

Registered number: 02890075

ABLE INSURANCE SERVICES LIMITED

Annual Report and Financial Statements

For the Year Ended 31 December 2021

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ABLE INSURANCE SERVICES LIMITED

Company Information

Directors	A P D Brem (appointed 13/05/2022) C A Coriat D O Cobley (appointed 04/01/2021) E E Huntington M Mondini-de-Focatiis (appointed 08/06/2021) M J Shelton (appointed 08/06/2021)
Company secretary	C A Cooper
Registered number	02890075
Registered office	Ty Admiral David Street Cardiff United Kingdom CF10 2EH
Independent auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ

ABLE INSURANCE SERVICES LIMITED

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ABLE INSURANCE SERVICES LIMITED

Strategic Report For the Year Ended 31 December 2021

Introduction

Able Insurance Services Limited (the "Company") is a privately owned company limited by shares operating as an authorised intermediary for general insurance business in the UK. Until 31 December 2020 the Company traded solely under the brand name of Gladiator, offering public and employers liability insurance to individuals and small businesses. From 1 January 2021 the Company has also traded under the brand names of Veygo and Toolbox by Admiral, see the Future Developments section of the Directors' report on page 6 for more detail.

The Company is a subsidiary of Admiral Group plc ("the Group"), a company listed on the London Stock Exchange. The Company generates income via profit commissions received from the panel of insurers which underwrite the insurance policies sold on their behalf (dependent on the level of underwriting profitability) and also through sales of additional products and services alongside the core insurance products.

Business review

During the year ended 31 December 2020, The Board of Directors approved the use of the Company for the new venture Admiral Pioneer. Admiral Pioneer is a dynamic venture with the aim to seed, launch and scale a portfolio of business initiatives focussed on customer needs that will become one of the key growth engines of the Admiral Group in the future.

On 1 January 2021, the Company purchased the Veygo business from fellow group undertaking, EUI Limited, for consideration equal to the book value of the Assets transferred, being £nil. As the net assets were transferred between two entities which are under control of the same parent company, Admiral group plc, this transaction is considered to be transaction under common control. Transactions under common control are excluded from IFRS 3 *Business Combinations* and instead the requirements of the Companies Act 2006 were considered in determining the correct accounting treatment. As a result of this consideration, the book value method was deemed to be the most appropriate, and as such there was no gain or loss on the purchase, and no impact on the Statement of the Financial Position. The Veygo business acts as an Insurance Broker for Learner Driver and Temporary Motor Insurance products.

Also on 1st January 2021, the employment of all staff of Admiral Pioneer was moved from EUI Limited to Able Insurance Limited, via a Transfer of Undertakings (Protection of Employment) ("TUPE"), so that all staff are now directly employed by the Company. The decision was taken having regard to:

- the impact on employees;
- the potential financial impacts; and
- how this would enable better alignment of the strategic priorities of the business.

On 29 March 2021, the Company set up a new wholly owned subsidiary registered in France, named Pioneer Intermediary Europe Services Limited ("PIES"), and obtained 10,000 ordinary shares for consideration of €10,000. PIES currently operates within France as an Insurance Broker.

This was followed by the launch of Toolbox by Admiral during April 2021, a business acting as an insurance broker for Tool Cover, with additional products being made available during 2022.

Throughout 2021 the Company continued to broker its existing public and employers liability products. For further detail on the launch of future business initiatives, please see the Future Developments section of the Directors' report on page 6.

ABLE INSURANCE SERVICES LIMITED

Strategic Report (continued) For the Year Ended 31 December 2021

Turnover in the year was £614,061 (2020: £615,805), with an operating loss of £2,771,634 (2020: operating loss of £1,019,450). Turnover remains consistent year on year and continues to relate entirely to profit commissions received on the sale of Gladiator products. The increase in the operating loss in the year ended 31 December 2021 is primarily driven by an increase in administration expenses incurred in relation to the formation of Admiral Pioneer, which while formed during 2020, has its first full year of trading in 2021. The increase in administration expenses was largely driven by an increase in headcount (further detail in note 6 to the financial statements), resulting in additional employee expenses as well as associated costs such as premises and technology. Another key expense is the cost of new systems relating to the businesses launched in the year, as noted above.

Key performance indicators

In addition to the Company's income statement results, the Directors monitor the performance of the Company based on growth in sales volumes (all product lines), expense ratio and growth as key performance indicators.

Total direct sales volumes during the year increased by 46%¹ when compared to 2021 due to the transfer into the Company of the Veygo business, and the launch of Toolbox by Admiral. Note that direct sales relate to sales of insurance policies, with the insurance premium being passed to the relevant insurer. As such, there is not a corresponding increase in revenue which continues to relate entirely to the Gladiator business. The Company plans to continue investing in future business to continue improvement in these key performance metrics.

The Company's operating loss has increased by 172% from 2020, however it is noted that this is the result of increased activity and the costs associated with the launch of multiple businesses as opposed to a worsening in performance, as noted in further detail in the business review on page 1.

Principal risks and uncertainties

The use of the Company for new venture Admiral Pioneer has led to increased risks, with the principal risks and uncertainties now being related to the future success of the portfolio of new businesses. This risk is mitigated by regular monitoring of the performance of each business both at a Leadership Team and Board level.

In addition, the Company is exposed to funding risk, in relation to its ability to obtain sufficient funding to support its growth plans. The Company continues to be funded by its ultimate parent company Admiral Group plc, through a combination of capital and intra-group lending. The required level of funding and existing cash levels are regularly monitored to ensure that sufficient funds are held.

The Company's activities also expose it to financial risks of credit risk and liquidity risk.

Credit risk is defined by the Company as the risk of loss if another party fails to perform its obligations. The key exposure of the Company to credit risk is through bank deposits and amounts relating to intercompany receivables.

To mitigate the risk over bank deposits, cash balances and deposits are placed only with highly rated credit institutions. Intercompany receivables are reviewed for impairment in line with IFRS 9 as set out in note 1.13 to the financial statements. Where a significant impairment is required, lending to the relevant fellow group undertaking would cease.

¹ For the Veygo business, prior year sales were generated when the business was owned by fellow group undertaking EUI Limited. For the purpose of monitoring performance these figures are still included in the prior year total.

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Strategic Report (continued) For the Year Ended 31 December 2021

Liquidity risk is the risk that the Company does not have sufficient, available financial resources to enable it to meet its obligations as they fall due, or can only secure them at excessive cost.

The primary liquidity risk of the Company is the amounts owed to fellow group undertakings, which have no fixed repayment terms. Amounts owed to fellow group undertakings have increased significantly during the year, however it is noted that these increased are in line with expectations and were incurred in the normal course of business. No significant liquidity risk is noted as a result of this increase.

The Group risk committee and Group risk function, with support from the Company's risk committee, undertake a regular and robust assessment of the principal and emerging risks facing the Group. The Board uses this to inform its assessment of the risk facing the Company.

The impact of climate change is considered at a Group level and is not considered significant for the Company. Refer to the Admiral Group plc annual report for further detail. The Company recognises that the working climate continues to be affected by the long term impacts of Covid-19, with hybrid-working resulting in adjusted customer service and operational capabilities. The Company enabled the majority of its employees able to work remotely during the year ended 31 December 2020 and has observed no significant impacts on customer service as a result of remote working.

Following Russia's invasion of Ukraine in late February 2022, financial markets volatility increased and a range of international sanctions were imposed on Russia. The Company does not have any direct exposure to Russia or Ukraine, either through its operations or investment portfolios. The Company is monitoring the situation, any indirect exposures and other risks and impacts. At the date of this report, no significant changes to the Company's principal risks and uncertainties are noted.

UK exit from the European Union ('Brexit')

Due to the nature of the business, the impacts of Brexit on the Company are not considered to be material to its operations or its financial position.

Covid-19

The Company has not noted a significant impact on the performance of the business from Covid-19 during the year, in part due to the essential nature of the products brokered by the portfolio of businesses, and in part due to the easing of Covid-19 related restrictions throughout the year. While Covid-19 has had an impact on the operational running of the business due to the introduction of hybrid working, this is not considered to have caused a significant increase in risk.

Strategic Report (continued)
For the Year Ended 31 December 2021

Section 172(1) statement

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006. In summary, this sets out how a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to the likely consequences of any decisions in the long-term, and the interests of the company's employees, customers, communities, stakeholders, external partners and the environment.

The strategy of the Company and many of the decisions of the Company and the Company's Board are taken with regard to the Group's business model, strategy and decisions and the way in which the Group engages with these stakeholders is set out in the Admiral Group plc annual report. The Admiral Group plc section 172 statement can be seen on pages 100.

Having reviewed the recurring items on its agenda, as well as the content in presentations and workshops that have been held, the Board has identified the following stakeholders as being of critical strategic importance to its operations: its employees, customers, key suppliers and partners, shareholders, fellow subsidiaries and regulators.

The main methods that the Company uses to engage with its stakeholders are as follows:

- There are multiple channels of engagement with employees as outlined in the Group's annual report on pages 89 to 92. In particular, the Company participates in the Admiral Group employee consultation group and monitors the results of its surveys closely, which are in turn discussed by the Board.
- Customers are engaged with and monitored through many of the same mechanisms as those outlined in the Group annual report, page 87.
- Many of the mechanisms for engaging with key suppliers are in line with those outlined in the Group annual report, page 93, with items of specific strategic importance brought to the Board for discussion as required.
- With shareholders and fellow subsidiaries, agendas are aligned between the Group/subsidiary Board and the Company Board where required, to ensure that all relevant issues are considered. Agendas and information are shared on a timely basis, and the long-term consequences of strategic priorities are considered in respect of all shareholders and fellow subsidiaries.
- Regulators are engaged with through both the Group and Company compliance functions, as set out in the Group's annual report, on page 70.

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Strategic Report (continued) For the Year Ended 31 December 2021

The key decisions and approvals by the Board in the year, and how stakeholders' were taken into account in these, are outlined below:

- Approval of the appointment of an independent Non-Executive Director to provide constructive challenge, strategic guidance, offer their respective specialist advice and hold management to account. This allows for greater scrutiny of Board decisions and provides further assurance that the Company is acting in the best interests of its wider stakeholders.
- Approval of the appointment of two Non-Executive Directors with Admiral Group experience to allow the views of the Company's shareholders to be represented in Board meetings.
- The approval of the issue of a further 4 million ordinary shares for a total of £4 million of share capital, which took into account the capital requirements of the business, as well as whether this decision would promote the long-term success of the Company for the benefit of its members as a whole.
- Approval of the 2021 strategy. The Company's strategy is set within the context of the strategy of the parent company, Admiral Group Plc. Its aim is to build a portfolio of businesses, both in insurance and beyond, designed around customer needs that will create meaningful diversification opportunities for Admiral Group.
- Approval of the setup of a wholly owned French simplified joint stock subsidiary company under the name of Pioneer Intermediary Europe Services, trading as Kooalys and registered in France. Kooalys aim is to form partnerships with green mobility businesses to further the Company's and the Group's diversification strategy.

This report was approved by the board on 27 September 2022 and signed on its behalf Emma Huntington on 28 September 2022.



E Huntington

Director

ABLE INSURANCE SERVICES LIMITED

Directors' Report For the Year Ended 31 December 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Results and dividends

The loss for the year, after taxation, amounted to £2,228,007 (2020: loss of £832,537).

No dividend is proposed in respect of the 2021 financial year (2020: £Nil).

Directors

The Directors who served during the year and up to the date of signing were:

A P D Brem (appointed 13/05/2022)
C A Coriat
D O Cobley (appointed 04/01/2021)
E E Huntington
M Mondini-de-Focatiis (appointed 08/06/2021)
M J Shelton (appointed 08/06/2021)

Directors' interests in the ultimate holding Company, Admiral Group plc, are shown in that company's accounts. The Directors have no interest in the share capital of the Company.

Charitable and political donations

During the year the Company donated £300 (2020: Nil) to charitable organisations.

The Company has never made political donations.

Future Developments

It is the intention that going forwards, Admiral Pioneer will continue to launch, test and scale new products and businesses which align with and complement the products currently offered by the Admiral Group.

From 1 May 2022 Able Insurance Services Limited (the Company) trading as Gladiator ceased offering brokered policies for new business and renewing customers. At renewal existing customers are being offered the opportunity to move on to Able's direct product offering which offers near identical coverages to the Gladiator products, whereby the insurance policy is underwritten internally by Admiral Insurance Gibraltar Limited (AIGL). So far, an overwhelming majority of existing customers have taken up the offer.

For 2022, AIGL will continue to act as the sole underwriter for Veygo and Toolbox by Admiral lines of business.

Research and development activities

The Company continues to invest in research and development activities to enhance its internal IT infrastructure, as well as improving the services offered to customers. During the year, £927,819 was spent on exploring new products and business opportunities.

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Directors' Report (continued) For the Year Ended 31 December 2021

Employee involvement

The Company provides employees with regular information on its performance and other information that concerns them. It provides a Group forum through which employee representatives can give their views on all aspects of the Company.

Every member of staff is invited to attend an annual staff general meeting to achieve a common awareness throughout the Company of the financial and economic factors that affect the performance of the Company and the wider Admiral Group.

Disabled employees

In considering applications for employment from disabled people, the Company seeks to ensure that fair consideration is given to the abilities and aptitudes of the applicant while having regard to the requirements of the job for which he or she has applied. Employees who become unable to carry out the job for which they were employed are given individual consideration and depending on the nature, severity and duration of the disability may be considered for alternative work, and the Company continues to train and encourage the career development of disabled persons in its employment.

Other business relationships

The Company continues to foster positive business relationships by doing the right thing by customers and suppliers. During the period the Company maintained relationships with strategic partners through internal relationship managers and ongoing dialogue. We also renewed and maintained key contracts for the business.

Financial risk management

The Companies exposure to credit and liquidity risk, and its policies and procedures for mitigating these risks, are disclosed in the Strategic report.

Going concern

The Directors have considered the appropriateness of the going concern basis of preparation in these financial statements, as set out in note 1.3.

The Directors have considered a range of internal and market risks alongside the wider macro risks such as the ongoing Covid-19 pandemic. Stress and scenario testing has been applied to forecasts to address the potential impacts of these factors where considered appropriate.

Based on this consideration, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have reached this conclusion giving due consideration to the projected future performance of the Company and any potential risks that might impact the Company's liquidity and solvency arising from the ongoing Covid-19 pandemic. The Directors have also considered managements intentions for the businesses, and the availability of sufficient funding moving forwards in order to support the business.

Given the result of this assessment, the Directors are satisfied that the going concern basis of preparation is appropriate.

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**Directors' Report (continued)
For the Year Ended 31 December 2021**

Post balance sheet events

In late February 2022, financial markets volatility increased and a range of international sanctions were imposed on Russia. The Company does not have any direct exposure to Russia or Ukraine, either through its operations or investment portfolios. The Company is monitoring the situation, any indirect exposures and other risks and impacts. At the date of this report, no impact on the financial statements as at 31 December 2021 has been noted and this is considered to be a non-adjusting post balance sheet event.

From 1 May 2022 Able Insurance Services Limited (the Company) trading as Gladiator ceased offering brokered policies for new business and renewing customers, as noted in the Future Developments section on page 6. At renewal existing customers are being offered the opportunity to move on to Able's direct product offering which offers near identical coverages to the Gladiator products. This is a non-adjusting post balance sheet event which has no impact on the financial statements as at 31 December 2021.

There have been no other significant events affecting the Company since the year end that require recognition or disclosure in these financial statements. Information on post balance sheet events can also be found in note 22.

Disclosure of information to the auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor reappointment

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and will therefore continue in office.

This report was approved by the board on 27 September 2022 and signed on its behalf Emma Huntington on 28 September 2022.



E Huntington
Director

ABLE INSURANCE SERVICES LIMITED

Directors' Responsibilities Statement For the Year Ended 31 December 2021

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- 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 to 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.

ABLE INSURANCE SERVICES LIMITED
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Independent Auditor's Report to the Shareholders of Able Insurance Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Able Insurance Services Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 22.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

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

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

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

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Independent Auditor's Report to the shareholders of Able Insurance Services Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent Auditor's Report to the Shareholders of Able Insurance Services Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act (2006) and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Financial Conduct Authority regulations.

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

As a result of performing the above, we identified the greatest potential for fraud in revenue recognition; specifically that liability commission revenue recorded is inaccurate as a result of errors in the manual processing and calculation of the amounts due from the underwriters. There is also a risk that the commission income recorded does not relate to transactions that have occurred in the period. Our specific procedures performed to address these risks were as set out below:

- We have obtained an understanding of the relevant controls associated with commission income revenue recognition.
- We have performed detailed testing procedures to verify the accuracy and occurrence of the commission income recognised through reconciliation to third party policy documentation and receipts in the bank statement.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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Independent Auditor's Report to the shareholders of Able Insurance Services Limited

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

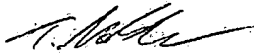
We have nothing to report in respect of these matters.

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Independent Auditor's Report to the Shareholders of Able Insurance Services Limited

Use of our report

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



Tom Noble, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom

28 September 2022

ABLE INSURANCE SERVICES LIMITED

**Statement of Comprehensive Income
For the Year Ended 31 December 2021**

	Note	2021 £	2020 £ <i>RESTATED</i>
Turnover	3	614,061	615,805
Gross profit		614,061	615,805
Administrative expenses	4,6	(14,922,505)	(1,635,255)
Gross expense recovery		11,536,809	-
Operating profit		(2,995,542)	(1,019,450)
Interest receivable and similar income	8	-	702
Loss before tax		(2,771,634)	(1,018,748)
Tax credit	9	543,628	186,175
Loss for the financial year		(2,228,007)	(832,573)

There was no other comprehensive income for 2021 (2020: £NIL).

Turnover and operating profit are all derived from continuing operations.

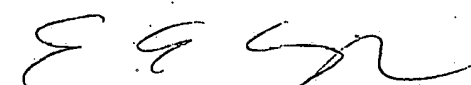
The notes on pages 18 to 37 form part of these financial statements.

ABLE INSURANCE SERVICES LIMITED

**Statement of Financial Position
As at 31 December 2021**

	Note	2021 £	2020 £ <i>RESTATED</i>
Fixed Assets			
Investments in subsidiary undertakings	10	8,789	—
Intangible assets	11	807,495	—
Tangible assets	12	168,652	3,168
Current Assets			
Debtors: amounts falling due after more than one year	13	45,932	31,550
Debtors: amounts falling due within one year	13	1,799,742	1,469,674
Cash and cash equivalents	14	<u>6,325,358</u>	<u>1,776,370</u>
		8,171,032	3,256,877
Creditors: amounts falling due within one year	15	<u>(5,111,833)</u>	<u>(248,069)</u>
Net current assets		<u>3,059,199</u>	<u>3,029,525</u>
Total assets less current liabilities		<u>4,044,135</u>	<u>3,032,693</u>
Provisions for liabilities			
Other provisions	17	<u>—</u>	<u>(759,216)</u>
Net Assets		<u>4,044,135</u>	<u>2,273,477</u>
Capital and Reserves			
Called up share capital	18	4,001,000	1,000
Other reserves	19	419,121	420,456
Profit and loss reserve		<u>(375,986)</u>	<u>1,852,021</u>
		<u>4,044,135</u>	<u>2,273,477</u>

The financial statements were approved and authorised for issue by the board on 27 September 2022 and were signed on its behalf by Emma Huntington on 28 September 2022.



E Huntington

Director

The notes on pages 18 to 37 form part of these financial statements.

ABLE INSURANCE SERVICES LIMITED

**Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Note	Called up share capital £	Other reserves £	Profit and loss reserve £	Total equity £
At 1 January 2020		1,000	420,456	2,684,594	3,106,050
Comprehensive income for the year					
Loss for the year RESTATED		-	-	(832,573)	(832,573)
Total comprehensive income for the year		-	-	(832,573)	(832,573)
At 31 December 2020 RESTATED		1,000	420,456	1,852,021	2,273,477
At 1 January 2021 RESTATED		1,000	420,456	1,852,021	2,273,477
Comprehensive income for the year					
Loss for the year		-	-	(2,228,007)	(2,228,007)
Total comprehensive income for the year		-	-	(2,228,007)	(2,228,007)
Additions to share capital	18	4,000,000	-	-	4,000,000
Deferred tax credit on share scheme charges	16	-	(1,335)	-	(1,335)
Total transactions with owners		4,000,000	(1,335)	-	3,998,665
At 31 December 2021		4,001,000	419,121	(375,986)	4,044,135

The notes on pages 18 to 37 form part of these financial statements.

ABLE INSURANCE SERVICES LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements of Able Insurance Services Limited for the year ended 31 December 2021 were authorised for issue by the board of Directors on 23 June 2022 and the Statement of Financial Position was signed on the board's behalf by Emma Huntington, Director. Able Insurance Services Limited is a limited company incorporated and domiciled in the United Kingdom and registered in England and Wales.

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Management do not consider there to be any significant accounting estimates or use of judgement in applying the Company's accounting policies.

The Company's parent undertaking, Admiral Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Admiral Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company Secretary at the registered office – Ty Admiral, David Street, Cardiff, United Kingdom, CF10 2EH.

Under the provisions of Section 400 of the Companies Act 2006, the Company is exempt from preparing consolidated financial statements as it is included in the results of publicly available consolidated financial statements of the parent company. These financial statements present information about the Company as an individual undertaking and not about its group.

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- FRS 101.8 (d): the requirements of IFRS 7 Financial Instruments: Disclosures (where relevant disclosures are included in the Group's consolidated financial statements).
- FRS 101.8 (eA): the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- FRS 101.8 (f): the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of
 - Paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
 - Paragraph 118(e) of IAS 38 *Intangible Assets*;
- FRS 101.8 (g): the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements* to produce a cash flow statement, a third balance sheet, disclosures around capital management and to make an explicit and unreserved statement of compliance with IFRSs.
- FRS 101.8 (h): the requirements of IAS 7 *Statements of Cash Flows* to produce a cash flow statement.

ABLE INSURANCE SERVICES LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

- FRS 101.8 (i): the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to include a list of new IFRSs that have been issued but that have yet to be applied.
- FRS 101.8 (j): the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures.
- FRS 101.8 (k): the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- FRS 101.8 (l): the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets to disclose details of valuation techniques and assumptions used for assets held at fair value less cost to sell categorised as Level 2 and Level 3 in accordance with the IFRS 13 fair value hierarchy (where equivalent disclosures are made in the Group's consolidated financial statements); and
- IFRS 15: The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a-c), 120-127 and 129.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.3 Going concern

The financial statements have been prepared on a going concern basis. In considering the appropriateness of this assumption, the Board have reviewed the Company's projections for the next twelve months and beyond, including cash flow forecasts and regulatory capital surpluses taking into account a number of potential scenarios based on the length and potential impact of Covid-19 on the Company. In reviewing these forecasts, the Board noted that the operations of Admiral Pioneer within the Company are still in the start-up phase. The Board have considered the levels of funding required and are satisfied that any short-term funding requirements will be met.

The Board has utilised the forecast and stress scenarios to consider projected future capital positions, and has incorporated a funding structure whereby funding will be requested in tranches as part of the quarterly capital update presented by management. The quarterly update is used to ensure regular monitoring of the capital position of the Company, and also to request funding. Funding for the next 12 months is initially agreed in advance based on the forecasts of the Company, and is the split into tranches which are adjusted up or down based on performance to date, hence ensuring that the funding requested remains sufficient to continue in operation and to meet regulatory capital requirements.

ABLE INSURANCE SERVICES LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.3 Going concern (continued)

The Board also considered the adjusted customer service and operational capabilities resulting from Covid-19. The Company enabled the majority of its employees able to work remotely during the year ended 31 December 2020 and has observed no significant impacts on customer service as a result of remote working.

The Company has no external debt. Fellow group undertakings are not seeking recovery of the intercompany payables that are due.

Given the results of the above scenarios, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

1.4 Expenses

Administration expenses, including staff costs, are recognised on an accruals basis as incurred. As noted in the business review on pages 1 and 2 Administration expenses have increased significantly from the prior year, as a result of the formation of Admiral Pioneer, which while formed during 2020, has its first full year of trading in 2021. The increase in administration expenses was largely driven by an increase in headcount (further detail in note 6 to the financial statements), resulting in additional employee expenses as well as associated costs such as premises and technology. Another key expense is the cost of new systems relating to the businesses launched in the year, as noted above.

During the year, the Company has become entitled to expense recovery, with further detail being given in note 1.9.

1.5 Turnover

a) Contribution from additional products and fees and other revenue

Turnover comprises of the commission and related income on sales of public liability insurance within the United Kingdom. Turnover is credited to the income statement over the period matching the Company's obligations to provide services. Where the Company has no remaining obligations, the revenue is recognised immediately.

Commission from the provision of insurance intermediary services is credited to revenue on the sale of the underlying insurance policy. An allowance is made for expected cancellations where the customer may be entitled to a refund of the amount charged.

Interest income received in relation to loans and advances to customers is calculated using the effective interest method which allocates interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities. There has been no change in recognition of interest income from the comparative period.

All Turnover originates within the United Kingdom and relates to UK sales.

ABLE INSURANCE SERVICES LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.5 Turnover (continued)

b) Nature of goods and services

The following is a description of the principal activities within the scope of IFRS 15 from which the Company generates its other revenue:

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Instalment income	This income arises where customers pay for insurance intermediary services in monthly instalments. This income is recognised using the effective interest rate method over the length of their insurance contract.
Commission on underlying products	The performance obligation is the provision of insurance intermediary services, at which point the performance obligation is met. Revenue is therefore recognised at a point in time. Payment of the commission is due within 30 days of the period close.

1.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.7 Share based payments

The Company's ultimate parent undertaking, Admiral Group plc, operates a number of equity settled compensation schemes for its employees. For schemes commencing 1 January 2004 and after, the fair value of the employee services received in exchange for the grant of free shares under the schemes is recognised as an expense, with a corresponding increase in equity in the parent entity.

The total charge expensed over the vesting period is determined by reference to the fair value of the free shares granted as determined at the grant date (excluding the impact of non-market vesting conditions). Non-market conditions such as profitability targets as well as employee attrition rates are included in assumptions over the number of free shares to vest under the applicable scheme. At each balance sheet date, management of Admiral Group plc revise their assumptions on the number of shares to be granted with the impact of any change in the assumptions recognised through income.

Admiral Group plc recharges the share scheme expenses to the Company in line with the employees employed by Able Insurance Services Limited, as Able has received the benefit of the employees' services.

ABLE INSURANCE SERVICES LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2021

1.8 Coinsurance

The Company has entered into contracts with its underwriting partners who share 100% of the insurance risks generated on a proportional basis. Each co-insurer takes a specific share of premium written and is responsible for the same proportion of each claim. Neither the premium nor claims are included in the Company's Statement of Comprehensive Income. The insurers do not participate in income earned on the sale of ancillary products or on interest received on policies paid by instalments. This income is recorded in the Company's Statement of Comprehensive Income, net of an allowance for expected cancellations.

Note that as at 31 December 2021, the Company's sole Co-insurer is Admiral Insurance Gibraltar Limited.

1.9 Gross expense recovery

Under the terms of the co-insurance agreements, each insurer reimburses the Company for the same proportionate share of costs incurred in acquiring the business. Both the gross costs incurred, and the associated recoveries are shown in the Company's Statement of Comprehensive Income within administrative expenses and gross expense recovery respectively.

1.10 Investments in subsidiary undertakings

Shares in Group undertakings are valued at cost less any provision for impairment in value. The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the company's investments in subsidiaries. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases. See note 10 to these financial statements for further detail.

1.11 Intangible assets

Software licences and network assets are classified as intangible assets and stated in the Statement of Financial Position at cost less accumulated amortisation. Amortisation is provided to write off the cost of the licences over the licence term and network assets over a 4-year estimated useful life.

Intangible assets also include internally generated software assets. Expenditure on research activities is expensed as incurred in the statement of comprehensive income. Expenditure on development activities is capitalised if the following criteria are met:

- The product or process is technically and commercially feasible;
- The Company intends to complete development for future use and has the technical ability and sufficient resources to do so;
- Future economic benefits are probable;
- The Company can reliably measure the expenditure attributable to the intangible asset during its development.

ABLE INSURANCE SERVICES LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.11 Intangible assets (continued)

The expenditure capitalised includes the cost of materials, direct labour, and an appropriate proportion of overheads. Other development expenditure is expensed as incurred through the Statement of Comprehensive Income.

Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses. Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the assets and amortisation commences from the date they are available for use. Internally generated software assets currently held by the Company have an estimated useful life of 4 years.

1.12 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	-	4	years
Fixtures and fittings	-	4	years
Office equipment	-	4	years
Computer equipment	-	4	years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

1. Accounting policies (continued)

1.13 Debtors

Classification

Trade and other debtors are measured at amortised cost, being made up of multiple types of receivable balances including trade receivables, amounts owed by group undertakings, and other debtors.

Impairment

Where a provision is required for these receivables, it is calculated in line with the simplified method for trade receivables per IFRS 9, whereby lifetime expected credit losses are recognised irrelevant of the credit risk. In this case, the provision is based on a combination of:

- (i) aged debtor analysis;
- (ii) historic experience of write-offs for each receivable;
- (iii) any specific indicators of credit deterioration observed; and
- (iv) management judgement.

The level of provision for each class of receivable is disclosed in note 13.

The amortised cost carrying amount of receivables is a reasonable approximation of fair value. Short term debtors are measured at transaction price, less any impairment.

1.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

All cash and cash equivalents are measured at amortised cost. Due to the high liquidity and low risk of these assets, no provision is deemed to be required under IFRS 9 at the balance sheet date.

1.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

ABLE INSURANCE SERVICES LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

1.17 Current and deferred taxation

The tax credit for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax credit 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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

ABLE INSURANCE SERVICES LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Judgements in applying accounting policies and key sources of estimation uncertainty

Critical accounting judgements

Critical accounting judgements are defined as those, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements. Management do not consider there to be any critical accounting judgements in the current or prior period.

Key sources of estimation uncertainty

Key sources of estimation uncertainty are defined as assumptions made by management about the future, and other major sources of uncertainty that have a significant risk of resulting in a material adjustment in the next year to the amounts recognised in the financial statements. Management consider a key area of estimation uncertainty to be in the calculation of profit commission from co insurers.

The recognition of profit commission income is initially in line with the loss ratios reported by the co-insurers under the co insurance agreements in place and will vary with movements in the loss ratios. The recognition of this income is therefore subject to the same level of estimation as the claims liability recognised by the co insurers.

Whilst the premiums and insurance expenses related to an underwriting year are typically fixed at the conclusion of each underwriting year and are not subject to judgement, the claims ratio is calculated from the underwriting year loss ratios that result from the setting of claims reserves, meaning it is subject to inherent uncertainty. As stated in note 5d to the Group financial statements, Admiral's reserving policy is initially to reserve conservatively, above internal and independent projections of actuarial best estimates. This is designed to create a margin held in reserves to allow for unforeseen adverse development in open claims.

Admiral's financial statement loss ratios, used in the calculation of profit commission income, continue to include a significant margin above projected best estimates of ultimate claims costs. It is this margin for uncertainty, included in the financial statement loss ratios, which creates the constraint over the recognition of the variable consideration, as using the booked loss ratio rather than the actuarial best estimate constrains the profit commission income to a level where there is a high probability of no significant reversal of the revenue recognised.

No profit commission from co insurers was recognised in the income statement in the year ended 31 December 2021 (2020: £nil).

No further critical accounting estimates are noted.

3. Turnover

	2021 £	2020 £
Contribution from additional products and fees	541,568	538,892
Instalment income	72,493	76,913
	<u>614,061</u>	<u>615,805</u>

All turnover is recognised at the point in time under IFRS 15. Receivables relating to contracts with customers are disclosed in note 13.

ABLE INSURANCE SERVICES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

4. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible assets	44,434	3,244
Amortisation of intangible assets	<u>127,752</u>	<u>-</u>

Amortisation and depreciation have increased significantly during the year following the launch of the businesses with the Admiral Pioneer portfolio.

5. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>22,000</u>	<u>9,000</u>

No fees were payable to the Company's Auditor for non-audit services performed during 2021 (2020: £nil).

ABLE INSURANCE SERVICES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

6. Employees

Staff costs, excluding Directors' remuneration were as follows:

	2021 £	2020 £
Wages and salaries	4,530,560	743,619
Social security costs	569,928	66,653
Pension costs	172,237	-
Share scheme costs	259,671	4,304
	<u>5,532,396</u>	<u>814,576</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2021 No.	2020 No.
Direct customer contact employees	18	8
Support employees	77	5
	<u>95</u>	<u>13</u>

7. Directors' remuneration

Until 31 December 2020, all Directors were employed and remunerated by fellow Group undertaking EUI Limited. On 1st January 2021, the employment of those Directors' who hold no other Directorships within the Group was transferred via a Transfer of Undertakings (Protection of Employment) ("TUPE") to the Company.

The allocated cost of Directors remunerated in relation to their appointment to the Company Board is as follows:

	2021 £	2020 £
Directors' emoluments	405,533	50,754
Company contributions to defined contribution pension schemes	10,646	2,190
Amounts receivable under long term incentive schemes	150,550	62,895
	<u>566,729</u>	<u>115,839</u>

ABLE INSURANCE SERVICES LIMITED

Notes to the Financial Statements
For the Year Ended 31 December 2021

7. Directors' remuneration (continued)

During the year retirement benefits were accruing to two Directors (2020: two) in respect of defined contribution pension schemes.

The highest paid Director received total remuneration of £297,095 (2020: £37,736).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £10,197 (2020: £1,833).

8. Interest receivable

	2021 £	2020 £
Other interest receivable	-	702
	-	702

9. Taxation

	2021 £	2020 £
Corporation tax		<i>RESTATED</i>
Current tax on losses for the year	(527,782)	(196,489)
Adjustments in respect of previous periods	(129)	7,858
Total current tax	(527,911)	(188,631)
Deferred tax		
Current period deferred taxation	(15,662)	2,542
Adjustments in respect of prior periods	(55)	(86)
Total deferred tax	(15,717)	2,456
Total tax credit as per the income statement	(543,628)	(186,175)

ABLE INSURANCE SERVICES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: *lower than*) the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%). The differences are explained below:

	2021 £	2020 £ <i>RESTATED</i>
Corporation tax		
Loss on ordinary activities before tax	<u>(2,771,634)</u>	<u>(1,018,748)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2020: 19.0%)	(526,611)	(193,562)
Effects of:		
Expenses and provisions not deductible for tax purposes, other than goodwill amortisation and impairment	1,832	3,626
Adjustments to tax charge in respect of prior periods	(184)	7,772
Recognition of deferred tax asset on losses brought forward	(7,641)	-
Difference in tax rate on deferred tax	<u>(11,024)</u>	<u>(4,011)</u>
Total tax credit for the year	<u>(543,628)</u>	<u>(186,175)</u>

Factors that may affect future tax charges

The average effective rate of tax for 2021 is 19.0% (2020: 19.0%). In the March 2021 Budget, the UK government announced that the UK corporation tax rate would rise from its current rate of 19% to 25% with effect from April 2023. In September 2022, it was announced that this rate change would no longer take place and that the rate would remain at 19%.

The taxation credit for the year ended 31 December 2020 has been restated as a result of a restatement of administration expenses, with additional expenses relating to the year ended 31 December 2020 having been identified during the year ended 31 December 2021.

ABLE INSURANCE SERVICES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

10. Investments in subsidiary undertakings

	£
At 1 January 2021	-
Additions	8,789
Impairment	-
At 31 December 2021	8,789

Additions in the year related to an investment of ordinary shares in Pioneer Intermediary Europe Services (PIES) which is a 100% owned subsidiary of the Company, registered and operating in France. The registered address of PIES is 4 Rue Marceau 92300 Levallois Perret.

An annual impairment review is performed over the carrying value of the investments in subsidiary undertakings, which involves comparing the carrying amount to the estimated recoverable amount. The recoverable amount is the greater of the fair value of the asset less costs to sell, and the value in use of the subsidiary, calculated using cash flow projections based on financial budgets approved by the Group Board.

11. Intangible assets

	Software £
Cost	
At 1 January 2021	714,589
Additions	935,149
Disposals	(714,491)
At 31 December 2021	935,247
Amortisation	
At 1 January 2021	(714,589)
Charge for the year	(127,752)
Impairment	-
Disposals	714,589
At 31 December 2021	(127,752)
Net book value	
At 31 December 2021	<u>807,495</u>
At 31 December 2020	<u>-</u>

ABLE INSURANCE SERVICES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

11. Intangible assets (continued)

Intangible assets predominantly consist of capitalised development expenditure relating to the Company's insurance policy administration software system. Of the total additions disclosed above, £935,149 relates to internally generated assets.

The gross carrying amount of internally generated assets as at 31 December 2021 was £807,495 (2020: £Nil) with accumulated amortisation of £127,752 (2020: £714,589).

Disposals in the year relate to capitalised development costs on systems which were fully depreciated and as of 2021 were no longer in use.

The amortisation charged against all categories of intangible assets has been recorded in administration expenses within the Company's Statement of Comprehensive Income.

12. Tangible assets

	Leasehold Improvements £	Fixtures and Fittings £	Office Equipment £	Computer Equipment £	Total £
Cost or valuation					
At 1 January 2021	209,563	309,233	127,034	1,003,236	1,649,066
Additions	183,995	107,386	-	5,166	296,547
Disposals	(310,935)	(309,233)	(127,034)	(1,000,147)	(1,747,349)
At 31 December 2021	82,623	107,386	-	8,255	198,264
Depreciation					
At 1 January 2021	209,563	309,117	127,034	1,000,184	1,645,898
Charge for the year on owned assets	26,874	15,714	-	1,846	44,434
Disposals	(224,350)	(309,233)	(127,034)	(1,000,103)	(1,660,720)
At 31 December 2021	12,087	15,598	-	1,927	29,612
Net book value					
At 31 December 2021	70,536	91,788	-	6,328	168,652
At 31 December 2020	-	116	-	3,052	3,168

ABLE INSURANCE SERVICES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

13. Debtors

	2021 £	2020 £
Amounts falling due after more than one year		
Deferred tax asset (note 16)	45,932	31,550
	<u>45,932</u>	<u>31,550</u>
	2021 £	2020 £
Amounts falling due within one year		<i>RESTATED</i>
Trade debtors	370,210	283,859
Amounts owed by group undertakings	460,476	901,164
Corporation tax	548,499	196,489
Other debtors	183,869	3,064
Prepayments and accrued income	236,688	85,098
	<u>1,799,742</u>	<u>1,469,674</u>

Trade debtors above totalling £370,210 (2020: £283,859) are shown net of an impairment provision of £123,189 (2020: £104,861), calculated in accordance with IFRS 9 using the simplified method as detailed in note 1.13.

No provision under IFRS 9 is deemed to be required against Amounts owed by group undertakings, Other debtors or Prepayments and accrued income. Amounts owed by group undertakings is entirely made up of amounts owed by 100% owned subsidiary undertaking Pioneer Intermediary Services Limited. No impairment provision has been recognised in relation to the amounts owed by group undertakings as there are no indicators to suggest this amount is irrecoverable in its entirety. Amounts owed by Group undertakings are repayable on demand, and are to be settled in cash.

Corporation tax receivable as at 31 December 2020 has been restated, with further detail available in note 9.

ABLE INSURANCE SERVICES LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2021

14. Cash and cash equivalents

	2021 £	2020 £
Cash and cash equivalents	6,325,358	1,776,370
	<u>6,325,358</u>	<u>1,776,370</u>

An assessment has been completed for impairment purposes. Given the short-term duration of these assets and low risk of these assets, no impairment provision has been recognised. This is regularly tracked and monitored.

15. Creditors: Amounts falling due within one year

	2021 £	2020 £ <i>RESTATED</i>
Trade creditors	83,252	81,816
Amounts owed to Group undertakings	3,923,431	-
Other taxation and social security	273,693	-
Other creditors	46,094	-
Accruals and deferred income	785,363	166,253
	<u>5,111,833</u>	<u>248,069</u>

Amounts owed to Group undertakings has increased significantly as a result of the launch of the businesses within the Admiral Pioneer portfolio. Included within the amount above is an amount of £2.2m owed to fellow group undertaking EUI Limited in relation to expenses paid on behalf of the Company, an amount of £0.7m owed to fellow group undertaking Admiral Insurance Gibraltar Limited in relation to underwriting activities and an amount of £1.0m owed to the Company's ultimate parent undertaking Admiral Group plc in relation to working capital funding. Accruals and deferred income have increased in line with the increase in administration expenses resulting from the new businesses launched in the year, as noted in the business review on pages 1 and 2. Accruals and deferred income as at 31 December 2020 have been restated, with more detail available at note 9.

16. Deferred taxation

	2021 £	2020 £
At beginning of year	31,550	34,006
Credited/(Charged) to the profit or loss	15,717	(2,456)
Charged to other reserves	(1,335)	-
Carried forward	<u>45,932</u>	<u>31,550</u>

ABLE INSURANCE SERVICES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

16. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	56,672	31,550
Share schemes	(10,740)	-
	<u>45,932</u>	<u>31,550</u>

17. Provisions

	Clawback Provision £	Other/ indemnity £	Total £
At 1 January 2021	30,000	729,216	759,216
Charged/ (credited) to profit or loss	(30,000)	-	(30,000)
Utilised in year	-	(729,216)	(729,216)
At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>

For both the clawback provisions and other/indemnity provisions, a provision is recognised when it is considered more probable than not that there will be a payment in future, and the amount of the payment or settlement can be reliably estimated. The provisions are estimated based on available information at the date of financial statements. Given the size of these provisions in the context of the Company's operating result, settlement amounts that are significantly different from the amounts provided may have a material impact on the operating profit and net asset position of the Company.

Clawback provisions are recognised in respect of a number of the Company's broker contracts with insurers, under which commission may be payable based on the ultimate value of claims incurred, dependent on the ultimate outcome of any underwriting year. All remaining contracts with a clawback clause were closed during the year and hence the remaining provision was released.

Other/indemnity provisions reflect the fact that during the ordinary course of business, the Company can be subject to claims for errors and/or omissions made through its broking activities. The outcome of such claims is uncertain as they are often open to legal proceedings. The Other/ indemnity provision was utilised in full during the year as a result of the relevant claim being settled.

ABLE INSURANCE SERVICES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

18. Share capital

	2021 £	2020 £
4,001,000 (2020 - 1,000) Ordinary shares of £1.00 each	4,001,000	1,000

Additional share capital in the year of £4,000,000 was invested by the Company's ultimate parent undertaking, Admiral Group plc, and consisted of 4,000,000 £1 ordinary shares. As at 31 December 2021, all shares were subscribed, allotted and fully paid up.

19. Reserves

Other reserves

Other reserves relate to deferred tax credits on share schemes. See the Statement of Changes in Equity.

20. Related party transactions

As the Company is a wholly owned subsidiary undertaking, it has taken advantage of the exemptions permitted by Financial Reporting Standard 101.8 (k) and not disclosed details of transactions with other wholly owned group undertakings. No transactions with group undertakings that are not wholly owned by Admiral Group plc were noted during the year ended 31 December 2021.

21. Ultimate parent undertaking and controlling party

The Company's immediate and ultimate parent undertaking is Admiral Group plc, a Company registered in England and Wales. The results of the Company for the period are included in the consolidated accounts of Admiral Group plc. No other group financial statements include the results of the Company.

Copies of the Admiral Group plc financial statements can be obtained from the Company Secretary at Ty Admiral, David Street, Cardiff CF10 2EH.

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Notes to the Financial Statements For the Year Ended 31 December 2021

22. Post balance sheet events

In late February 2022, financial markets volatility increased and a range of international sanctions were imposed on Russia. The Company does not have any direct exposure to Russia or Ukraine, either through its operations or investment portfolios. The Company is monitoring the situation, any indirect exposures and other risks and impacts. At the date of this report, no impact on the financial statements as at 31 December 2021 has been noted and this is considered to be a non-adjusting post balance sheet event.

From 1 May 2022 Able Insurance Services Limited (the Company) trading as Gladiator ceased offering brokered policies for new business and renewing customers, as noted in the Future Developments section on page 6. At renewal existing customers are being offered the opportunity to move on to Able's direct product offering which offers near identical coverages to the Gladiator products. This is a non-adjusting post balance sheet event which has no impact on the financial statements as at 31 December 2021.

There have been no other significant events affecting the Company since the year end that require recognition or disclosure in these financial statements.