>
<b>Current assets</b>			
Trade and other receivables	7	<u>1,547</u>	<u>1,547</u>
<b>Total assets</b>		<u><u>201,752</u></u>	<u><u>202,052</u></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Called up share capital	8	1,547	1,547
<b>Current liabilities</b>			
Trade and other payables	9	<u>200,205</u>	<u>200,505</u>
<b>Total equity and liabilities</b>		<u><u>201,752</u></u>	<u><u>202,052</u></u>

Approved by the Board on <sup>27</sup>..... September 2017 and signed on its behalf by:

  
 .....  
 M S Mugge  
 Director

The notes on pages 12 to 19 form an integral part of these financial statements.

**Dawson Pennington & Company Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2016**

	<b>Share capital £</b>	<b>Total £</b>
At 1 January 2016	<u>1,547</u>	<u>1,547</u>
At 31 December 2016	<u><u>1,547</u></u>	<u><u>1,547</u></u>

	<b>Share capital £</b>	<b>Total £</b>
At 1 January 2015	<u>1,547</u>	<u>1,547</u>
At 31 December 2015	<u><u>1,547</u></u>	<u><u>1,547</u></u>

The notes on pages 12 to 19 form an integral part of these financial statements.

## **Dawson Pennington & Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **1 Authorisation of financial statements**

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

These financial statements for the year ended 31 December 2016 were authorised by the Board on <sup>27</sup>..... September 2017 and the statement of financial position was signed on the Board's behalf by M S Mugge.

#### **2 Accounting policies**

##### **Basis of preparation**

These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

As a wholly owned subsidiary of The Ardonagh Group 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.

These financial statements have been prepared on a historical cost basis. The financial statements are presented in GBP sterling (£), which is also the Company's functional currency.

## **Dawson Pennington & Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

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

##### **Summary of disclosure exemptions**

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

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

(a) the requirements of IFRS 7 Financial Instruments: Disclosures and of paragraphs 91-99 of IFRS 13 Fair Value Measurement apart from those which are relevant for the financial statements which are held at fair value not held as part of a trading portfolio;

(b) 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;

(c) 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;

(d) 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;

(e) 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 group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;

(f) 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.

Equivalent disclosures are included in the Group's consolidated financial statements as required by FRS 101 where exemptions have been applied.

## **Dawson Pennington & Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

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

##### **Going Concern**

The financial statements of the Company have been prepared on a going concern basis. At 31 December 2016 the Company had net assets of £1,547 (2015: £1,547) and net current liabilities of £198,658 (2015: £198,958). The net current liabilities include amounts receivable from related parties of £1,547 (2015: £1,547), and amounts due to related parties of £200,205 (2015: £200,505).

On 23 June 2017 Ardonagh Midco 3 Plc ("Midco 3"), a newly established intermediate holding company and indirect subsidiary of The Ardonagh Group Limited, completed a refinancing. It resulted in consolidation of the Group's debt at that level and the debt is guaranteed by direct and indirect subsidiaries of Midco 3 including the Company.

The sub-group headed by Midco 3 includes Towergate Insurance Limited ("TIL"), a direct parent of the Company. TIL provides central treasury functions, funding and oversight for certain of the Group's operating entities including the Company. TIL is also the intermediate holding company of certain subsidiaries which are in run-off and have exposure to potential liabilities arising from a past business review of enhanced transfer value products, the ultimate cost of which cannot be estimated with any certainty.

As the Company has support from TIL and ultimately from the Group, the directors believe that the going concern assessment for the Company is fundamentally linked to the going concern assessment for the Group. The directors have therefore considered the anticipated future cash flows of the Group as a whole following the refinancing which in turn were considered by the Board of Midco 3 as the principle funding entity for the Group, in connection with preparation of the Group's half year consolidated accounts and these cash flows were subjected to stress testing and sensitivity analysis when considering whether the Group is able to cope with reasonably foreseeable adverse trading and cash flow outcomes over the next twelve months.

The Board of Midco 3 has agreed to provide support to TIL through an intermediate company and therefore the Company for a period of at least twelve months from the date of signing the Company's accounts, to continue to make available such funds as are needed to enable TIL and therefore the Company to continue in existence for the foreseeable future.

On the basis of the directors' assessment of the Company's financial position, the cash flow projections for the Group and TIL's ability to continue to provide such support as might be required, the directors have a reasonable expectation that the Company will be able to continue to operate for at least the next 12 months. Therefore, the annual financial statements have been prepared on a going concern basis.



## **Dawson Pennington & Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

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

##### **Financial assets**

Financial assets are initially measured at fair value plus directly attributable transaction costs. The Company's financial assets include cash, trade and other receivables and other non-current financial assets. The subsequent measurement of financial assets depends on their classification:

Other non-current assets represent investments in subsidiary undertakings. They are stated as cost less provision for impairment for any diminution in value.

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, dispute, default or delinquency in payments are considered indicators that the receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables.

##### **Impairment of assets**

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable and at least annually, in the case of goodwill. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units. A cash-generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

##### *Calculation of recoverable amount*

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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

##### *Reversals of impairment*

An impairment loss is reversed on intangible assets other than goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **Dawson Pennington & Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

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

##### **Financial liabilities**

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value plus directly attributable transaction costs. The Company's financial liabilities include trade and other payables. The subsequent measurement of financial liabilities depends on their classification.

##### **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.

##### **Changes in accounting policy**

None of the standards, interpretations and amendments effective for the first time from 1 January 2016 have had a material effect on the financial statements.

#### **3 Operating profit**

Audit fees of £3,884 for the Company are borne by other Companies within the Group and no recharge is made to the Company.

Amounts receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Sentry Holdings Limited.

#### **4 Staff costs**

The Company had no employees in the current year or the preceding year. All administration is performed by employees of the Group and no recharge has been made to the Company.

#### **5 Directors' remuneration**

The emoluments of all directors are paid by other Group companies, which make no recharge to the Company. These directors are directors of The Ardonagh Group Limited and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the consolidated financial statements of The Ardonagh Group Limited.

# Dawson Pennington & Company Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016

### 6 Investments in subsidiary undertakings

	£
<b>Cost or valuation</b>	
At 1 January 2016	393,333
Disposals	<u>(300)</u>
At 31 December 2016	<u>393,033</u>
<b>Provision for impairment</b>	
At 1 January 2016	<u>192,828</u>
At 31 December 2016	<u>192,828</u>
<b>Carrying amount</b>	
At 31 December 2016	<u>200,205</u>
At 31 December 2015	<u>200,505</u>

The disposal in the year ended 31 December 2016 relates to CCV Limited, a 100% owned dormant subsidiary, which was dissolved 9 March 2016.

Details of the subsidiaries as at 31 December 2016 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2016	2015
Chorlton Cloughley Group Limited	Dormant	England	100%	100%

The registered office address of the above subsidiary is Towergate House, Eclipse Park, Sittingbourne Road, Maidstone, Kent, ME14 3EN.

### 7 Trade and other receivables

	2016	2015
	£	£
Receivables from related parties	<u>1,547</u>	<u>1,547</u>

# Dawson Pennington & Company Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016

### 8 Share capital

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

	No.	2016 £	No.	2015 £
Ordinary Shares of £1 each	<u>1,547</u>	<u>1,547</u>	<u>1,547</u>	<u>1,547</u>

### 9 Trade and other payables

	2016 £	2015 £
Current trade and other payables		
Amounts due to related parties	<u>200,205</u>	<u>200,505</u>

### 10 Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with a number of related parties within the Sentry Holdings Limited group of companies. The Company has taken the exemption under FRS 101 not to disclose transactions with fellow wholly owned subsidiaries or key management personnel.

### 11 Ultimate parent company

On 2 April 2015, HPS Investment Partners LLC, formerly known as Highbridge Principal Strategies LLC became the Group's majority shareholder when its investment in Sentry Holdings Limited (incorporated in Jersey, registered office 22 Grenville Street, St Helier, Jersey, JE4 8PX) acquired a direct interest in The Ardonagh Group Limited (incorporated in Jersey, registered office address, 47 Esplanade, St Helier, Jersey, JE1 0BD) and indirect interests in Towergate Insurance Limited and its subsidiaries. At 31 December 2016, the ultimate parent company was Sentry Holdings Limited. Sentry Holdings Limited is the largest group in which the results are consolidated. These financial statement are available upon request from:

Towergate House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent  
ME14 3EN

## **Dawson Pennington & Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **12 Subsequent events**

After the balance sheet date, nine newly incorporated companies were added as subsidiaries of the Company.

Details of these companies and their date of incorporation are as follows:

The Ardonagh Group Limited	4 April 2017
The Kyros Risk Group Limited	31 March 2017
Kyros Insurance and Risk Services Group Limited	3 April 2017
Kyros Holdings Limited	31 March 2017
Neart Group Limited	31 March 2017
The 5551 Group Limited	31 March 2017
KIRS Holding Group Limited	31 March 2017
KIRS Group Limited	31 March 2017
KIRSH Group Limited	31 March 2017