Registration number: 04194472

Antur Insurance Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019

Antur Insurance Services Limited

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Antur Insurance Services Limited

Company Information

Directors	D Cougill D C Ross
Company secretary	D Clarke
Registered office	2 Minster Court Mincing Lane London EC3R 7PD United Kingdom
Auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom

Antur Insurance Services Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their Strategic Report for the year ended 31 December 2019 for Antur Insurance Services Limited ("the Company"). The Strategic Report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the performance of the Company during the financial year and its position at the end of the year. The report discusses the developments that have affected the Company and the main trends and factors that could affect its future. The Company is part of The Ardonagh Group Limited ("the Group").

Principal activity and business review

The principal activity of the Company is that of insurance broking.

The results for the Company show turnover of (£1,138) (2018: £337,440) and profit before tax of £1,968 (2018: £251,263) for the year. At 31 December 2019 the Company had net assets of £5,787,546 (2018: £5,786,118). The going concern note (part of accounting policies) on page 15 sets out the reasons why the directors believe that the preparation of the financial statements on the non-going concern basis is appropriate.

Outlook

In February 2018, the Company disposed of its ongoing trade and related assets to Towergate Underwriting Group Limited, a fellow Group company and has been in run-off from that date. It is the directors' intention to wind up the Company once the run-off process has been completed.

Key performance indicators

	Unit	2019	2018
Gross written premium (GWP) brokered	£m	0.0	1.0
Total income (commission and fees, and other income)	£m	0.0	0.3
Administrative expenses (salaries and associated costs, and other operating costs)	£m	0.0	0.1
Total income/GWP ratio	%	0.0	33.0
Administrative expenses/total income ratio	%	0.0	25.1

Key Performance Indicators are of limited relevance in the current year as a result of the Company having been in run-off for the year ended 31 December 2019 whereas the prior year included 2 months of active trading.

Non-financial key performance indicators include staffing levels which have decreased by 100% throughout the year, attributed to the transfer of trade in February 2018.

Principal risks and uncertainties

Risk management

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

As noted in the Outlook section the Company's operations are in run-off as of February 2018, and the Company was managed on an other than concern basis from that date.

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.

Impact of Covid-19
The Company and Group have considered the consequences and ramifications of the Covid-19 pandemic. Business Continuity Plans are in place across each of the operating segment. Leadership teams and working groups led by senior managers are in place to support operational resilience and taking common-sense precautions with a view to ensuring the wellbeing of colleagues. We continue to review this approach on a daily basis in line with latest global developments and government guidance. Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. As a Group, Ardonagh is highly diversified and not materially exposed to a single carrier, customer or market sector.

The Company has sufficient liquidity to withstand a period of potential poor trading resulting from a sustained impact of Covid-19 and closely monitors available liquidity on an ongoing basis.

Regulatory and legal risk
This is a risk of regulatory sanctions, material financial loss or loss to reputation suffered as a result of non-compliance with laws, regulations and applicable administrative provisions. This risk is mitigated by a proactive relationship with the Financial Conduct Authority, a dedicated compliance function, and a compliance monitoring programme. Furthermore, there is a control framework that has been rolled out and embedded within the culture throughout the Company to reduce the risk of errors and non-compliance.

General Data Protection Regulation
The Company's computer systems store information about its customers, some of which is sensitive personal data. Database privacy, identity theft and related computer and internet issues are matters of growing public concern and are subject to changes in rules and regulations. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or harm to our reputation. Although the Company has taken reasonable and appropriate security measures to prevent unauthorised access to information stored in our database and to ensure that our processing of personal data complies with the relevant data protection regulations, our technology may fail to adequately secure the private information we maintain in our databases and protect it from theft or inadvertent loss.

Future impact of Brexit
The Brexit decision may affect the ability of businesses to passport from the UK into other EU states and likewise into the UK from the EU. Following the 2019 general election, the Prime Minister has been clear that he is driven to deliver Brexit with a transition period ending on 31 December 2020.

We continue to believe that the direct impact on the Group will not be significant because it conducts only limited business within the EU and, importantly, because several additional mitigation strategies have been put in place during 2019 (i.e. gaining direct authorisation in certain EU member states) to reduce the risk. However, the loss of passporting rights may affect the insurance markets in which the Group operates, possibly reducing insurance capacity, competition and choice.

Brexit could also lead to a general decline in economic conditions in the UK where the Group operates predominantly. The diversified business portfolio of the Group continues to mitigate the risk of a general decline in economic conditions.

Antur Insurance Services Limited

Strategic Report for the Year Ended 31 December 2019

Approved by the board on 15/10/2020 and signed on its behalf by:

D Cougill
Director

Antur Insurance Services Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

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 (resigned 1 August 2019 and reappointed 17 December 2019)

A Erotocritou (resigned 1 August 2019)

R L Worrell (resigned 17 December 2019)

D Cougill (appointed 1 August 2019)

Dividends

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2019 (2018: £Nil).

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report within the 'Principal risks and uncertainties' section on page 2.

Future developments

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

Political donations

The Company has not made any political donations during the year (2018: £Nil).

Going concern

The Company disposed of its trade and assets and is in run-off. It is the directors' intention to liquidate the Company. As a consequence, the financial statements have been prepared on a basis other than 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 25.

Directors' liabilities

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 financial year and at the date of this report.

Disclosure of information to the auditor

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

Reappointment of auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

Approved by the board on 15 October 2020 and signed on its behalf by:

D Cougill
Director

Antur Insurance Services Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditor's Report to the members of Antur Insurance Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Antur Insurance Services Limited ("the Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 17.

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.

Emphasis of matter - Financial statements prepared other than on a going concern basis

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

Antur Insurance Services Limited

Independent Auditor's Report to the members of Antur Insurance Services Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, in respect of the Strategic Report, the Directors' Report and the Financial Statements [set out on page 7], 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.

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.

Independent Auditor's Report to the members of Antur 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.

Claire Clough.

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Claire Clough (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 15 October 2020

Antur Insurance Services Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Commission and fees	4	(1,138)	337,440
Salaries and associated costs	6	-	(89,589)
Administrative expenses		2,164	6,734
Impairment of financial assets		942	(2,262)
Depreciation, amortisation and impairment of non-financial assets		-	(1,980)
Operating profit	5	1,968	250,343
Gain on disposal of assets		-	1,000
Finance costs	8	-	(80)
Profit before tax		1,968	251,263
Income tax (expense)/credit	9	(540)	(42,253)
Net profit for the year		1,428	209,010

The above results were derived from discontinued operations. There was no other comprehensive income in the year.

Antur Insurance Services Limited

(Registration number: 04194472)
Statement of Financial Position as at 31 December 2019

	Note	2019 £	2018 £
Current assets			
Trade and other receivables	10	5,976,864	5,971,512
Cash and cash equivalents	11	171,640	248,615
		6,148,504	6,220,127
Current liabilities			
Trade and other payables	12	360,417	368,961
Tax liabilities		541	65,048
		360,958	434,009
Net current assets		5,787,546	5,786,118
Total assets less current liabilities		5,787,546	5,786,118
Net assets		5,787,546	5,786,118
Capital and reserves			
Share capital	13	45,988	45,988
Merger reserves		2,917,220	2,917,220
Retained earnings		2,824,338	2,822,910
Equity		5,787,546	5,786,118

Approved by the board on ..15/10/2020.. and signed on its behalf by:

D Cougill
Director

The notes on pages 14 to 25 form an integral part of these financial statements.

Antur Insurance Services Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £	Merger reserves £	Retained earnings £	Total £
At 1 January 2019	45,988	2,917,220	2,822,910	5,786,118
Net profit for the year	-	-	1,428	1,428
At 31 December 2019	45,988	2,917,220	2,824,338	5,787,546

	Share capital £	Merger reserves £	Retained earnings £	Total £
At 1 January 2018	45,988	-	2,540,044	2,586,032
Adjustment to opening balance	-	-	73,856	73,856
Net profit for the year	-	-	209,010	209,010
On discontinued operations	-	2,917,220	-	2,917,220
At 31 December 2018	45,988	2,917,220	2,822,910	5,786,118

The £73,856 (net of tax of £17,367) adjustment to opening retained earnings is a result of the adoption of IFRS 9 and IFRS 15 from 1 January 2018. The Company adopted these standards applying the modified retrospective approach without restatement. Of the adjustment above £184 debit relates to IFRS 9 and £74,040 credit relates to IFRS 15.

In February 2018, the Company disposed of its ongoing trade and related assets to Towergate Underwriting Group Limited, a fellow Group company and has been in run-off from that date. This resulted in a £2,917,220 movement on the Merger reserves.

Antur Insurance Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

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

These financial statements for the year ended 31 December 2019 were authorised for issue by the board on 15 October 2020 .... and the 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 FRS 101.

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

The adoption of IFRS 16, several amendments to standards and an interpretation are mandatory effective for annual periods beginning on 1 January 2019. None of these had a material effect on the Company's financial statements.

The directors have considered the guidance of the UK Financial Reporting Council and events relating to the spread of coronavirus (COVID-19) and have treated this as a non-adjusting subsequent event in these financial statements.

The financial statements have been prepared on an other than going concern basis, as modified to use a different measurement basis where necessary to comply with FRS 101.

Summary of disclosure exemptions

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

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

- the requirements of IFRS 7 Financial Instruments: Disclosures and of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to provide comparative period reconciliations in respect of outstanding shares, property, plant and equipment and intangible assets;

2 Accounting policies (continued)

- 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;
- the requirements of paragraphs 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding disclosure of new IFRS standards not yet effective at the reporting date and their potential impact;
- the requirements in paragraphs 17 and 18A of IAS 24 Related Party Disclosures and the requirements in IAS 24 to disclose related party transactions entered into between two or more members of the Group, provided that any subsidiary which is party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii) -(iii), 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets in respect of disclosure of valuation techniques, assumptions on which projections used in the impairment review are based and sensitivity analysis.

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

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 policies and estimates disclosure on page 20.

Going Concern

At 31 December 2019 the Company had net assets of £5,787,546 (2018:£5,786,118). In February 2018 the Company disposed of its trade and related assets to Towergate Underwriting Group Limited and has been in run-off since that date. It is the directors' intention to wind up the Company once its liabilities have been settled. Consequently, the financial statements have been prepared on a basis other than that of a going concern.

The book values of the Company's assets and liabilities are deemed to be a reasonable approximation of fair value due to their short term nature. As such no adjustments to balances are required with the Company being reported on a basis other than that of a going concern.

Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Comprehensive Income.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

2 Accounting policies (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in an equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to Statement of Comprehensive Income, but is transferred to retained earnings.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Comprehensive Income.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a current legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets
Classification and subsequent measurement of financial assets
The Company classifies its financial assets in the following measurement categories:
• Amortised cost;
• Fair value through other comprehensive income ("FVTOCI");
• Fair value through Profit and Loss ("FVTPL")

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets classified as amortised cost
Financial assets that meet the following conditions are subsequently measured at amortised cost:
• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The Company's financial assets measured at amortised cost include trade and other receivables and cash and cash equivalents.

These assets are held within a business model whose objective is to collect the contractual cash flows, and have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Thus, such assets are subsequently measured and carried at amortised cost in the Statement of Financial Position. The Company's trade receivables do not have a significant financing component and as such their transaction (invoiced) price is considered to be their amortised cost.

2 Accounting policies (continued)

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transactions are not included as an asset of the Company. Other than the receivable for fees and commissions earned on a transaction, no recognition of the insurance transaction occurs until the Company receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client.

In certain circumstances, the Company advances premiums, refunds or claims to insurance underwriters or clients prior to collection. These advances are reflected in the consolidated Statement of Financial Position as part of trade receivables.

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

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

The Company recognises lifetime ECL for loans and trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables, including the time value of money where appropriate. Scalar factors are typically based on GDP and unemployment rate forecasts.

For all other financial instruments, 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.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if; i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

All cash and cash equivalents are assessed to have low credit risk at each reporting date as they are held with reputable banks and financial institution counterparties with, wherever possible, a minimum single A credit rating from both Moody's and S&P. The Company measures the loss allowance for such assets at an amount equal to 12 months ECL.

ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

2 Accounting policies (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available.

Default
The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:
• when there is a breach of financial covenants by the counterparty; or
• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full.

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:
• significant financial difficulty of the issuer or the borrower;
• a breach of contract, such as a default or past due event;
• the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender(s) would not otherwise consider;
• it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
• the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy
The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. The Company writes off all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable. A write-off constitutes a derecognition event. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of Comprehensive Income.

2 Accounting policies (continued)

Financial liabilities

Classification and subsequent measurement of financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified and measured at FVTPL when the financial liability is:

• contingent consideration relating to a business combination to which IFRS 3 applies;
• held for trading; or
• it is designated as at FVTPL.
Financial liabilities are otherwise classified and measured at amortised cost.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in Statement of Comprehensive Income to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in Statement of Comprehensive Income incorporates any interest paid on the financial liabilities.

The Company has no debt instruments that are measured at FVTPL.

For financial liabilities that are denominated in a foreign currency, that are measured at amortised cost or at fair value through profit or loss, and that are not part of a designated hedging relationship, the foreign exchange gains and losses are recognised in Statement of Comprehensive Income.

The Company's financial liabilities include trade and other payables and amounts payable to Group companies.

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.

Tax
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.

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

Commission and fees
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)

Employee benefits

Pension costs

The Company operates a number of defined contribution pension schemes. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The costs of the Company's defined contribution pension schemes are charged to the income statement in the period in which they fall due.

Finance costs

The Company's finance costs include unwind of discount on provisions. Interest expense is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are 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 Turnover

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

	2019	2018
	£	£
Commission and fees	(1,138)	327,044
Trading deals	-	10,396
	(1,138)	337,440

Turnover consists entirely of sales made in the United Kingdom.

5 Operating profit

Arrived at after charging

	2019 £	2018 £
Depreciation expense	-	1,980

The 2019 audit fee of £14,370 (2018: £15,214) for the audit of this Company was paid by other Group entities for which no recharge was made.

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

6 Staff costs

The aggregate staff costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries (excluding share-based payments)	-	80,857
Social security costs	-	6,461
Other pension costs	-	2,271
	-	89,589

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Administration	-	1
Sales	-	6
	-	7

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 The Ardonagh Group Limited and/or other fellow subsidiaries. Their total emoluments are included in the consolidated financial statements of The Ardonagh Group Limited.

All directors benefit from qualifying third-party indemnity provisions in place during the financial period and at the date of this report.

8 Finance income and finance cost

	2019 £	2018 £
Finance costs		
Interest expense on other financing liabilities	-	(80)

Interest expense on other financing liabilities represents unwinding of discount calculated on provisions.

9 Income tax

Tax (charged)/credited in the Statement of Comprehensive Income

	2019 £	2018 £
Current taxation		
UK corporation tax	(195)	(47,680)
UK corporation tax adjustment to prior periods	(345)	5,427
	(540)	(42,253)

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	1,968	251,263
Corporation tax at standard rate at 19% (2018: 19%)	(374)	(47,740)
Corporation tax adjustment for prior periods	(345)	(16,454)
Decrease in tax from effect of capital allowances depreciation	-	(5,384)
Effect of expenses not deductible in determining taxable profit	179	(156)
Deferred tax expense from unrecognised tax loss or credit	-	24,588
Tax expense relating to changes in tax rates or laws	-	2,893
Total tax expense	(540)	(42,253)

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%.

10 Trade and other receivables

	2019 £	2018 £
Current trade and other receivables		
Trade receivables in relation to insurance transactions	32,942	19,178
Provision for impairment of trade receivables	-	(942)
Net trade receivables	32,942	18,236
Receivables from other Group companies	5,942,233	5,951,587
Prepayments	1,689	1,689
	5,976,864	5,971,512

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

11 Cash and cash equivalents

	2019 £	2018 £
Own funds	(6,558)	8,711
Own funds - restricted	216,908	216,908
Fiduciary funds	(38,710)	22,996
	171,640	248,615

Fiduciary funds represent client money used to pay premiums to underwriters, to settle claims to policyholders and to defray commission and other income. Fiduciary funds are not available for general corporate purposes.

Own funds of £216,908 (2018: £216,908) are considered restricted and not available to pay the general debts of the Company.

12 Trade and other payables

	2019 £	2018 £
Current trade and other payables		
Trade payables in relation to insurance transactions	48,486	116,064
Amounts due to other Group companies	311,931	252,440
Contract liabilities*	-	457
	360,417	368,961

*Contract liabilities are included in the trade and other payables in the Statement of Financial Position.

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

13 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary Shares of £1 each	359	359	359	359
'A' Preference Shares of £1 each	45,629	45,629	45,629	45,629
	45,988	45,988	45,988	45,988

The 'A' Preference Shares are redeemable at any time at the option of the Company. Any dividend declared shall be distributed rateably among the 'A' preference shares in issue according to the amounts paid thereon.

Each Ordinary Share is entitled to voting rights, dividends rights and rights to distribution upon winding up of the Company.

14 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £Nil (2018: £2,270).

15 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.

16 Parent and ultimate parent undertaking

The Group's majority shareholder and ultimate controlling party at 31 December 2019 is HPS Investment Partners LLC. The parent company of the largest group that prepares group financial statements at 31 December 2019 that consolidate the Company is The Ardonagh Group Limited (incorporated in Jersey, registered office address 3rd Floor, 44 Esplanade, St Helier, Jersey, JE4 9WG). The parent company of the smallest group that prepares group financial statements at 31 December 2019 that consolidate the Company is Ardonagh Midco 3 plc (incorporated in Great Britain, registered office address 2 Minster Court, Mincing Lane, London, EC3R 7PD). Financial statements for The Ardonagh Group Limited and Ardonagh Midco 3 plc are available on request from:

2 Minster Court
Mincing Lane
London
EC3R 7PD

17 Subsequent events

The directors have considered the guidance of the UK Financial Reporting Council and events relating to the spread of coronavirus (Covid-19) and have treated this as a non-adjusting subsequent event in these financial statements.

On 14 July 2020, the Group issued new borrowings, which it used to repay its existing borrowings and to fund acquisitions. The existing borrowings included the existing senior secured notes and the revolving credit facility, the repayment of which released the Group from the associated security. The new borrowings include $500m senior unsecured notes, a senior secured term loan facility of £1,575m comprising £1,412.8m denominated in pound sterling and €180m denominated in euro and a £191.5m revolving credit facility that is not drawn at the date of this report. The Group completed the purchase of the entire issued share capital of Nevada 5 Topco Limited (an indirect parent of Arachas Topco Limited) on 14 July 2020, for a consideration of €135,781,781.51 cash. The Group also completed the purchase of the entire issued share capital of Nevada 4 Midco 1 Limited (the parent of Bravo Investment Holdings Limited) on 14 July 2020, for a consideration of £39,794,109.14 cash. The new borrowings will also be used to fund the acquisition of Bennetts Motorcycling Services Limited.