

Registration number: 05587424

# Cullum Capital Ventures Limited

Annual Report and Financial Statements

for the Year Ended 30 December 2016

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# **Cullum Capital Ventures Limited**

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# **Cullum Capital Ventures Limited**

## **Company Information**

<b>Directors</b>	M S Mugge D C Ross
<b>Company secretary</b>	J A Gregory
<b>Registered office</b>	Towergate House Eclipse Park Sittingbourne Road Maidstone Kent ME14 3EN
<b>Auditor</b>	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

## **Cullum Capital Ventures Limited**

### **Strategic Report for the Year Ended 30 December 2016**

The directors present their strategic report for the year ended 30 December 2016 for Cullum Capital Ventures 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 developments and performance of the Company during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future. The Company is part of the Sentry Holdings Limited Group ("the Group" or "Towergate"). Whilst Sentry Holdings Limited is the ultimate parent company, the directors of its subsidiary The Ardonagh Group Limited (formerly known as TIG Topco Limited) manage the Group's operations on a daily basis.

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

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

The results for the Company show turnover of £Nil (2015: £Nil) and loss before tax of £3,202 (2015: profit £1,120,061) for the year. At 30 December 2016 the Company had net assets of £86,417,673 (2015: £87,246,331). The accounting policies note on page 15 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 2017.

#### **Key performance indicators**

The directors of The Ardonagh Group Limited 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.

The key performance indicator for this company is the carrying value of its investments in subsidiaries, as these are the main assets of the Company. 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.

There were no impairment charges for the current year.

#### **Principal risks and uncertainties**

##### **Risk management**

The Company's performance and value, as a holding company of the Group, is integrated with its investment in the Company's subsidiaries. As such from the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are managed separately. Accordingly, the principal risks and uncertainties are discussed in the Group's annual report.

A principal risk of this holding Company is the trading performance of its subsidiaries. Trading performance in the subsidiaries could create the need for impairment leading to a reduction in net assets and distributable reserves of the Company. The subsidiaries set performance targets for the year ahead and performance is reviewed regularly against these targets. Reasons for under performance are monitored and mitigating actions are taken. Investments are reviewed for impairment to ensure the appropriate carrying value for each investment in the Company's accounts.

## Cullum Capital Ventures Limited

### Strategic Report for the Year Ended 30 December 2016

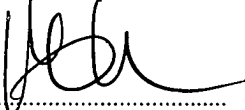
Other principal risks and their mitigation are as follows:

#### *Future impact of Brexit*

As a business that operates predominantly in the United Kingdom (UK) the Company is affected by economic conditions in the UK and the associated possibility of decline in business and customer confidence. This risk has been exacerbated by the uncertainties surrounding the UK's decision to leave the European Union ("Brexit"). Our typical small to medium-sized business (SME) customers and individual consumers of the Company's subsidiaries may be more vulnerable to any economic downturn than larger commercial customers, reducing or delaying insurance purchases or making premium payments.

The Brexit decision could lead to the UK leaving the single market for goods and services and the ability of businesses to passport between the UK and other EU states. The direct impact on the Company and its subsidiaries will not be significant because it currently conducts little business outside the UK, although there may be some effects on the insurance markets into which we place business.

Approved by the Board on 27 September 2017 and signed on its behalf by:



M S Mugge  
Director

## **Cullum Capital Ventures Limited**

### **Directors' Report for the Year Ended 30 December 2016**

The directors present their report and the financial statements for the year ended 30 December 2016.

#### **Directors of the Company**

The directors, who held office during the year, were as follows:

M S Mugge

D C Ross (appointed 20 December 2016)

#### **Dividends**

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 30 December 2016. (2015: £Nil).

#### **Financial risk management objectives and policies**

Details of financial risk management objectives and policies can be found in the strategic report within the 'Risk management' section on page 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 (2015: £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 at least the next 12 months. 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.

#### **Directors' liabilities**

All directors 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.

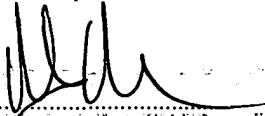
## **Cullum Capital Ventures Limited**

### **Directors' Report for the Year Ended 30 December 2016**

#### **Reappointment of auditor**

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on <sup>27</sup>..... September 2017 and signed on its behalf by:



M S Mugge  
Director

Towergate House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent  
ME14 3EN

## **Cullum Capital Ventures Limited**

### **Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework (FRS 101).

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## **Independent Auditor's Report to the members of Cullum Capital Ventures Limited**

We have audited the financial statements of Cullum Capital Ventures Limited for the year ended 30 December 2016, set out on pages 9 to 33. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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.

### **Respective responsibilities of directors and auditor**

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 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

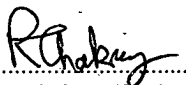
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

## **Independent Auditor's Report to the members of Cullum Capital Ventures Limited**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

  
.....  
Rajan Thakrar (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*

15 Canada Square  
Canary Wharf  
London  
E14 5GL

Date: 27..... September 2017

## Cullum Capital Ventures Limited

### Statement of Comprehensive Income for the Year Ended 30 December 2016

	Note	2016 £	2015 £
<b>Turnover</b>		-	-
Amortisation and other amounts written off intangibles	10	(522)	(8,218)
Administrative expenses		<u>(2,680)</u>	<u>(306,305)</u>
<b>Operating loss</b>	4	(3,202)	(314,523)
Impairment of investments		-	(13,033,172)
Reduction in value of contingent consideration		-	1,516,327
Internal dividends received		-	12,933,740
Finance income	5	<u>-</u>	<u>17,689</u>
<b>(Loss)/profit before tax</b>		(3,202)	1,120,061
Income tax (expense)/credit	8	<u>(825,456)</u>	<u>27,879</u>
<b>Total comprehensive (loss)/income for the year</b>		<u><u>(828,658)</u></u>	<u><u>1,147,940</u></u>

The above results were derived from continuing operations.

The notes on pages 13 to 33 form an integral part of these financial statements.

# Cullum Capital Ventures Limited

(Registration number: 05587424)

## Statement of Financial Position as at 30 December 2016

	Note	2016 £	2015 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	12,973	26,925
Intangible assets	10	-	522
Investments in subsidiary undertakings	11	130,446,429	133,726,109
Deferred tax assets	8	18,485	16,968
		<u>130,477,887</u>	<u>133,770,524</u>
<b>Current assets</b>			
Trade and other receivables	12	153,759,225	126,475,141
Cash and cash equivalents	13	-	252,142
		<u>153,759,225</u>	<u>126,727,283</u>
<b>Total assets</b>		<u>284,237,112</u>	<u>260,497,807</u>

The notes on pages 13 to 33 form an integral part of these financial statements.

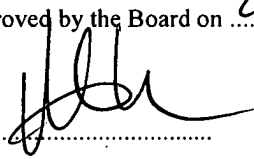
# Cullum Capital Ventures Limited

(Registration number: 05587424)

## Statement of Financial Position as at 30 December 2016

	Note	2016 £	2015 £
<b>Equity and liabilities</b>			
<b>Equity</b>			
Called up share capital	14	1,025,312	1,025,312
Share premium reserve		39,781,635	39,781,635
Retained earnings		45,610,726	46,439,384
		<u>86,417,673</u>	<u>87,246,331</u>
<b>Non-current liabilities</b>			
Trade and other payables	15	75,000	478,021
<b>Current liabilities</b>			
Trade and other payables	15	197,569,683	172,773,455
Bank overdraft	13	174,756	-
		<u>197,744,439</u>	<u>172,773,455</u>
<b>Total liabilities</b>		<u>197,819,439</u>	<u>173,251,476</u>
<b>Total equity and liabilities</b>		<u>284,237,112</u>	<u>260,497,807</u>

Approved by the Board on 27 September 2017 and signed on its behalf by:

  
 .....  
 M S Mugge  
 Director

The notes on pages 13 to 33 form an integral part of these financial statements.

# Cullum Capital Ventures Limited

## Statement of Changes in Equity for the Year Ended 30 December 2016

	Share capital £	Share premium £	Retained earnings £	Total £
At 31 December 2015	1,025,312	39,781,635	46,439,384	87,246,331
Total comprehensive loss for the year	-	-	(828,658)	(828,658)
At 30 December 2016	<u>1,025,312</u>	<u>39,781,635</u>	<u>45,610,726</u>	<u>86,417,673</u>

	Share capital £	Share premium £	Retained earnings £	Total £
At 31 December 2014	1,025,312	39,781,635	45,291,444	86,098,391
Total comprehensive income for the year	-	-	1,147,940	1,147,940
At 30 December 2015	<u>1,025,312</u>	<u>39,781,635</u>	<u>46,439,384</u>	<u>87,246,331</u>

The notes on pages 13 to 33 form an integral part of these financial statements.

## **Cullum Capital Ventures Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

#### **1 Authorisation of financial statements**

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

These financial statements for the year ended 30 December 2016 were authorised by the Board on <sup>27</sup>..... September 2017 and the statement of financial position was signed on the Board's behalf by M S Mugge.

#### **2 Accounting policies**

##### **Basis of preparation**

These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

As a wholly owned subsidiary of The Ardonagh Group Limited, 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.

These financial statements have been prepared on a historical cost basis. The financial statements are presented in GBP sterling (£), which is also the Company's functional currency.

##### **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.

## **Cullum Capital Ventures Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

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

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

(a) the requirements of IFRS 7 Financial Instruments: Disclosures and of paragraphs 91-99 of IFRS 13 Fair Value Measurement apart from those which are relevant for the financial statements which are held at fair value not held as part of a trading portfolio;

(b) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to provide comparative period reconciliations in respect of outstanding shares, property, plant & equipment and intangible assets;

(c) 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;

(d) the requirements in paragraph 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements, which includes the need to provide details on capital management;

(e) 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;

(f) the requirements in paragraphs 17 and 18A of IAS 24 Related Party Disclosures around the need to disclose information on key management personnel and details on related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;

(g) the requirements of paragraphs 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets in respect of disclosure of 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.

Judgments made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the Critical accounting judgements and key sources of estimation uncertainty disclosure on page 19.



## **Cullum Capital Ventures Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

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

##### **Going Concern**

The financial statements of the Company have been prepared on a going concern basis. At 30 December 2016 the Company had net assets of £ 86,417,673 (2015: £87,246,331) and net current liabilities of £43,985,214 (2015: £46,046,173). The net current liabilities include amounts receivable from related parties of £139,080,381 (2015: £113,730,945), and amounts due to related parties of £196,838,409 (2015: £172,350,580).

On 23 June 2017 Ardonagh Midco 3 Plc ("Midco 3"), a newly established intermediate holding company and indirect subsidiary of The Ardonagh Group Limited, completed a refinancing. It resulted in consolidation of the Group's debt at that level and the debt is guaranteed by direct and indirect subsidiaries of Midco 3 including the Company.

The sub-group headed by Midco 3 includes Torgate Insurance Limited ("TIL"), a direct parent of the Company. TIL provides central treasury functions, funding and oversight for certain of the Group's operating entities including the Company. TIL is also the intermediate holding company of certain subsidiaries which are in run-off and have exposure to potential liabilities arising from a past business review of enhanced transfer value products, the ultimate cost of which cannot be estimated with any certainty.

The Company, among others within the Group, is a guarantor for the Group debt arising from the refinancing and the Company has support from TIL and ultimately from the Group, so the directors believe that the going concern assessment for the Company is fundamentally linked to the going concern assessment for the Group. The directors have therefore considered the anticipated future cash flows of the Group as a whole following the refinancing which in turn were considered by the Board of Midco 3 as the principle funding entity for the Group, in connection with preparation of the Group's half year consolidated accounts and these cash flows were subjected to stress testing and sensitivity analysis when considering whether the Group is able to cope with reasonably foreseeable adverse trading and cash flow outcomes over the next twelve months.

The Board of Midco 3 has agreed to provide support to TIL through an intermediate company and therefore the Company for a period of at least twelve months from the date of signing the Company's accounts, to continue to make available such funds as are needed to enable TIL and therefore the Company to continue in existence for the foreseeable future.

On the basis of the Directors' assessment of the Company's financial position, the cash flow projections for the Group and TIL's ability to continue to provide such support as might be required, the Directors have a reasonable expectation that the Company will be able to continue to operate for at least the next 12 months. Therefore, the annual financial statements have been prepared on a going concern basis.

##### **Tax**

The tax expense for the year comprises current and deferred tax. 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

## **Cullum Capital Ventures Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### **Property, plant and equipment**

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Fixtures and fittings	15% per annum straight line or over 6 years
Furniture and office equipment	20% per annum straight line
Computer hardware	25% per annum straight line

## Cullum Capital Ventures Limited

### Notes to the Financial Statements for the Year Ended 30 December 2016

#### 2 Accounting policies (continued)

##### **Intangible Assets**

###### *Computer software*

Acquired computer software licences exist either through business combinations when they are separable or are purchased separately and are capitalised on the basis of the costs incurred to acquire them. Their fair value has been calculated by using the net book value acquired. These costs are amortised on a straight line basis over their estimated useful lives of four years.

Where software development projects are incomplete, costs are capitalised as work in progress and included within intangible assets. These costs are not subject to amortisation until completion of the project.

###### *Derecognition of intangible assets*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in statement of comprehensive income when the asset is derecognised.

##### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Computer software	Straight line over 4 years

##### **Financial assets**

Financial assets are initially measured at fair value plus directly attributable transaction costs. The Company's financial assets include cash, trade and other receivables and other non-current financial assets. The subsequent measurement of financial assets depends on their classification:

Other non-current assets represent investments in subsidiary undertakings. They are stated as cost less provision for impairment for any diminution in value.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, dispute, default or delinquency in payments are considered indicators that the receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables.

## **Cullum Capital Ventures Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

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

##### **Impairment of non-current assets**

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the non-current asset may not be recoverable and at least annually, in the case of goodwill. If any such indication exists, the asset's recoverable amount is estimated.

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.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units. A cash-generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

##### *Calculation of recoverable amount*

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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

##### *Reversals of impairment*

An impairment loss is reversed on intangible assets other than goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### **Contingent consideration**

Contingent consideration is measured at fair value on acquisition date and relates to a deferred portion of the purchase price. Contingent consideration is provided in full at the date of acquisition and is subsequently measured at fair value with remeasurement recognised in the Statement of Comprehensive Income. It is reduced in future periods if the full amount is not considered to be payable.

##### **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.

##### **Financial liabilities**

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value plus directly attributable transaction costs. The Company's financial liabilities include trade and other payables. The subsequent measurement of financial liabilities depends on their classification.

## **Cullum Capital Ventures Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

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

##### **Financial guarantees**

Contracts meeting the definition of a financial guarantee, including inter-group financial guarantee contracts, are recognised at fair value under IAS 39, or under IFRS 4 where the conditions required in order to regard it as an insurance contract are satisfied. This is determined on a contract by contract basis, depending on whether the risk transferred represents a financial risk or an insurance risk.

##### **Changes in accounting policy**

None of the standards, interpretations and amendments effective for the first time from 31 December 2015 have had a material effect on the financial statements.

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

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

The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

##### *Impairment of assets*

The Company tests annually whether investments and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is determined based on the higher of fair market value less costs to sell and a value in use calculation prepared on the basis of management's assumptions and estimates. This determination requires significant judgement. In making this judgement the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in regional economies and operational and financing cash flow.

##### *Internally-generated software development*

Internally generated software development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to be more than covered by related revenues and adequate resources exist to enable the project to be completed.

##### *Estimated useful lives*

Assets, other than assets with indefinite useful lives, are carried at historical cost less amortisation or depreciation calculated to write off the cost of such assets over their estimated useful lives.

Management determines the estimated useful lives and related amortisation or depreciation charges at acquisition. The estimated useful life is reviewed annually and the amortisation or depreciation charge is revised where useful lives are subsequently found to be different to those previously estimated.

## Cullum Capital Ventures Limited

### Notes to the Financial Statements for the Year Ended 30 December 2016

#### 4 Operating loss

Arrived at after charging/(crediting)

	2016	2015
	£	£
Auditor's remuneration: audit of these financial statements	28,408	9,720
Depreciation expense	13,952	27,009
Amortisation expense	522	8,218
Loss on disposal of property, plant and equipment	-	3,249
Loss on disposal of intangible assets	-	3,132
Intercompany write off	(2)	23,471

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, Sentry Holdings Limited.

#### 5 Finance income

	2016	2015
	£	£
Other finance income	-	17,689

#### 6 Staff costs

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

#### 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 a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the consolidated financial statements of The Ardonagh Group Limited.

# Cullum Capital Ventures Limited

## Notes to the Financial Statements for the Year Ended 30 December 2016

### 8 Income tax

Tax charged/(credited) in the statement of comprehensive income

	2016 £	2015 £
<b>Current taxation</b>		
UK corporation tax adjustment to prior periods	826,973	(27,031)
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	(1,517)	9,533
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	(10,381)
Total deferred taxation	(1,517)	(848)
Tax expense/(credit) in the statement of comprehensive income	825,456	(27,879)

The tax credit on loss for the year is lower than the standard rate of corporation tax in the UK (2015: the tax on profit for the year is lower than the standard rate of corporation tax in the UK) of 20% (2015: 20.25%).

The differences are reconciled below:

	2016 £	2015 £
(Loss)/profit before tax	(3,202)	1,120,061
Corporation tax at standard rate	(640)	226,812
Increase (decrease) in current tax from adjustment for prior periods	826,972	(37,412)
Increase from effect of capital allowances depreciation	2,895	-
Increase from effect of different UK tax rates on some earnings	943	2,458
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	-	63,546
Tax (decrease) / increase from utilisation of tax losses	(230)	18,434
Decrease (increase) from tax losses for which no deferred tax asset was recognised	(2,024)	7,075
Decrease from effect of joint-ventures and associates results reported net of tax	-	(3,582)
Decrease in current tax from movement in provisions	-	(14,226)
Deferred tax credit from unrecognised temporary difference from a prior period	(2,460)	-
Increase from effect of unrelieved losses on disposal operations	-	2,639,217

# Cullum Capital Ventures Limited

## Notes to the Financial Statements for the Year Ended 30 December 2016

### 8 Income tax (continued)

	2016 £	2015 £
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	(2,930,201)
Total tax charge/(credit)	825,456	(27,879)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. These reductions will reduce the Company's future current tax charge / credit accordingly.

The deferred tax asset at 30 December 2016 has been calculated based on the rates disclosed in the above paragraph.

#### Deferred tax

##### Deferred tax assets and liabilities

	Asset £
<b>2016</b>	
Accelerated tax depreciation	18,485
Provisions	-
Other items	-
	<u>18,485</u>
<b>2015</b>	
Accelerated tax depreciation	16,968
Provisions	-
Other items	-
	<u>16,968</u>



# Cullum Capital Ventures Limited

## Notes to the Financial Statements for the Year Ended 30 December 2016

### 8 Income tax (continued)

Deferred tax movement during the year:

	At 31 December 2015 £	Recognised in income £	At 30 December 2016 £
Accelerated tax depreciation	16,968	1,517	18,485
Provisions	-	-	-
Other items	-	-	-
Net tax assets	<u>16,968</u>	<u>1,517</u>	<u>18,485</u>

Deferred tax movement during the prior year:

	At 31 December 2014 £	Recognised in income £	At 30 December 2015 £
Accelerated tax depreciation	10,531	6,437	16,968
Provisions	3,670	(3,670)	-
Other items	1,919	(1,919)	-
Net tax assets	<u>16,120</u>	<u>848</u>	<u>16,968</u>

It is anticipated that the Company will have sufficient profitability in future years to ensure the utilisation of the capital allowances claim.

# Cullum Capital Ventures Limited

## Notes to the Financial Statements for the Year Ended 30 December 2016

### 9 Property, plant and equipment

	Fixtures and fittings £	Computer hardware £	Furniture and office equipment £	Total £
<b>Cost or valuation</b>				
At 31 December 2015	58,373	56,988	22,346	137,707
At 30 December 2016	58,373	56,988	22,346	137,707
<b>Depreciation</b>				
At 31 December 2015	45,787	47,460	17,535	110,782
Charge for the year	4,079	6,873	3,000	13,952
At 30 December 2016	49,866	54,333	20,535	124,734
<b>Carrying amount</b>				
At 30 December 2016	8,507	2,655	1,811	12,973
At 30 December 2015	12,586	9,528	4,811	26,925

### 10 Intangible assets

	Computer software £
<b>Cost or valuation</b>	
At 31 December 2015	59,012
At 30 December 2016	59,012
<b>Amortisation</b>	
At 31 December 2015	58,490
Amortisation charge	522
At 30 December 2016	59,012
<b>Carrying amount</b>	
At 30 December 2016	-
At 30 December 2015	522

# Cullum Capital Ventures Limited

## Notes to the Financial Statements for the Year Ended 30 December 2016

### 11 Investments in subsidiary undertakings

	£
<b>Cost or valuation</b>	
At 31 December 2015	179,204,505
Disposals	(8,552,543)
At 30 December 2016	<u>170,651,962</u>
<b>Provision for impairment</b>	
At 31 December 2015	45,478,396
Eliminated on disposals	(5,272,863)
At 30 December 2016	<u>40,205,533</u>
<b>Carrying amount</b>	
At 30 December 2016	<u>130,446,429</u>
At 30 December 2015	<u>133,726,109</u>

The disposals in the year relate to the following:

Date of dissolution	Company	Cost	Less provision for impairment	Less cost redeemed	NBV
28 January 2016	Lyon Insurance Services Limited	435,125	385,125	50,000	-
7 July 2016	Brighton Insurance Brokers Group Limited	1,774,398	1,724,396	50,002	-
7 July 2016	D Lawson & Son Insurances Limited	461,697	450,697	11,000	-
7 July 2016	Goodwood insurance Services Limited	645	545	100	-
7 July 2016	Morgan Brokers Holdings Limited	4,064,268	1,064,268	3,000,000	-
7 July 2016	Newbold Insurance Services Limited	323,755	292,255	31,500	-
13 September 2016	Underwood Insurance Services limited	1,492,655	1,355,577	137,078	-
		<u>8,552,543</u>	<u>5,272,863</u>	<u>3,279,680</u>	<u>-</u>

## Cullum Capital Ventures Limited

### Notes to the Financial Statements for the Year Ended 30 December 2016

#### 11 Investments in subsidiary undertakings (continued)

We have undertaken a review of the value of the investments and consider them not to be impaired.

Details of the subsidiaries as at 30 December 2016 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2016	2015
CCV Risk Solutions Limited	Insurance Broking	England	100%	100%
Moffatt & Co Limited	Holding Company	England	100%	100%
Oyster Property Insurance Specialists Limited	Run-off	England	75%	75%
Arthur Marsh & Son Limited	Run-off	England	100%	100%
Fusion Insurance Services Scandinavia Limited (formerly Fenton Insurance Solutions Limited)	Insurance underwriting	England	100%	100%
Morgan Law (Holdings) Limited	Holding company	England	100%	100%
Smith & Pinching General Insurance Services Limited	Dormant	England	100%	100%
Dawson Pennington & Company Limited	Holding company	England	100%	100%
Waveney Insurance Brokers Limited	Holding company	England	100%	100%
Four Counties Finance Limited	Holding company	England	100%	100%
B.I.B. (Darlington) Acquisitions Limited	Holding company	England	100%	100%
Four Counties Insurance Brokers Limited	Insurance broking	England	100%	100%
B.I.B.U. Acquisitions Limited	Holding company	England	95%	95%
Suddards Davies & Associates Limited	Run-off	England	100%	100%

## Cullum Capital Ventures Limited

### Notes to the Financial Statements for the Year Ended 30 December 2016

#### 11 Investments in subsidiary undertakings (continued)

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2016	2015
CCV Trustees Limited	Trust	England	100%	100%
Bishop Skinner Acquisitions Limited	Holding company	England	100%	100%
Antur (West Wales) Limited	Holding company	England	100%	100%
Portishead Insurance Management Limited	Dormant	England	100%	100%
Capital and County Insurance Brokers Limited	Dormant	England	100%	100%
Cox Lee & Co Limited	Dormant	England	100%	100%
Ainsbury Insurance Brokers Limited	Dormant	England	100%	100%
Topcrest Insurance Brokers Limited	Dormant	England	100%	100%
Just Insurance Brokers Limited	Dormant	England	100%	100%
Three Counties Insurance Brokers Limited	Dormant	England	100%	100%
Paul Scully Insurance Services Limited	Dormant	England	100%	100%
LFE Group Limited	Dormant	England	100%	100%
Protectagroup Acquisitions Limited	Dormant	England	100%	100%
Crawford Davis Insurance Consultants Limited	Dormant	England	100%	100%
Roundcroft Limited	Dormant	England	100%	100%

The registered office address of all the above subsidiaries is Towergate House, Eclipse Park, Sittingbourne Road, Maidstone Kent ME14 3EN.

## Cullum Capital Ventures Limited

### Notes to the Financial Statements for the Year Ended 30 December 2016

#### 12 Trade and other receivables

	2016 £	2015 £
Receivables from related parties	139,080,381	113,730,945
Loans to related parties	12,485,000	12,485,000
Accrued income	-	27,967
Other receivables	<u>2,193,844</u>	<u>231,229</u>
Total current trade and other receivables	<u><u>153,759,225</u></u>	<u><u>126,475,141</u></u>

Loans to related parties at 30 December 2016 consist of subordinated loans to CCV Risk Solutions Limited and Berkeley Alexander Limited, fellow subsidiaries, and are non-interest bearing. The Company is entitled to demand repayment from its subsidiaries upon written notice.

#### 13 Cash and cash equivalents

	2016 £	2015 £
Cash at bank	-	252,142
Bank overdrafts	<u>(174,756)</u>	<u>-</u>
Total cash and cash equivalents	<u><u>(174,756)</u></u>	<u><u>252,142</u></u>

#### 14 Share capital

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

	No.	2016 £	No.	2015 £
Ordinary Shares of £1 each	<u>1,025,312</u>	<u>1,025,312</u>	<u>1,025,312</u>	<u>1,025,312</u>

# **Cullum Capital Ventures Limited**

## **Notes to the Financial Statements for the Year Ended 30 December 2016**

### **15 Trade and other payables**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Non-current trade and other payables</b>		
Contingent consideration	<u>75,000</u>	<u>478,021</u>
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Current trade and other payables</b>		
Accrued expenses	-	27,967
Amounts due to related parties	196,838,409	172,350,580
Other payables	-	6,535
Contingent consideration	<u>731,274</u>	<u>388,373</u>
	<u>197,569,683</u>	<u>172,773,455</u>

## **Cullum Capital Ventures Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

#### **16 Commitments**

##### **Guarantees**

On 2 April 2015, Ardonagh Finco Plc issued £425.0m of 8.75% Senior Secured Notes and £75.0m of Floating Rate Super Senior Secured Notes ("the Finco Notes").

The obligations of Ardonagh Finco Plc under the Finco Notes are guaranteed by Ardonagh Midco 1 Limited, (formerly TIG Midco Limited) the immediate parent company of Ardonagh Finco Plc and all its material and certain other subsidiaries. These companies are listed below:

Berkeley Alexander Limited	Protectagroup Limited
Capital & County Insurance Brokers Limited	Richard V Wallis & Co Limited
Countrywide Insurance Management Limited	Roundcroft Limited
Cox Lee & Co Limited	T F Bell Holdings Limited
Crawford Davis Insurance Consultants Limited	T L Risk Solutions Limited
Cullum Capital Ventures Limited	Towergate Insurance Limited
Four Counties Finance Limited	The T F Bell Group Limited
Fusion Insurance Holdings Limited	Three Counties Insurance Brokers Limited
Fusion Insurance Services Limited	Towergate London Market Limited
HLI (UK) Limited	Townfrost Limited
Just Insurance Brokers Limited	CCV Risk Solutions Limited
Managing Agents Reference Assistance Services Limited	Eclipse Park Acquisitions Limited
Moffatt & Co Limited	Towergate Risk Solutions Limited
Paymentshield Holdings Limited	Broker Network Holdings Limited
Paymentshield Limited	Oyster Risk Solutions Limited
Portishead Insurance Management Limited	The Broker Network Limited
Protectagroup Holdings Limited	Paymentshield Group Holdings Limited
Protectagroup Acquisitions Limited	Towergate Underwriting Group Limited

Some of the companies noted above have ceased trading since 2 April 2015 and other companies in the Group have commenced trading or have become material subsidiaries. Due to these changes on 4 November 2016 the Group companies comprising the entities which guarantee and secure the obligations of Ardonagh Finco Plc under the Finco Notes were amended in order to ensure that the guarantor / chargor group reflected the material entities within the Group.

The amended list of material entities are below:



## Cullum Capital Ventures Limited

### Notes to the Financial Statements for the Year Ended 30 December 2016

#### 16 Commitments (continued)

Antur Insurance Services Limited	Morgan Law Limited
Arista Insurance Limited	Paymentshield Holdings Limited
Berkeley Alexander Limited	Paymentshield Limited
B.I.B (Darlington) Limited	Roundcroft Limited
Bishop Skinner Insurance Brokers Limited	Bishopsgate Insurance Brokers Limited (previously Towergate London Market Limited)
Cullum Capital Ventures Limited	Townfrost Limited
Dawson Whyte Limited	CCV Risk Solutions Limited
Four Counties Finance Limited	Towergate Risk Solutions Limited
Four Counties Insurance Brokers Limited	Broker Network Holdings Limited
Fusion Insurance Holdings Limited	Oyster Risk Solutions Limited
Fusion Insurance Services Limited	Paymentshield Group Holdings Limited
Managing Agents Reference Assistance Services Limited	Towergate Underwriting Group Limited
Moffatt & Co Limited	Towergate Insurance Limited

These guarantees have been treated under IFRS 4 in line with the accounting policy described in note 2.

On 23 June 2017, the Finco Notes were repaid in full.

On 20 June 2017, Ardonagh Midco 3 Plc, a newly incorporated intermediate holding company, issued £400.0m of 8.375% Senior Secured Notes and U.S.\$520.0m of 8.625% Senior Secured Notes ("the Midco 3 Notes").

The obligations of Ardonagh Midco 3 Plc under the Midco 3 Notes are guaranteed by Ardonagh Midco 2 Plc, the immediate parent company of Ardonagh Midco 3 Plc and all its material and certain other subsidiaries. These companies are listed below:

Nevada InvestorCo Limited	Morgan Law Limited
Nevada Investments 1 Limited	Paymentshield Group Holdings Limited
Nevada Investments 2 Limited	Paymentshield Holdings Limited
Nevada Investments 3 Limited	Paymentshield Limited
Nevada Investments 4 Limited	Paymentshield Services Limited
Nevada Investments 5 Limited	Towergate Insurance Limited
Nevada Investments 6 Limited	Towergate Risk Solutions Limited
Nevada Investments 7 Limited	Towergate Underwriting Group Limited
Arista Insurance Limited	Direct Group Limited
Bishopsgate Insurance Brokers Limited (previously Towergate London Market Limited)	Direct Group Property Services Limited

## Cullum Capital Ventures Limited

### Notes to the Financial Statements for the Year Ended 30 December 2016

#### 16 Commitments (continued)

Broker Network Holdings Limited	Direct Newco Limited
CCV Risk Solutions Limited	Direct Validation Services Limited
Cullum Capital Ventures Limited	Millennium Insurance Brokers Limited
Four Counties Insurance Brokers Limited	Direct Group Topco Limited
Fusion Insurance Holdings Limited	Chase Templeton Group Limited
Fusion Insurance Services Limited	Chase Templeton Holdings Limited
Lunâr 101 Limited	Chase Templeton Limited

#### 17 Related party transactions

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

Business was also conducted within the Sentry Holdings Limited group of companies. The table below shows the transactions and balances with entities that form part of the Group but are not wholly owned by Sentry Holdings Limited.

	2016	2016	2016	2015	2015	2015
	Paid to	Received	(Due to) /receivable	Paid to	Received	(Due to) /receivable
	£	from	from at year	£	from	from at year
		£	end		£	end
			£			£
Towergate Financial (East) Limited	-	-	(111,838)	-	111,838	(111,838)
B.I.B. Underwriters Limited	-	5,664,933	(25,928,113)	-	6,191,054	(20,263,180)
Oyster Property Insurance Specialists Limited	-	-	(1,363,025)	785,899	-	(1,363,025)
Oyster Risk Solutions Limited	-	-	125	-	-	125
B.I.B.U Acquisitions Limited	-	-	4,594,431	-	-	4,594,431

## **Cullum Capital Ventures Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

#### **18 Ultimate parent company**

On 2 April 2015, HPS Investment Partners LLC, formerly known as Highbridge Principal Strategies LLC became the Group's majority shareholder when its investment in Sentry Holdings Limited (incorporated in Jersey, registered office 22 Grenville Street, St Helier, Jersey, JE4 8PX) acquired a direct interest in The Ardonagh Group Limited (incorporated in Jersey, registered office address, 47 Esplanade, St Helier, Jersey, JE1 0BD) and indirect interests in Towergate Insurance Limited and its subsidiaries. At 30 December 2016, the ultimate parent company was Sentry Holdings Limited. Sentry Holdings Limited is the largest group in which the results are consolidated. These financial statement are available upon request from:

Towergate House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent  
ME14 3EN

#### **19 Subsequent event**

On 20 June 2017 Ardonagh Midco 3 Plc issued £400.0m of 8.375% Senior Secured Notes and U.S.\$520.0m of 8.625% Senior Secured Notes.

On 23 June 2017, the £425.0m of 8.75% Senior Secured Notes and £75.0m of Floating Rate Super Senior Secured Notes issued by Ardonagh Finco Plc were repaid in full.

For more details of these transactions see note 16, Guarantees.