Registration number: 02696420

# Morgan Law Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2022

# Morgan Law Limited

## Contents

# Morgan Law Limited

## Company Information

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

# Morgan Law Limited

## Strategic Report for the Year Ended 31 December 2022

The directors present their Strategic Report for the year ended 31 December 2022 for Morgan Law Limited ("the Company"). The Strategic Report provides a review of the business for the year and describes how the directors manage risks. The report outlines the developments and performance of the Company during the 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 Ardonagh Group Holdings Limited and together with its subsidiaries ("the Group").

**Principal activity and business review**

The principal activity of the Company is the provision of insurance services, with a focus on the provision of construction and property insurance. As part of the wider group segmental strategy, on 16 July 2018 and 6 November 2018 the Company disposed of its Personal and Commercial lines operations respectively, to Advisory Insurance Brokers Limited (formerly Towergate Underwriting Group Limited), a company under common control. These transactions resulted in the Company being placed into run-off.

The results for the Company show turnover of £Nil (2021: £2,888) and loss before tax of £19,855 (2021: £7,827) for the year. At 31 December 2022 the Company had net assets of £9,318,591 (2021: £9,334,881). The going concern note (part of accounting policies) on page 13 sets out the reasons why the directors believe that the preparation of the financial statements on a basis other than that of a going concern is appropriate.

**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 are discharged by the Advisory Platform and Segment Boards. The Platform Board considers and approves acquisitions and disposals, sets integration/synergy plans and recommends investments over a set limit to the Ardonagh Group Board for approval. The Advisory Platform Board has constituted a Remuneration Committee and an Audit Committee. The Remuneration Committee approves matters delegated to them by the Group Remuneration Committee and recommend matters that require approval by the Group Remuneration & Nominations Committee. The Audit Committee ensures robust oversight over prudential and financial risk and Internal Audit plan delivery.

The performance and delivery of annual and integration plans of the underlying Broking and MGA businesses within the Advisory Platform are subject to detailed oversight by our Insurance Broking and MGA Segment Boards together with robust conflicts of interest management. The Segment Boards also discharge rigorous oversight over the management of risk. Given the respective size of the businesses, the Insurance Broking Segment Board has constituted a Risk Committee that reports back to the Board.

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 Advisory Platform and Segment Boards engage with our stakeholders and how their views inform Board decision making.

*Shareholders*

There are two shareholder representative directors on the Advisory Platform Board who articulate their views during Board discussions.

**Section 172 statement (continued)**

*Employees*

Our employees are central to the success of Ardonagh Advisory and our remuneration structures are designed to reward good performance at the individual and business level 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 and study support and, if appropriate, movement across different Advisory businesses or businesses across the wider Ardonagh Group. During 2022 Ardonagh Advisory invested in its employees with 779,912 hours of non-mandatory training completed, the commencement of an Emerging Careers Apprenticeship Programme, 220 employees obtained their Chartered Insurance Institute qualifications and the business is partnering with a university to enable future leaders to study for an MBA Senior Leader Level 7 qualification via virtual workshops.

Advisory have adopted an Equality and Diversity Policy and our Boards believes that equality, diversity and inclusion strengthen the Advisory business, contribute to long-term performance, and attract key talent. The Advisory Insurance Broking Segment 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 across Advisory. During 2022 Ardonagh Advisory established LGBTQ+ and disability employee forums, delivered 5 Diversity, Equity & Inclusion and wellbeing webinars with guest speakers. Advisory is working with Progress Together to drive socio-economic diversity at senior levels of the business.

An annual Groupwide employee pulse survey has been conducted since 2019. 74% of Advisory employees participated in the 2022 pulse survey. Advisory achieved an average score of 7.4 (out of 10) across all questions, in line with the 7.5 average score across the Ardonagh Group. The survey highlighted positive trends regarding creating a sense of belonging and purpose, fostering cultures of inclusion and respect, and building strong team and line manager relationships.

*Customers*

Seeking good customer outcomes is central to the success of the business. Management continue to seek customer views and improve how we track our customers' perceptions of our businesses and bring the voice of our customers into Board reporting. Our products and services are periodically reviewed to ensure they continue to meet the needs of our customers. The Company is proud to have retained the Gold Investors in Customers accreditation in 2022.

In response to the cost-of-living crisis, the Board has reviewed and enhanced how we support our vulnerable customers, including dedicated call lines staffed by colleagues who have received specific training and been given tools and solutions to help our customers.

In preparation for the new Consumer Duty launched by the FCA, the Advisory Insurance Broking Segment Board selected an independent non-executive director to act as a Consumer Duty Champion who regularly meets with management to discuss and challenge performance against customer related metrics and helps facilitate the voice of the customer to be heard in the Boardroom.

*Regulatory relationships*

The Board prioritises positive, open and transparent engagement with all our regulatory relationships. Our directors receive regular updates on regulatory interactions and new regulatory rules and guidance and how they impact our businesses. We participate in thematic reviews and believe that strong regulatory relationships are a source of competitive advantage.

**Section 172 statement (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*
Management aims to treat all 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 and Environment*
Ardonagh contributes to the communities in which we operate through the Ardonagh Charitable Trust. Advisory staff undertook a range of charitable activities on Ardonagh's annual Give Back Day and throughout 2022 to support a variety of local causes. Further details on how we interact with communities are set out in the Sustainability Report available on the Ardonagh website at www.ardonagh.com.

Climate-related risks and opportunities have grown in importance for us as an organisation. As a part of the Group with insurance intermediaries, understanding and managing risk (especially insurance transfer risk) is at the heart of what the Company does, and the Company recognises that climate change poses material long-term impacts for our clients, wider stakeholders and therefore ultimately, our business. The action that the Group is taking in respect to climate change is set out in the Ardonagh Group Sustainability Report that is available on the Ardonagh website at www.ardonagh.com.

**Case Study in considering stakeholders in decision making**
Our Advisory Platform 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 Platform 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 Advisory Insurance Broking Segment 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.

*Customers*
Our customers are at the heart of our decision making and our Boards considered how the business will ensure 'good customer outcomes' will be achieved and evidenced and how the business treats vulnerable customers. Our Boards have tasked management to build new metrics and reporting to enable compliance with the new rules to be measured and monitored. Management is also seeking ways to enhance customer communications in light of the new rules, and these enhancements will be subject to Board oversight and challenge.

**Section 172 statement (continued)**

*Insurers*
Our Insurance Broking Segment Board considered how the business will work with our insurer partners in order to comply with the new Consumer Duty rules, in particular how 'fair value' assessments will be conducted.

*Regulatory*
Our Insurance Broking Segment Board discharges 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.

*Shareholders*
Our shareholder representative directors report back to the Group Board on progress and the impact of compliance with the new Consumer Duty rules on the business.

## Outlook

On 16 July 2018 and 6 November 2018, the Company disposed of its ongoing trade and related assets to Advisory Insurance Brokers Limited (formerly Towergate Underwriting Group Limited), a fellow Group company, and has been in run-off from these dates. It is the directors' intention to liquidate the Company once the run-off process has completed.

## Key performance indicators

The directors consider the key performance indicator for the Company to be ensuring its liabilities are settled fairly and expeditiously as the run-off process progresses.

## Principal risk and uncertainties

### Risk management

As noted in the Outlook section above, the Company's operations are in run-off and the Company is managed on a basis other than that of a going concern.

The principal risks and their mitigation are as follows:

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

The Group and Company has demonstrated its resilience to economic uncertainties and demonstrated operational and financial resilience in response to a downturn in UK business and customer confidence.

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

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

## Morgan Law Limited

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

Approved by the board on 13 September 2023 and signed on its behalf by:

Diane Cougill

D Cougill
Director

# Morgan Law 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:

D C Ross

D Cougill

**Dividends**

The directors do not recommend a final dividend payment to be made in respect of the 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 'Risk management' section on page 5.

**Future developments**

Details of future developments can be found in the Strategic Report within the 'Outlook' section on page 5.

**Political donations**

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

**Going concern**

In November 2018, the directors took the decision to cease trading following the disposal of the Company's trade and assets, and the Company is in run-off. As there is no intention to acquire replacement trade, the directors have prepared the financial statements on a basis other than that of a going concern.

**Subsequent events**

Details of subsequent events can be found in the notes to the financial statements within the 'Subsequent events' note on page 20.

**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, in place during the year and at the date of this report.

Approved by the board on 13 September 2023 and signed on its behalf by:

Diane Cougill

D Cougill
Director

# Morgan Law Limited

## Statement of Directors' Responsibilities

The directors are 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'.

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:

- suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable;
- state whether 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

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.

# Morgan Law Limited

## Statement of Comprehensive Income for the Year Ended 31 December 2022

| | Note | 2022 £ | 2021 £ |
|---|---|---|---|
| Revenue | 4 | - | 2,888 |
| Administrative expenses | | (19,855) | (10,715) |
| **Operating loss** | 5 | (19,855) | (7,827) |
| **Loss before tax** | | (19,855) | (7,827) |
| Income tax | 8 | 3,565 | 1,308 |
| **Loss for the year** | | (16,290) | (6,519) |

The above results were derived from discontinued operations. There are no items of other comprehensive income in the current period or prior period.

# Morgan Law Limited

## (Registration number: 02696420)
## Statement of Financial Position as at 31 December 2022

| | Note | 2022<br>£ | 2021<br>£ |
|---|---|---|---|
| **Current assets** | | | |
| Property, plant and equipment | 9 | - | 1,092 |
| Trade and other receivables | 10 | 16,401,677 | 16,250,510 |
| Cash and cash equivalents | 11 | 200,131 | 200,131 |
| | | 16,601,808 | 16,451,733 |
| **Current liabilities** | | | |
| Trade and other payables | 12 | (7,283,211) | (7,096,619) |
| Income tax liability | | (6) | (20,233) |
| | | (7,283,217) | (7,116,852) |
| **Net current assets** | | 9,318,591 | 9,334,881 |
| **Total assets less current liabilities** | | 9,318,591 | 9,334,881 |
| **Net assets** | | 9,318,591 | 9,334,881 |
| **Capital and reserves** | | | |
| Share capital | 13 | 601,000 | 601,000 |
| Retained earnings | | 4,229,947 | 4,246,237 |
| Merger reserve | | 4,487,644 | 4,487,644 |
| **Total equity** | | 9,318,591 | 9,334,881 |

For the 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.

Approved by the board on 13 September 2023 and signed on its behalf by:

Diane Cougill

D Cougill
Director

The notes on pages 12 to 20 form an integral part of these financial statements.

# Morgan Law Limited

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

| | Share capital £ | Merger reserve £ | Retained earnings £ | Total £ |
|---|---|---|---|---|
| At 1 January 2022 | 601,000 | 4,487,644 | 4,246,237 | 9,334,881 |
| Loss and comprehensive expense for the year | - | - | (16,290) | (16,290) |
| At 31 December 2022 | 601,000 | 4,487,644 | 4,229,947 | 9,318,591 |

| | Share capital £ | Merger reserve £ | Retained earnings £ | Total £ |
|---|---|---|---|---|
| At 1 January 2021 | 601,000 | 4,487,644 | 4,252,756 | 9,341,400 |
| Loss and comprehensive expense for the year | - | - | (6,519) | (6,519) |
| At 31 December 2021 | 601,000 | 4,487,644 | 4,246,237 | 9,334,881 |

The Merger Reserve was created in 2018 following the disposal of the Company's business and assets to Advisory Insurance Brokers Limited (formerly Towergate Underwriting Group Limited), a company under common control.

## 1 General information

The Company is a private company limited by share capital incorporated and registered in England, United Kingdom. The Company's registered office is 2 Minster Court, Mincing Lane, London EC3R 7PD. The principal activity of the Company is disclosed on page 2 within the 'Strategic Report'.

These financial statements for the year ended 31 December 2022 were authorised by the board on 13 September 2023 andthe Statement of Financial Position was signed on the board's behalf by D Cougill.

## 2 Accounting policies

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

**Basis of preparation**
These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

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 101. There are no new standards, amendments to standards or interpretations which are effective in 2022 and that are expected to materially impact the Company's financial statements.

**Summary of disclosure exemptions**
In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("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:

• the requirements of IFRS 7 Financial Instruments: Disclosures and of paragraphs 91-99 of IFRS 13 Fair Value Measurement;

• the requirements in paragraph 10(d) and 111 of IAS 1 Presentation of Financial Statements to prepare a Cash flow statement and the requirements in IAS 7 Statement of Cash Flows regarding the same;

## 2 Accounting policies (continued)

**Summary of disclosure exemptions (continued)**

• 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 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; and

• 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;

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the 'Critical accounting judgements and key sources of estimation uncertainty' on page 15.

**Going Concern**
In November 2018, the directors took the decision to cease trading following the disposal of the Company's trade and assets, and the Company is in run-off. As there is no intention to acquire replacement trade, the directors have prepared the financial statements on a basis other than that of a going concern. At 31 December 2022 the Company had net assets of £9,318,591 (2021: £9,334,881).

The book value of the Company's assets and liabilities are deemed to be a reasonable approximation of fair value. The subsidiary's decision to cease taking on new business triggered an impairment review that found no impairment was necessary. There has been no adjustments as a result of the use of a basis other than going concern.

**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. This revenue is recognised in the accounting year when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

*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 or 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 to pay in instalments or are directed to a third-party premium credit provider. Some of the policies are rolling until the customer cancels the policy.

## 2 Accounting policies (continued)

**Taxation**
The tax expense for the period comprises current 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 charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

*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.

**Property, plant and equipment**
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.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting year. 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 Statement of Comprehensive Income when the asset is derecognised.

At the reporting date, the Company's principal rates of depreciation were as follows:

| Asset class | Depreciation method and rate |
|---|---|
| Leasehold improvements | Over the remaining life of the lease |

**Financial instruments**

**Financial assets**
Financial assets are initially measured at fair value plus directly attributable transaction costs. The Company's financial assets include trade and other receivables. Trade and other receivables represent other receivables and amounts due from related parties. They are recognised initially at fair value and subsequently at amortised cost, less any expected credit loss allowance.

**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. No financial instruments are subject to significant increase in credit risk as all under practical expedient for lifetime 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.

## 2 Accounting policies (continued)

**Financial liabilities**
Financial liabilities are initially measured at fair value plus directly attributable transaction costs. The Company's financial liabilities include trade and other payables. Trade and other payables represents amounts due to related parties. They are recognised initially at fair value and subsequently at amortised cost.

**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.

**Accounting for business combinations under common control**
Business combinations under common control are outside the scope of IFRS 3. The consideration for a transfer of business and net assets is determined by calculating the fair market value of the business and net assets, so as to ensure that the transfer does not constitute a distribution. The transferee derecognises the existing assets and liabilities. The transferor recognises the existing assets and liabilities at the 'predecessor' carrying amounts at which they were recognised by the transferor immediately prior to the transfer. The transferee and the transferor recognise the difference between the consideration paid and sum of the carrying amounts of the assets and liabilities in a merger reserve (no goodwill is recognised).

## 3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the period.

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

## 4 Revenue

The analysis of the Company's revenue for the year from discontinued operations is as follows:

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Commission and fees | - | 2,888 |

Revenue consists entirely of sales made in the United Kingdom.

## 5 Operating loss

Arrived at after charging:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Depreciation expense | 157 | 940 |
| Impairment loss | 1 | - |

For the year ended 31 December 2022, the Company has taken the exemption under s479 of the Companies Act 2006 from the requirement to obtain an audit of their separate financial statements. The guarantee of the outstanding liabilities as at 31 December 2022 has been provided by Ardonagh Midco 2 plc, a fellow Group company. As a result, no audit fee has been incurred (2021: £Nil).

## 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 is made.

## 7 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 Ardonagh Group Holdings Limited and other fellow subsidiaries. Their total emoluments are included in the consolidated financial statements of Ardonagh Group Holdings Limited for the year ended 31 December 2022. It is impracticable to determine the proportion of directors emoluments that relate to this entity.

## 8 Income tax

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

| | 2022 £ | 2021 £ |
|---|---|---|
| **Current taxation** | | |
| UK corporation tax | (3,565) | (1,308) |
| Adjustments in respect of prior periods | - | - |
| **Total current taxation** | (3,565) | (1,308) |
| **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** | - | - |
| **Tax credit in the Statement of Comprehensive Income** | (3,565) | (1,308) |

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

| | 2022 £ | 2021 £ |
|---|---|---|
| **Loss before tax** | (19,855) | (7,827) |
| Corporation tax at standard rate of 19% (2021: 19%) | (3,772) | (1,487) |
| Fixed asset differences | 207 | 179 |
| **Total tax credit** | (3,565) | (1,308) |

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

## 9 Property, plant and equipment

| | Leasehold improvements £ |
|---|---|
| **Cost or valuation** | |
| At 1 January 2022 | 6,292 |
| Disposals | (6,292) |
| At 31 December 2022 | - |
| **Depreciation** | |
| At 1 January 2022 | 5,200 |
| Charge for the year | 157 |
| Eliminated on disposal | (5,357) |
| At 31 December 2022 | - |
| **Carrying amount** | |
| At 31 December 2022 | - |
| At 31 December 2021 | 1,092 |

## 10 Trade and other receivables

| | 2022 £ | 2021 £ |
|---|---|---|
| **Current trade and other receivables** | | |
| Receivables from other Group companies | 16,401,677 | 16,248,538 |
| Other receivables | - | 1,972 |
| | 16,401,677 | 16,250,510 |

The directors believe that the intercompany receivables are recoverable. The balances are unsecured, interest free and repayable on demand.

## 11 Cash and cash equivalents

| | 2022 £ | 2021 £ |
|---|---|---|
| Own funds - restricted | 200,131 | 200,131 |

Cash and cash equivalents includes £200,131 (2021: £200,131) in office accounts which are considered restricted and not available to pay the general debts of the Company.

## 12 Trade and other payables

| | 2022 £ | 2021 £ |
|---|---|---|
| **Current trade and other payables** | | |
| Accrued expenses | 15,114 | - |
| Amounts due to other Group companies | 7,268,097 | 7,096,619 |
| | 7,283,211 | 7,096,619 |

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

## 13 Share capital

As at 31 December 2022, the Company has authorised ordinary share capital of £601,000 (2021: £601,000).

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

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | 601,000 | 601,000 | 601,000 | 601,000 |

The Company has one class of ordinary shares which have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

### 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 101 not to disclose transactions with fellow wholly owned subsidiaries or key management personnel.

Business was also conducted, on an arm's length basis, within Ardonagh Group Holdings Limited group of companies. The table below shows the transactions and balances with entities that form part of the group but are not wholly owned by Ardonagh Group Holdings Limited.

| | 2022 Paid to £ | 2022 Received from £ | 2022 (Due to) /receiveable from at year end £ | 2021 Paid to £ | 2021 Received from £ | 2021 (Due to) /receivable from at year end £ |
|---|---|---|---|---|---|---|
| Oyster Property Insurance Specialists Limited | - | - | 330,000 | - | - | 330,000 |

### 15 Parent and ultimate parent undertaking

The immediate parent company of the Company is Morgan Law (Holdings) Limited and the ultimate parent company is Tara Topco Limited.

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

2 Minster Court
Mincing Lane
London
EC3R 7PD

### 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.