

Registration number: 05131340

# Paymentshield Holdings Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2021

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**Paymentshield Holdings Limited**  
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## **Paymentshield Holdings Limited**

### **Company Information**

<b>Directors</b>	J Byrne
	R I Evans
<b>Company secretary</b>	Ardonagh Corporate Secretary Limited
<b>Registered office</b>	Southport Business Park
	Wight Moss Way
	Southport
	PR8 4HQ United Kingdom

## **Paymentshield Holdings Limited**

### **Strategic Report for the Year Ended 31 December 2021**

The directors present their strategic report for the year ended 31 December 2021 for Paymentshield 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. Following significant new equity investment as disclosed in note 12, the Company is now part of a new holding company structure. Prior to this and as at 31 December 2021, the Company was part of The Ardonagh Group Limited ("the Group").

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

The principal activity of the Company is that of a non-trading holding company. However, in 2018, the Company disposed of its only investment in Paymentshield Limited to Paymentshield Group Holdings Limited, a fellow Group subsidiary. It is the directors' intention to ultimately wind up the Company.

The results for the Company show turnover of £Nil (2020: £Nil) and profit before tax of £Nil (2020: £Nil) for the year. At 31 December 2021 the Company had net assets of £1 (2020: £325.0m). The going concern note (part of accounting policies) on page 10 sets out the reasons why the directors continue to believe that the preparation of the financial statements on a basis other than that of going concern is appropriate.

#### **Outlook**

On 16 November 2018, the Company disposed of its subsidiary to Paymentshield Group Holdings Limited. It is the directors' intention to ultimately liquidate the Company.

#### **Key performance indicators**

The directors of the Group manage operations on a segmental basis. For this reason, the Company directors' believe that a detailed 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 which includes this Company is discussed in the Group's annual report.

#### **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.

## Paymentsshield Holdings Limited

### Strategic Report for the Year Ended 31 December 2021 (continued)

The principal risks and their mitigation are as follows:

#### *Financial risk*

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

The Company and Group has demonstrated its resilience from an economic shock and demonstrated operational and financial resilience in response to the Covid-19 pandemic.

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 £683.3m at 30 June 2022 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 19/09/22 and signed on its behalf by:



R I Evans  
Director

## **Paymentshield Holdings Limited**

### **Directors' Report for the Year Ended 31 December 2021**

The directors present their annual report and the unaudited financial statements for the year ended 31 December 2021.

#### **Directors of the company**

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

J Byrne

R I Evans

#### **Dividends**

An interim dividend of £325,026,426 (2020: £Nil) was made during the year ended 31 December 2021 in support of the liquidation of the Company. The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2021 (2020: £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 pages 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 (2020: £Nil).

#### **Subsequent events**

Details of subsequent events can be found in the notes to the financial statements within the 'Subsequent events' section on page 14.

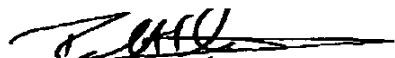
#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development are described in the Strategic Report on pages 2-3. Following the disposal of its only subsidiary it is the directors' intention to liquidate the Company. As a consequence, the financial statements have been prepared on a basis other than that of a going concern. Further details can be found in note 2 to these financial statements.

#### **Directors' indemnities**

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

Approved by the Board on 19/09/22 and signed on its behalf by:



R I Evans  
Director

## **Paymentshield 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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 to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Paymentshield Holdings Limited**

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

	<i>Note</i>	2021 £	2020 £
Turnover		-	-
Operating result	4	-	-
Profit before tax		-	-
Income tax expense	7	-	-
Result for the year		-	-

During the current and previous year the Company did not trade and received no income and incurred no expenditure. Consequently, during the current and previous year the Company made neither a profit or a loss. There was no other comprehensive income in the current or prior year.



**Paymentshield Holdings Limited**

**(Registration number: 05131340)**

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

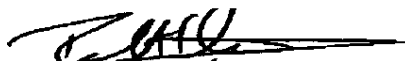
	Note	2021 £	2020 £
<b>Current assets</b>			
Trade and other receivables	8	1	325,026,427
<b>Net current assets</b>		1	325,026,427
<b>Total assets less current liabilities</b>		1	325,026,427
<b>Net assets</b>		1	325,026,427
<b>Capital and reserves</b>			
Share capital	9	1	24,500
Share premium		-	456,277
Retained earnings		-	324,545,650
<b>Total equity</b>		1	325,026,427

For the financial year ending 31 December 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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

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

Approved by the Board on 19/09/22 and signed on its behalf by:



R I Evans  
Director

The notes on pages 9 to 14 form an integral part of these financial statements.

**Paymentsshield Holdings Limited**

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

	<b>Share capital £</b>	<b>Share premium £</b>	<b>Retained earnings £</b>	<b>Total £</b>
At 1 January 2021	24,500	456,277	324,545,650	325,026,427
Net result for the year	-	-	-	-
Capital reduction	(24,499)	(456,277)	480,776	-
Dividends	-	-	(325,026,426)	(325,026,426)
At 31 December 2021	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>

During the year the Company undertook a capital reduction reducing the issued share capital from £24,500 to £1 by cancelling and extinguishing 120,000 A Ordinary shares of £0.10 each, 50,000 C Ordinary shares of £0.10 each, 25,000 D Ordinary shares of £0.10 each and 49,990 Ordinary shares of £0.10 each (note 9).

During the year a dividend of £325,026,426 was paid to the Company's parent, Paymentsshield Group Holdings Limited. The interim dividend was paid in support of the plans to liquidate the Company.

	<b>Share capital £</b>	<b>Share premium £</b>	<b>Retained earnings £</b>	<b>Total £</b>
At 1 January 2020	24,500	456,277	324,545,650	325,026,427
Net result for the year	-	-	-	-
At 31 December 2020	<u>24,500</u>	<u>456,277</u>	<u>324,545,650</u>	<u>325,026,427</u>

The notes on pages 9 to 14 form an integral part of these financial statements.

## **Paymentsshield Holdings Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021**

#### **1 General information**

The Company is a private company limited by share capital incorporated in England and domiciled in the United Kingdom. The address of the registered office can be found on page 1. The principal business activities of the Company are described in the Strategic Report on page 2.

The financial statements for the year ended 31 December 2021 were authorised for issue by the board on 19/09/22..... and the Statement of Financial Position was signed on the board's behalf by R I Evans.

#### **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 'Reduced Disclosure Framework'.

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.

There are no new standards, amendments to standards or interpretations which are effective in 2021 or not yet effective and that are expected to materially impact the Company's financial statements.

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

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

## **Paymentshield Holdings Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

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

- the requirements of IFRS 7 Financial Instruments: Disclosures and of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- 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 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 11.

#### **Going concern**

The financial statements of the Company have been prepared on a basis other than that of a going concern. At 31 December 2021 the Company had net assets of £1 (2020: £325.0m) and net current assets of £1 (2020: £325.0m). The net current assets include amounts receivable from related parties of £1 (2020: £325.0m), and amounts due to related parties of £Nil (2020: £Nil). The Company reported a profit before tax of £Nil (2020: £Nil).

On 16 November 2018, the Company disposed of its investment in Paymentshield Limited to Paymentshield Group Holdings Limited, a fellow Group company and it is the directors' intention to liquidate the Company once the run-off process has been completed. Consequently, the financial statements have been prepared on a basis other than that of a going concern. Adjustments to the carrying amounts of the Company's assets and liabilities have not been required in order for the Company to report on a basis other than that of a going concern as the book values of the Company's assets are deemed to be a reasonable approximation of fair value due to their short term nature.

#### **Financial assets**

Financial assets are initially measured at fair value plus directly attributable transaction costs. The Company's financial assets include trade and other receivables. Trade and other receivables represent amounts due from related parties and are stated at amortised cost. The Company assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets carried at amortised cost and recognises a loss allowance for such losses where applicable, at each reporting date.

#### **Share capital**

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **Paymentshield Holdings Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

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

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 the assets and liabilities within the next financial year.

#### **4 Operating result**

For the year ended 31 December 2021, 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 2021 has been provided by Ardonagh Midco 2 plc, a fellow Group company. As a result, no audit fee has been incurred (2020: £Nil).

#### **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, which makes no recharge 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 were directors of fellow subsidiaries. Their total emoluments are included in the consolidated financial statements of The Ardonagh Group Limited for the year ended 31 December 2021.

**Paymentshield Holdings Limited**

**Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021  
(continued)**

**7 Income tax**

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax	-	-
Adjustments in respect of prior periods	-	-
<b>Total current taxation</b>	-	-
<b>Deferred taxation</b>		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
Effect of tax rate change on opening balance	-	-
<b>Total deferred taxation</b>	-	-
<b>Tax charge in the Statement of Comprehensive Income</b>	-	-

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.

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Profit/(loss) before tax	-	-
Corporation tax at standard rate of 19% (2020: 19%)	-	-
Movement in deferred tax not recognised	83,814	-
Remeasurement of deferred tax for changes in tax rates	(83,814)	-
<b>Total tax charge/(credit)</b>	-	-

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.

**Deferred tax**

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.

	<b>2021</b>	<b>2020</b>
Losses	349,226	265,412
<b>Unrecognised deferred tax assets</b>	349,226	265,412

## Paymentshield Holdings Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

#### 8 Trade and other receivables

	2021	2020
	£	£
Receivables from other Group companies	<u>1</u>	<u>325,026,427</u>

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

#### 9 Share capital

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

	2021		2020	
	No.	£	No.	£
Ordinary shares of £0.10 each	10	1	50,000	5,000
A Ordinary shares of £0.10 each	-	-	120,000	12,000
C Ordinary shares of £0.10 each	-	-	50,000	5,000
D Ordinary shares of £0.10 each	-	-	25,000	2,500
	<u>10</u>	<u>1</u>	<u>245,000</u>	<u>24,500</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.

During the year the Company undertook a capital reduction reducing the issued share capital from £24,500 to £1 by cancelling and extinguishing 120,000 A Ordinary shares of £0.10 each, 50,000 C Ordinary shares of £0.10 each, 25,000 D Ordinary shares of £0.10 each and 49,990 Ordinary shares of £0.10 each.

#### 10 Related party transactions

The Company has taken the exemption under FRS 101 not to disclose transactions with fellow wholly owned subsidiaries or key management personnel.

## **Paymentshield Holdings Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **11 Parent and ultimate parent undertaking**

The immediate parent company is Paymentshield Group Holdings Limited and the ultimate parent company is Tara Topco Limited, (note 12).

The Group's majority shareholder and ultimate controlling party at 31 December 2021 is HPS Investment Partners LLC. The parent company of the largest group that prepares group financial statements at 31 December 2021 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 2021 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 The Ardonagh Group Limited and Ardonagh Midco 2 plc are available on request from:

2 Minster Court  
Mincing Lane  
London  
EC3R 7PD

#### **12 Subsequent events**

Following the satisfaction of closing conditions on 31 May 2022, Ardonagh has obtained a significant new equity investment into the Group led by existing long-term shareholders MDP and HPS, alongside new co-investors through accounts managed by MDP and HPS. Under the terms of the transaction, funds affiliated with MDP have increased their shareholding in the Group, and HPS has reinvested in the Group. Co-investors, including a wholly owned subsidiary of Abu Dhabi Investment Authority and several other large global institutions, have also acquired more than USD1 billion equity through accounts managed by MDP and HPS as part of the transaction, which gives an enterprise valuation for Ardonagh of USD7.5 billion.

The new equity investment has resulted in The Ardonagh Group Limited merging into a newly created company Tara Topco Limited ('Tara') on 31 May 2022 following which the Ardonagh Group activities became overseen by a newly created subsidiary of Tara from 1 June 2022, Ardonagh Group Holdings Limited.