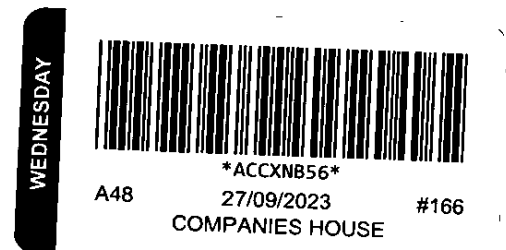


Registration number: 05044510

Broker Network Holdings Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2022



Broker Network Holdings Limited

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Broker Network Holdings Limited

Company Information

Directors	D C Ross D Cougill
Company secretary	Ardonagh Corporate Secretary Limited
Registered office	Hexagon House Grimbald Crag Close St James Business Park Knaresborough North Yorkshire HG5 8PJ United Kingdom

Broker Network Holdings Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their Strategic Report for the year ended 31 December 2022 for Broker Network Holdings Limited ("the Company"). The Strategic Report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the performance of the Company during the financial year and its position at the end of the year. The report discusses the developments that have affected the Company and the main trends and factors that could affect its future. The Company is part of Ardonagh Group Holdings Limited ("the Group").

Principal activity and business review

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

The results for the Company show revenue of £Nil (2021: £Nil) and loss before tax of £Nil (2021: £Nil) for the year. At 31 December 2022 the Company had net assets of £50,696,540 (2021: £50,696,598). The going concern note (part of accounting policies) on page 12 sets out the reasons why the directors continue to believe that the preparation of the financial statements on the going concern basis is appropriate.

Outlook

The directors do not expect there to be any changes in the nature of the business in 2023.

Key performance indicators

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

A key performance indicator for this company is the carrying value of its investments in subsidiaries. The performance of the subsidiary undertakings will determine whether an impairment to the carrying value is required and this is tested on a regular basis. An impairment charge of £1 (2021: £Nil) was recognised in the year.

Principal risks and uncertainties

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

Broker Network Holdings Limited

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

Financial risk

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

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

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

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

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



D Cougill
Director

Broker Network Holdings Limited

Directors' Report for the Year Ended 31 December 2022

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

Directors of the Company

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

D C Ross

D Cougill

Dividends

The directors have not paid or proposed any dividends in respect of the financial year ended 31 December 2022 (2021: £Nil).

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report within the 'Principal risks and uncertainties' section on page 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 (2021: £Nil).

Going concern

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

Subsequent events

Details of subsequent events can be found in the Notes to the financial statements within the 'Subsequent events' section on page 26.

Directors' indemnities

Directors and Officers of the Company and its subsidiaries benefit from qualifying third-party indemnity provisions in place during the financial period and at the date of this report. The Group had no qualifying pension scheme indemnity provisions for the benefit of one or more directors of the Company, or directors of an associated company.

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



D Cougill
Director

Broker Network Holdings 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Broker Network Holdings Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Administrative expenses		1	-
Impairment of investments	9	<u>(1)</u>	<u>-</u>
Operating loss	4	<u>-</u>	<u>-</u>
 Profit/(loss) before tax		 -	 -
Income tax	7	<u>(58)</u>	<u>245</u>
(Loss)/ profit for the year		<u><u>(58)</u></u>	<u><u>245</u></u>

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

The notes on pages 10 to 26 form an integral part of these financial statements.

Broker Network Holdings Limited

(Registration number: 05044510)

Statement of Financial Position as at 31 December 2022

	Note	2022 £	2021 £
Non-current assets			
Investments in subsidiaries	9	-	1
Deferred tax assets	7	-	245
		<u>-</u>	<u>246</u>
Current assets			
Trade and other receivables	10	50,910,355	53,724,095
Cash and cash equivalents	11	7,097	7,097
		<u>50,917,452</u>	<u>53,731,192</u>
Current liabilities			
Trade and other payables	12	(7,084)	(2,494,653)
Tax liability		-	(2)
Lease liabilities	8	(213,828)	(344,908)
		<u>(220,912)</u>	<u>(2,839,563)</u>
Net current assets		<u>50,696,540</u>	<u>50,891,629</u>
Total assets less current liabilities		50,696,540	50,891,875
Non-current liabilities			
Lease liabilities	8	-	(195,277)
Net assets		<u>50,696,540</u>	<u>50,696,598</u>
Capital and reserves			
Share capital	13	314,084	314,084
Share premium		2,328,428	2,328,428
Retained earnings		<u>48,054,028</u>	<u>48,054,086</u>
Total equity		<u>50,696,540</u>	<u>50,696,598</u>

The notes on pages 10 to 26 form an integral part of these financial statements.

Broker Network Holdings Limited

(Registration number: 05044510)

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

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

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

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

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



D Cougill
Director

The notes on pages 10 to 26 form an integral part of these financial statements.

Broker Network Holdings Limited

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

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2022	314,084	2,328,428	48,054,086	50,696,598
Loss for the year	-	-	(58)	(58)
At 31 December 2022	<u>314,084</u>	<u>2,328,428</u>	<u>48,054,028</u>	<u>50,696,540</u>

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2021	314,084	2,328,428	48,053,841	50,696,353
Profit for the year	-	-	245	245
At 31 December 2021	<u>314,084</u>	<u>2,328,428</u>	<u>48,054,086</u>	<u>50,696,598</u>

The notes on pages 10 to 26 form an integral part of these financial statements.

Broker Network Holdings Limited

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

1 General information

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

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

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

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

The financial statements are presented in GBP sterling (£), which is also the Company's functional currency.

These financial statements have been prepared under the historical cost convention, as modified to use a different measurement basis where necessary to comply with FRS 101.

As a wholly owned subsidiary of Ardonagh Group Holdings Limited ("AGHL") at 31 December 2022, the Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts, and its results are included in the consolidated accounts of its ultimate parent for the year ended 31 December 2022. The previous holding company of the Company was The Ardonagh Group Ltd ("TAGL").

There are no new standards, amendments or interpretations which are effective in 2022 or not yet effective and that are expected to materially impact the Company's financial statements.

Broker Network Holdings Limited

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

2 Accounting policies (continued)

Summary of disclosure exemptions

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("UK-adopted IFRS"), 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 paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment concerning details of the number and weighted average exercise price of share options and how the fair value of goods or services received was determined;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64 (q)(ii), B66 and B67 of IFRS 3 Business Combinations, which includes among other exemptions the requirement to include a comparative period reconciliation for goodwill;
- the requirements of IFRS 7 Financial Instruments: Disclosures and of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- 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;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- 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;
- 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;
- 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.

Broker Network Holdings Limited

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

2 Accounting policies (continued)

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 a significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next year, are discussed in the Critical accounting judgements and key sources of estimation uncertainty disclosure on page 17.

Going Concern

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

The financial statements of the Company have been prepared on a going concern basis. At 31 December 2022 the Company had net assets of £50,696,540 (2021: £50,696,598) and net current assets of £50,696,540 (2021: £50,891,629). The net current assets include amounts receivable from related parties of £50,837,927 (2021: £53,651,666), and amounts due to related parties of £Nil (2021: £2,487,569). The Company reported a loss before tax of £Nil for the year ended 31 December 2022 (2021: £Nil).

The directors have assessed the Group's financial position and its ability to meet its obligations as and when they fall due. In making the going concern assessment the directors have taken into account the following assessment of the Group:

- The Group's capital structure, operations and liquidity.
- Base case and stressed cash flow forecasts over the calendar years 2023 and 2024.
- The impact on the base case and stressed cashflow forecasts arising from subsequent material acquisitions.
- The principal risks facing the Group and its systems of risk management and internal control.
- The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to its interest-bearing loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.
- Actual trading and cashflows of the Company and Group, including those of the group of companies previously owned by TAGL.

Broker Network Holdings Limited

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

2 Accounting policies (continued)

Key assumptions that the directors have made in preparing the base case cash flow forecasts are that:

- The Group will continue to benefit from a £191.5m Revolving Credit Facility that is not drawn at the date of this report. In addition to this, net equity proceeds of GBP 134.9m were received in January 2023 and GBP 187.4m in March 2023 from the Group's ultimate shareholder.
- Client retention and renewal rates remain robust, despite the current economic uncertainty, as the 2023 trading performance continues to demonstrate resilience across the Group, including that of the group of companies previously owned by TAGL.
- Interest costs should be modelled using current forward interest rates and current FX rates (other than where interest rates on debt have been fixed through interest rate swaps).

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

- Shortfalls in base case projected income throughout 2023 and 2024.
- Deterioration in base case cash conversion rates over and above the shortfalls in income.
- An inflationary cost increase of 2% over the base case assumptions.
- Additional interest costs on the term and CAR debt facilities based on forward interest rate expectations.
- Mitigating actions within management control including delayed capital expenditure, a reduction in discretionary spend and measured reductions in employee headcount and remuneration.

The directors have also modelled reverse stress scenarios, including assessing those that result in a default on the Group's term debt facilities that would require a technical repayment obligation and those that would exhaust available liquidity. The stresses needed for these outcomes to happen significantly exceed the key stress scenarios above and the directors consider such conditions to be a remote possibility. Other mitigations which may be possible in the stress scenarios but have not been included in the analysis include seeking shareholder support, securitising premium receivables and further incremental and more prolonged cost reductions.

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

- Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. The Group is highly diversified and not unduly exposed to a single carrier, customer or market sector.
- Although economic developments remain fluid, the stress testing demonstrates the Group's financial resilience and operating flexibility.

Broker Network Holdings Limited

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

2 Accounting policies (continued)

- As a result of Russia invading Ukraine, we have seen significant new sanctions legislation from a range of legislators (including the US, EU and UK), with newly sanctioned entities and individuals, and new (or wider in scope) sectoral sanctions targeting Russia (and Belarus). The Ardonagh Group has no appetite for potential breaches of applicable sanctions regimes and applies appropriate controls including automated screening of clients against relevant sanctions lists. We continue to actively monitor the situation as it develops and will respond accordingly as new sanctions are enacted.

- The Group continues to monitor the risk of cyberattacks, but the Group has not identified any significant cybersecurity risks during the period ended 31 December 2022.

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

Leases

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for certain remeasurements of the lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date of the lease less any lease incentives received, plus the estimated costs of restoring the underlying asset to the condition required by the terms of the lease. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

Broker Network Holdings Limited

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

2 Accounting policies (continued)

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable, which is generally the case.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and it is reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Leases of low value assets

The Company elects on a lease-by-lease basis whether to apply the lease of low-value assets exemption to non-property leases that are considered to be of low value (i.e. below £5,000). Where the exemption is applied, lease payments on leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Subleases

The Group does not undertake arrangements as a lessor other than as a sublessor. When the Group is a sublessor, it classifies the sublease as a finance lease if the sublease transfers substantially all the risks and rewards incidental to ownership of the asset that is the subject of the sublease, namely the right-of-use asset arising from the head lease.

The sublease is otherwise classified as an operating lease.

Investments in subsidiary

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

Impairment of investment

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

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

Calculation of recoverable amount

An impairment test of an asset is performed by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use, where its value in use is the present value of its future cash flows. An impairment test requires the application of significant judgement because it relies on key assumptions, including forecast cash flows, a discount rate, a terminal growth rate and an EBITDA multiple.

Broker Network Holdings Limited

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

2 Accounting policies (continued)

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 they 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

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. 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 the Statement of Comprehensive Income.

On derecognition of an investment in an equity instrument which the Company has elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to the Statement of Comprehensive Income, but is transferred to retained earnings.

Financial liabilities

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. 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 profit or loss. 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.

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 currently has a 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.

Broker Network Holdings Limited

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

2 Accounting policies (continued)

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 profit or loss (FVTPL)

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

Financial assets classified as amortised cost

Financial assets that meet the following conditions are classified and 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 (except for certain other receivables measured at FVTPL, see below), advances to related parties, cash and cash equivalents and certain other financial assets.

The Company's trade receivables do not generally have a significant financing component, so their transaction (invoiced) price is considered to be their amortised cost.

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not usually liable as principals for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transactions are not, in general, 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 does not, in general, 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 Statement of Financial Position as part of trade receivables.

Impairment of financial assets

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

The Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months ECL.

Broker Network Holdings Limited

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

2 Accounting policies (continued)

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.

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.

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 as FVTPL when (i) the financial liability is deferred consideration, contingent consideration or a share buyout balance relating to a business combination to which IFRS 3 applies, or (ii) it is a derivative.

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

For financial liabilities that are denominated in a foreign currency that are not part of a designated hedging relationship, the foreign exchange gains and losses are recognised in profit or loss. The Company's financial liabilities include borrowings, trade and other payables, derivatives, deferred consideration, contingent consideration and a share buyout balance.

The Company's financial liabilities are trade and other payables.

Broker Network Holdings Limited

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

2 Accounting policies (continued)

Share capital

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

Taxation

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

Current tax

Current tax is recognised for the amount of tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of taxable temporary differences at the reporting date (except in relation to goodwill or a transaction which is not a business combination and does not affect profit nor taxable profit). Deferred tax assets are only recognised to the extent that it is probable they will be recovered against the reversal of deferred tax liabilities or against future taxable profits. Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and if they relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities which intend to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously.

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.

The Directors consider that there are no significant judgements or significant sources of estimation uncertainty in preparation of the financial statements.

4 Operating loss

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

Broker Network Holdings Limited

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

5 Staff costs

The Company had no employees in the current year or the preceding year. All administration is performed by employees of the Group, for which no recharge is made to the Company.

6 Directors' remuneration

The emoluments of all directors are paid by other Group companies, which make no recharge to the Company. These directors are directors of Ardonagh Group Holdings Limited and/or other fellow subsidiaries. Their total emoluments are included in the consolidated financial statements of Ardonagh Group Holdings Limited. It is impracticable to determine the proportionate amount of emoluments relating to the Company.

7 Income tax

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

	2022 £	2021 £
Current taxation		
UK corporation tax	(187)	-
Total current taxation	(187)	-
Deferred taxation		
Origination and reversal of temporary differences	245	(245)
Effect of tax rate change on opening balance	-	-
Total Deferred taxation	245	(245)
Tax charge/(credit) in the Statement of Comprehensive Income	58	(245)

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

	2022 £	2021 £
Profit/(loss) before tax	-	-
Corporation tax at standard rate of 19% (2021: 19%)	-	-
Movement in deferred tax not recognised	-	5,414
Remeasurement of deferred tax for changes in tax rates	58	(5,659)
Total tax charge/(credit)	58	(245)

Broker Network Holdings Limited

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

7 Income tax (continued)

Deferred tax

In the March 2021 Budget, it was announced that the UK Corporation Tax Rate will rise from its current rate of 19% to 25% with effect from April 2023. UK deferred tax balances as at 31 December 2022 are measured at the rate that the respective assets and liabilities will reverse.

Deferred tax assets and liabilities are recognised on the balance sheet as follows:

	Asset
	£
2022	
Losses	-
	<hr/>
	Asset
	£
2021	
Losses	245
	<hr/>

Deferred tax movement during the year:

	At 1 January 2022	Recognised in income	At 31 December 2022
	£	£	£
Tax losses carry-forwards	245	(245)	-
	<hr/>	<hr/>	<hr/>

Deferred tax movement during the prior year:

	At 1 January 2021	Recognised in income	At 31 December 2021
	£	£	£
Tax losses carry-forwards	-	245	245
	<hr/>	<hr/>	<hr/>

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

	2022	2021
	£	£
Losses	23,335	23,335
Unrecognised deferred tax assets	<hr/>	<hr/>
	23,335	23,335
	<hr/>	<hr/>

Broker Network Holdings Limited

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

8 Leases

The tables below provides a schedule of the movements in the carrying amount of the lease liabilities held on the Statement of Financial Position during the year ended 31 December 2022 and during the year ended 31 December 2021.

	Property	Non-Property	Total	Lease Liabilities
	£	£	£	£
At 1 January 2022	-	-	-	(540,185)
Interest expense	-	-	-	(38,379)
Lease payments	-	-	-	364,736
At 31 December 2022	-	-	-	(213,828)
Current lease liabilities				(213,828)
Non-current lease liabilities				-
Total lease liabilities				(213,828)

	Property	Non-Property	Total	Lease Liabilities
	£	£	£	£
At 1 January 2021	-	-	-	(838,228)
Interest expense	-	-	-	(66,693)
Lease payments	-	-	-	364,736
At 31 December 2021	-	-	-	(540,185)
Current lease liabilities				(344,908)
Non-current lease liabilities				(195,277)
Total lease liabilities				(540,185)

The Company incurred no expenditure relating to variable lease payments not included in the measurement of the lease liability.

During the year ended 31 December 2022, the total cash outflows for leases was £364,736 (2021: £364,736).

Broker Network Holdings Limited

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

8 Leases (continued)

Maturity analysis

The total future values of undiscounted lease liabilities are as follows:

	2022	2021
	£	£
Within one year	222,449	364,736
In one to five years	-	222,449
In over five years	-	-
	<u>222,449</u>	<u>587,185</u>

9 Investments in subsidiaries

	£
Cost or valuation	
At 1 January 2022	2,625,915
Disposals	<u>(2,625,915)</u>
At 31 December 2022	<u>-</u>
Provision for impairment	
At 1 January 2022	2,625,914
Impairment	1
Eliminated on disposals	<u>(2,625,915)</u>
At 31 December 2022	<u>-</u>
Carrying amount	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>1</u>

In 2022, the Company's subsidiary, Townfrost Limited was dissolved and the investment subsequently disposed of during the year. The Company's subsidiary, Broker Network Insurance Brokers Limited, was dissolved and the investment subsequently disposed of in 2021.

Broker Network Holdings Limited

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

9 Investments in subsidiaries (continued)

Details of the subsidiary as at 31 December 2022 and held during the year is as follows :

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2022	2021
Townfrost Limited	Run-off	England	0%	100%

The registered office address of the above subsidiary was Hexagon House, Grimbald Crag Close, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ.

10 Trade and other receivables

	2022 £	2021 £
Current trade and other receivables		
Receivables from other Group companies	50,837,927	53,651,666
Other receivables	<u>72,428</u>	<u>72,429</u>
	<u>50,910,355</u>	<u>53,724,095</u>

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

11 Cash and cash equivalents

	2022 £	2021 £
Own funds - restricted	<u>7,097</u>	<u>7,097</u>

Own funds are considered restricted and not available to pay the general debts of the Company.

Broker Network Holdings Limited

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

12 Trade and other payables

	2022 £	2021 £
Current trade and other payables		
Amounts due to other Group companies	-	2,487,569
Other payables	<u>7,084</u>	<u>7,084</u>
	<u>7,084</u>	<u>2,494,653</u>

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

13 Share capital

Allotted, called up and fully paid shares

	2022 No.	£	2021 No.	£
Ordinary shares of £0.02 each	<u>15,704,224</u>	<u>314,084</u>	<u>15,704,224</u>	<u>314,084</u>

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

14 Related party transactions

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

Broker Network Holdings Limited

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

15 Parent and ultimate parent undertaking

The Company's immediate parent company is Ardonagh Services Limited and the ultimate parent is Tara Topco Limited.

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

2 Minster Court
Mincing Lane
London
EC3R 7PD

16 Subsequent events

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