

Ed Broking Group Limited
Annual Report and Financial Statements
Year ended 31 December 2021

Registered number: 07254605



Ed.



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Company Information

Directors

S P Hearn
A D Wallin

Registered office

2 Minster Court
Mincing Lane
London
EC3R 7PD

Company number

07254605 (England & Wales)

Statutory Auditor

Ernst & Young LLP, London

Bankers

The Royal Bank of Scotland
London Corp Bank Centre
PO Box 39952
2 ½ Devonshire Square
London
EC2M 4XJ

Strategic Report for the year ended 31 December 2021

The Directors present their strategic report and the audited financial statements of Ed Broking Group Limited ("the Company") for the year ended 31 December 2021.

Principal activities

The Company is domiciled and incorporated in the UK under company number 07254605 on 14 May 2010 as the Holding Company of the Ed Broking Group ("Group").

The primary activities of the Group are international insurance and reinsurance intermediation. The Group operates from a number of offices worldwide and will continue to carry on these activities.

The Company is a member of the Ardonagh Group ("Ardonagh").

Key events in the year

On 22 March 2021 the Company issued 7,212,926 non-redeemable voting ordinary shares of £0.01 each to Tower Bridge (One) Limited in exchange for US\$10,000,000 loan waiver.

On 14 April 2021 the Company issued 3,628,710 non-redeemable voting ordinary shares of £0.01 each to Tower Bridge (One) Limited in exchange for US\$5,000,000 loan waiver.

On the 12 May 2021 the Company issued 50,704,225 non-redeemable voting ordinary shares of £0.01 each to Tower Bridge (One) Limited in exchange for the settlement of US\$72,000,000 intercompany payables.

On the 29 October 2021 the Company issued 29,954,778 non-redeemable voting ordinary shares of £0.01 each to Tower Bridge (One) Limited in exchange for US\$41,337,593 loan waiver.

On 1 November 2021, The Ardonagh Group Limited ("Ardonagh") completed its acquisition of Ed Broking Group Limited and Besso Insurance Group Limited, including all their subsidiaries (collectively known as Corant Global) from BGC Partners Inc. for a total consideration of \$500m.

Review of business and future developments

There are no known significant business developments expected and, as such, the Company expects to continue operating in a similar fashion in the coming periods.

Results

The Company incurred a loss on ordinary activities before taxation of US\$1,887,000 during the year (2020: profit of US\$26,751,000).

The loss in 2021 is a result of interest expense on loans from related parties.

Strategic Report for the year ended 31 December 2021 (continued)

Post Balance Sheet Events

Following the satisfaction of closing conditions on 31 May 2022, Ardonagh has obtained a significant new equity investment into the Ardonagh Group led by existing long-term shareholders HPS Investment Partners, LLC ("HPS") and Madison Dearborn Partners, LLC ("MDP"), 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 Ardonagh Group, and HPS has reinvested in the Ardonagh Group. Co-investors, including a wholly owned subsidiary of the Abu Dhabi Investment Authority ('ADIA') 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. From 1 June 2022 the activities of the Ardonagh Group are overseen by Ardonagh Group Holdings Limited.

On 2 November 2022 the Company's indirect investment in CGSC Holdings (Australia) Pty Limited was sold to Ardonagh MIDCO 3 plc, a related party, for £15.7M.

On 20 September 2022 the Company's indirect investment in Globe Underwriting Limited was sold to Geo Specialty Group Holdings Limited, a related party, for £3M.

Key performance indicators

The Directors do not believe that analysis using key performance indicators for the Company, which is an intermediate holding company, is necessary or appropriate for the understanding of the performance of the Company.

Principal risks and uncertainties

A discussion on the management of financial risk is set out below. It is considered that there are no other principal risks.

Management of financial risk

The Company has limited exposure to price risk, credit risk, liquidity risk and cash flow risk as its only exposures are to Group companies. The principal risks and uncertainties facing the Company as a holding company are those associated with the allocation of capital, borrowings and liquidity between group companies which are operated centrally to ensure that there are sufficient liquid resources to meet the operating needs of the business. This includes the acquisition and disposal of group investments.

Liquidity risk

The Group manages its cash and borrowing requirements centrally to ensure that there are sufficient liquid resources to meet the operating needs of the business.

Environmental risk management

As a Group operating in the international insurance and reinsurance intermediation fields there is limited direct impact from the Group's operations on climate change. The Ed Group do, however, take care to minimise their environmental footprint by reducing waste and minimising the use of electricity at local office level and avoiding the need for international travel where possible.

Strategic Report for the year ended 31 December 2021 (continued)

Section 172 Statement

The Directors of the Company act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members and its other stakeholders. In doing so, the Directors have regard to the matters set out in s172(1) (a-f) of the Companies Act 2006, and they recognise the need to review regularly the identity of the Company's stakeholders as they make decisions on behalf of the Company. The Company is an organisation built upon strong values and employee engagement.

The Directors consider the key stakeholders of the Company to be its shareholders and community/environment. In assessing the strategic and operational impacts of decisions made, the Directors have considered the interests of the different stakeholders and engaged with them in the appropriate way. Examples of these are included below:

- integrity and fair dealing;
- high standards of professionalism and service;
- creating meaningful relationships and understanding how these will need to evolve to meet changing needs;
- avoidance of fraud, abuse, manipulation, concealment, or other unfair practices;
- honest and ethical conduct, including the avoidance, and proper handling of potential, actual, or apparent conflicts of interest between personal and professional relationships; and
- compliance with applicable governmental laws, rules, and regulations.

Shareholders: The immediate and ultimate parent company is Tara Topco Limited (see note 15). Matters pertaining to the Company such as how the strategy and priorities are aligned to the shareholders' best interest are discussed by the Board.

Community/environment: The Directors believe that the Company has a responsibility in terms of the influence we can have on our industry, our supply chain and wider society. We take these responsibilities seriously. The Directors believe in hard work, innovation, superior client service, strong ethics and governance, and equal opportunities, as well as community service and charity. They believe these values foster sustainable, profitable growth. The Directors take their role in relation to corporate social responsibility and sustainability seriously. The Directors support the participation of staff in charitable activities.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources for the period to 31 December 2023.

Given the relationships between the UK Ed Group companies, a going concern assessment has been performed at the consolidated Ed Broking Group Limited level, incorporating all the entities owned by the Ed Group. This considered Ed Group's financial, liquidity and capital positions, including sensitivity analysis against base forecasts. The results of the assessment, including consideration of the factors listed below, supported the Board's expectation that the Company continues to operate as a going concern for the to 31 December 2023. The factors considered included:

Strategic Report for the year ended 31 December 2021 (continued)

Going concern (continued)

- The current business performance against budget and forecasts over the calendar years 2022 and 2023. Whilst revenues have been negatively impacted in some lines, these have been largely offset by reduced expenses;
- The principal risks facing the Ed Group, including ability to attract and retain high calibre staff, the highly competitive environment it operates remain largely unaffected;
- To the extent that Ed Broking Group Limited and its subsidiaries require financial support, funding of up to \$20m will be provided by Ardonagh for the period up to 31 December 2023;
- That additional steps could be taken if necessary, including scaling back investment and reducing discretionary spend.

Following this assessment, the Directors are not aware of any material uncertainties that cast significant doubt on the Company's ability to continue as a going concern for the period to 31 December 2023. The Directors are therefore satisfied that the going concern basis of accounting is appropriate in preparing the financial statements.

This report was approved by the board and signed on its behalf by:



A D Wallin
Director
30 December 2022

Report of the Directors for the year ended 31 December 2021

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

Directors and their interests

The Directors of the Company who were in office during the year and up to the date of signing of the financial statements were:

S P Hearn

A D Wallin

N P Perry – resigned 31 October 2021

J L P Whiter (Non-Executive) – resigned 31 March 2022

R B Stevens – resigned 1 November 2021

Dividends

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2021 (2020: £nil).

Employees

There are no employees in the entity.

Disclosure of Information to the Auditor

So far as each of the Board is aware at the time the report is approved:

- there is no relevant audit information of which the Company's auditor is unaware, and
- the Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditor

Ernst & Young LLP were the auditors during the reporting period for which these Financial Statement cover. Deloitte LLP will be proposed for appointment for the following financial period at the Company's board meeting, in accordance with section 485 of Companies Act 2006.

Report of the Directors for the year ended 31 December 2021 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). 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 in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 102, 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 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

This report was approved by the board and signed on its behalf by:



A D Wallin
Director

30 December 2022

Independent auditor's report to the members of Ed Broking Group Limited

Opinion

We have audited the financial statements of Ed Broking Group Limited for the year ended 31 December 2021 which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditor's report to the members of Ed Broking Group Limited (continued)

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the members of Ed Broking Group Limited (continued)

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the direct laws and regulations related to elements of company law and tax legislation, and the financial reporting framework.
- We understood how Ed Broking Group Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters of the company. In assessing the effectiveness of the control environment, we also reviewed minutes of the Board meetings of the company and gained an understanding of the company's approach to governance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company has established to address risks identified by the company, or that otherwise seek to prevent, deter or detect fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
 - Considering the effectiveness of management's controls designed to address the risk of fraud.
 - Testing of journal entries and other adjustments in the preparation of the financial statements.
 - Assessing accounting estimates for evidence of management bias
 - Evaluating the business rationale for significant and/or unusual transactions

Independent auditor's report to the members of Ed Broking Group Limited (continued)

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

Use of our report

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

DocuSigned by:

Ernst & Young LLP

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Neeta Ramudaram (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
30 December 2022

Income Statement for the year ended 31 December 2021

	Note	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Administrative expenses	2	(732)	28,055
Operating (Loss)/Profit	2	(732)	28,055
Interest receivable and similar income	3	193	1,870
Interest payable and similar charges	4	(1,348)	(3,174)
(Loss)/Profit before taxation		(1,887)	26,751
Tax on (Loss)/Profit on ordinary activities	5	-	-
(Loss)/Profit for the financial year attributable to the equity shareholder of the company		(1,887)	26,751

Statement of comprehensive income for the year ended 31 December 2021

	Note	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
(Loss)/Profit for the financial year		(1,887)	26,751
(Loss)/Profit for the financial year attributable to Equity shareholder of the Company		(1,887)	26,751

All amounts relate to continuing operations.

Balance sheet as at 31 December 2021

	Note	31 December 2021 US\$'000	31 December 2020 US\$'000
Non-current assets			
Investments	7	101,319	101,319
		101,319	101,319
Current Assets			
Debtors			
- due within one year	8	90,179	30,046
Cash at Bank and in hand		2,676	3
		92,855	30,049
Creditors: amounts falling due within one year	9	(2,731)	(5,078)
Net current assets/(liabilities)		90,124	24,971
Total assets less current liabilities		191,443	126,290
Creditors: amounts falling due after one year	10	-	(61,020)
Net Assets		191,443	65,270
Capital and reserves			
Called up share capital	12	5,562	4,282
Share premium account	12	291,304	164,524
Profit and loss account		(105,423)	(103,536)
Total equity		191,443	65,270

The accounting policies and notes on pages 16 to 28 form an integral part of these financial statements. The financial statements of Ed Broking Group Limited were approved by the Board of Directors on 30 December 2022 and were signed on its behalf by:



A D Wallin
Director
30 December 2022

Statement of changes in equity at 31 December 2021

	Called-up Share capital US\$'000	Share premium account US\$'000	Profit and loss account US\$'000	Total US\$'000
At 1 January 2020	4,252	161,554	(130,287)	35,519
Profit for the financial year	-	-	26,751	26,751
Issue of shares	30	2,970	-	3,000
At 31 December 2020	4,282	164,524	(103,536)	65,270
At 1 January 2021	4,282	164,524	(103,536)	65,270
Loss for the financial year	-	-	(1,887)	(1,887)
Issue of shares	1,280	126,780	-	128,060
At 31 December 2021	5,562	291,304	(105,423)	191,443

Notes to the Financial Statements for the year ended 31 December 2021

1. Accounting Policies

The principal accounting policies, which have been applied consistently throughout the year, are set out below:

1.1. General information and basis of preparation of accounting

Ed Broking Group Limited is a company incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is given on page 2. The nature of the group's operations and its principal activities are set out in the strategic report on page 3.

The financial statements present information about the Company as an individual undertaking. The Company has taken advantage of the exemption allowed in Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. For the year ending 31 December 2021, the Company has prepared standalone company financial statements only.

The financial statements have been prepared on under the historical cost convention, and in accordance with the Companies Act 2006 and with the Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council.

Given the relationships between the UK Ed Group companies, a going concern assessment has been performed at the consolidated Ed Broking Group Limited level, incorporating all the entities owned by the Ed Group. This considered Ed Group's financial, liquidity and capital positions, including sensitivity analysis against base forecasts. The results of the assessment, including consideration of the factors listed below, supported the Board's expectation that the Company continues to operate as a going concern for the to 31 December 2023. The factors considered included:

- The current business performance against budget and forecasts over the calendar years 2022 and 2023. Whilst revenues have been negatively impacted in some lines, these have been largely offset by reduced expenses;
- The principal risks facing the Ed Group, including ability to attract and retain high calibre staff, the highly competitive environment it operates remain largely unaffected;
- To the extent that Ed Broking Group Limited and its subsidiaries require financial support, funding of up to \$20m will be provided by Ardonagh for the period up to 31 December 2023;
- That additional steps could be taken if necessary, including scaling back investment and reducing discretionary spend.

Following this assessment, the Directors are not aware of any material uncertainties that cast significant doubt on the Company's ability to continue as a going concern for the period to 31 December 2023. The Directors are therefore satisfied that the going concern basis of accounting is appropriate in preparing the financial statements.

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

In preparing the company's individual financial statements, the company has taken advantage of the following exemptions:

- from presenting a statement of cash flows, as required by section 7 statement of Cash Flows
- from disclosing key management personnel compensations required by paragraph 7 of Section 33 Related Party Disclosures

The functional currency of Ed Broking Group Limited is considered to be US Dollars because that is the currency of the primary economic environment in which the Company operates.

The financial statements have been prepared in US Dollars (the presentational currency).

Transactions have been rounded to the nearest USD'000.

A summary of the significant accounting policies is set out below:

1.2. Turnover and other operating income

Turnover comprises dividends from subsidiaries and management fees from subsidiary companies. Dividends are recognised when they have been declared. Management fees are recognised when invoiced.

Other income receivable is recognised in the year to which it relates or, if later, when it can be measured with reasonable certainty. Short-term interest is taken to profit as receivable.

1.3. Current taxation

Corporation tax payable is provided on taxable profits at the current rate.

1.4. Deferred taxation

Provision is made for deferred tax liabilities, using the liability method, on all material timing differences. Deferred tax is calculated at the rates at which it is expected that the tax will arise. Deferred tax is recognised in the income statement for the year, except to the extent that it is attributable to a gain or loss that is recognised directly in the statement of other comprehensive income. A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset will be utilised. Deferred tax balances are not discounted.

1.5. Foreign currency translation

Transactions in currencies other than the functional currency are recorded at rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in currencies other than the functional currency are translated at agreed settlement rates or at the rates of exchange prevailing at the balance sheet date. All differences are taken to the income statements.

1.6. Investments

Investments in subsidiaries are stated at cost less provisions for impairment. A provision for impairment is made to the extent that, in the Directors' view, the carrying amount exceeds the recoverable amount of the fixed asset investment.

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

1.7. Impairment of assets

The Company assesses at each reporting date whether an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If the recoverable amount is less than the carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment recognised in the income statement. An impairment loss recognised for an asset is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

1.8. Critical accounting estimates and judgements

Preparation of the financial statements requires certain estimates and assumptions to be made concerning future events that may affect the reported amounts in the financial statements and accompanying notes. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Consequently, the actual results can differ from these estimates.

Key estimate made by management is as follows:

i. Investments (note 7)

The Company tests investments annually in accordance with the accounting policy for "Impairment of assets" described above. The present value of estimated future cash flows are based on management assumptions and required the use of estimates. This determination requires significant judgement.

1.9. Change of functional currency

Prior to the acquisition, the TopCo Holding company of Ed Broking Group (Ed Broking Group Limited) had USD as its functional currency but the remainder of the Group in the UK had GBP as functional currency.

Functional currency is the currency of the primary economic environment in which the entity operates and the primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. However, an entity's functional currency reflects the underlying transactions, events and conditions that are relevant to it.

The company is a holding company and the balance sheet consists essentially of investments in subsidiaries, intercompany balances and funding from its parent. Its revenue is only dividends from subsidiaries. Thus, the factor that provides evidence of the entity's functional currency is the currency in which funds from financing activities (ie debt and equity instruments) are generated. Prior to the acquisition, the company's funding (loans and parent funding) was in USD. Therefore, the company's functional currency was USD prior to the acquisition.

Following the acquisition, the loan has now been capitalised as equity (or the US denominated loans have been settled and replaced with GBP denominated loans and funding). Thus, the entity's functional currency changed from USD to GBP on acquisition by Ardonagh and the change is effective from 1 January 2022.

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

1.9. Change of functional currency (continued)

As change in functional currency is applied prospectively, the company is not required to restate comparatives.

2 Operating Profit/(Loss)

	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
Operating profit/(loss) is stated after charging:		
Exchange (gains) and losses	(112)	(1,586)
(Reversal) of intercompany receivable provision	-	(93,306)
Impairment of subsidiary (note 7)	-	66,000
Services provided by the Company's auditor:		
Audit of the Company's financial statements	41	27

Fees payable to the Company's auditor for the audit of the Company's financial statement were US\$41,000 (2020: US\$27,000). The Company paid auditors remuneration of US\$53,000 (2020: US\$195,000) that related to fellow Ed Group entities, which were not recharged. No further fees were paid to the auditor in relation to the Company.

3 Interest receivable and similar income

	Year Ended 31 December 2021 US\$'000	Year Ended 31 December 2020 US\$'000
Interest receivable from investment	193	1,870
	193	1,870

Interest receivable relates to US\$193,000 (2020: US\$1,870,000) on GBP and USD loan balances due from Ed Broking Holdings (London) Limited.

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

4 Interest payable and similar charges

	Year Ended 31 December 2021 US\$'000	Year Ended 31 December 2020 US\$'000
Interest payable on loans	1,348	3,174
	1,348	3,174

Interest payable on loans from related parties includes US\$17,000 (2020: US\$210,000) on GBP and EUR loan balances due to Ed Broking Holdings (London) Limited.

5 Tax on ordinary activities

	Year ended 31 December 2021 US\$'000	Year ended 31 December 2020 US\$'000
(Loss)/profit on ordinary activities before taxation	(1,887)	26,751
Tax on profit/(loss) at standard UK tax rate of 19% (2020: 19%)	(359)	5,083
Effects of:		
Expenses not deductible	(48)	12,544
Group relief/other relief	387	-
Other tax adjustments, reliefs and transfers	-	(4)
Income not taxable	-	(17,623)
Movement in deferred tax not recognised	20	-
Total tax charge for the period	-	-

The effective statutory corporation tax rate for the year ended 31 December 2021 is 19% (2020: 19%). The Finance Act 2021 provided that the rate of corporation tax would increase to 25% from April 2023.

A deferred tax asset of \$6,167,796 (2020: \$4,687,525) in respect of tax losses has not been recognised as there is uncertainty about the future profitability of the company. A deferred tax liability of £Nil (2020: £20,193) in respect of other short-term timing differences has been offset against the available losses.

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

6 Directors' Remuneration

The remuneration in respect of qualifying services for the directors of the company for the year was as follows:

	Year Ended 31 December 2021 US\$'000	Year Ended 31 December 2020 US\$'000
Directors' remuneration	37	40
Remuneration of the highest paid director	34	34

The emoluments of the directors are paid by a fellow Ed Group company. The disclosure provided relates to an apportionment of their remuneration in respect of qualifying services for the Company.

The company had no employees during the financial period.

7 Investments

	31 December 2021 US\$'000	31 December 2020 US\$'000
At 1 January	101,319	69,902
Additions	-	97,417
Impairment	-	(66,000)
At 31 December	101,319	101,319

All investments are investments in subsidiary undertakings. A list of subsidiary undertakings is given in Note 13.

During the year the Company reviewed the carrying value of investments in subsidiaries and concluded that the carrying amount was equal or below the amount recoverable based on the latest financial data. As a result, no impairment charge against Ed Broking Holdings (London) Limited was considered necessary (2020: \$66M).

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

8 Debtors

	31 December 2021 US\$'000	31 December 2020 US\$'000
Amounts falling due within one year:		
Amounts owed by entities which the company has control over	90,216	29,396
Other debtors	(129)	527
Prepayments and accrued income	92	123
	90,179	30,046

Related party balances are detailed in note 14.

9 Creditors: amounts falling due within one year

	31 December 2021 US\$'000	31 December 2020 US\$'000
Amounts owed to entities with control over the company	2,706	4,185
Other Creditors	25	214
Accruals and deferred income	-	679
	2,731	5,078

The balance of £2,706,000 relates to an interest free unsecured loan with Price Forbes and Partners Limited.

Related party balances are detailed in note 14.

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

10 Creditors: amounts falling due after one year

	31 December 2021 US\$'000	31 December 2020 US\$'000
Amounts owed by entities which have control over the company	-	61,020
	-	61,020

Loans provided to the Company are as follows:

Entity Providing loan	2021 Value US\$'000	2020 Value US\$'000	Effective Date	Term
Tower Bridge (One) Ltd	-	40,208	6 August 2019	29 months facility
Tower Bridge (One) Ltd	-	11,393	31 January 2019	10 years
Tower Bridge (One) Ltd	-	5,250	31 January 2019	10 years
Loan value	-	56,851		
Cumulated interest	-	4,169		
At 31 December	-	61,020		

Interest rate 5.875% (2020: 5.875%).

Following the acquisition by Ardonagh on 1 November 2021 the loans and accrued interest with Tower Bridge (One) Ltd were settled, in tranches (see note 12), by loan waiver in exchange for the issue of shares.

11 Financial assets and liabilities by category

	31 December 2021 US\$'000	31 December 2020 US\$'000
Assets per balance sheet:		
Undiscounted amounts receivable		
Debtors	90,179	30,046
Cash at bank	2,676	3
	92,855	30,049

	31 December 2021 US\$'000	31 December 2020 US\$'000
Liabilities per balance sheet:		
Undiscounted amounts payable		
Creditors	2,731	66,098
	2,731	66,098

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

12 Called up share capital and reserves

Share Capital	Number of shares	2021	Number of shares	2020
		Nominal values US\$'000		Nominal values US\$'000
Allotted, called up and fully paid				
D Shares of 0.1p each	35,911,810	46	35,911,810	46
Deferred shares of 1p each	10,730,457	163	10,730,457	163
Non-redeemable voting ordinary shares of 1p each	368,864,697	5,353	277,364,058	4,073
Total share capital at 31 December	415,506,964	5,562	324,006,325	4,282

	Share Capital US\$'000	Share Premium US\$'000	Total US\$'000
1 January 2020	4,252	161,554	165,806
Shares issued	30	2,970	3,000
31 December 2020	4,282	164,524	168,806
Shares issued	1,280	126,780	128,060
31 December 2021	5,562	291,304	296,866

Details of the reserves are given in the Statement of Changes in Equity on page 15.

On 22 March 2021 the Company issued 7,212,926 non-redeemable voting ordinary shares of £0.01 and share premium of £0.99 each to Tower Bridge (One) Limited amounting to US\$10,000,000 in exchange for a loan waiver.

On 14 April 2021 the Company issued 3,628,710 non-redeemable voting ordinary shares of £0.01 and share premium of £0.99 each to Tower Bridge (One) Limited in exchange for a US\$5,000,000 loan waiver.

On the 12 May 2021 the Company issued 50,704,225 non-redeemable voting ordinary shares of £0.01 and share premium of £0.99 each to Tower Bridge (One) Limited in exchange for the settlement of US\$72,000,000 intercompany payables.

On the 29 October 2021 the Company issued 29,954,778 non-redeemable voting ordinary shares of £0.01 and share premium of £0.99 each to Tower Bridge (One) Limited in exchange for a US\$41,060,512 loan waiver.

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

13 Investment in subsidiaries

The following were principal subsidiary undertakings at the end of the year:

Subsidiary held in directly	Address of Registered Office	Nature of business	Proportion of ordinary shares held by:	
			Company	Non-controlling Interest
Ed Broking Holdings (London) Limited	1	Intermediate holding company	100%	-

Other subsidiaries held indirectly	Address of Registered Office	Nature of business	Proportion of ordinary shares held by:	
			Group	Non-controlling Interest
Ed Broking (UK) Limited	1	Intermediate holding company	100%	-
Ed Broking Holdings (2016) Limited	1	Intermediate holding company	100%	-
Junge Versicherungsmakler Holding GmbH	3	Intermediate holding company	100%	-
Cooper Gay (France) SAS	4	Insurance and reinsurance intermediary	80%	- (note X)
Ed Broking (Asia) Pte Limited	5	Reinsurance intermediary	100%	-
CGSC Holdings (Australia) Pty Ltd (note Y)	6	Intermediate holding company	100%	-
Ed Broking (MENA) Ltd	8	Reinsurance intermediary	100%	-
Ed Broking Holdings, Inc.	9	Intermediate holding company	100%	-
Ed Broking Miami Inc.	9	Insurance and reinsurance intermediary	100%	-
Cooper Gay Cayman	10	Insurance and reinsurance intermediary	100%	-
Ardonagh Specialty Holdings (Bermuda) Ltd (formerly BGC Insurance Services (Bermuda) Limited)	11	Insurance and reinsurance intermediary	100%	-
Piiq Risk Partners Inc	12	Insurance and reinsurance intermediary	100%	-
Piiq Risk Partners Limited 1	13	Insurance and reinsurance intermediary	100%	-
Piiq Risk Partners SAS 1	14	Insurance and reinsurance intermediary	100%	-
Globe Underwriting Limited 4 (note Z)	1	Underwriting Agency	100%	-
Ed Broking (2016) Limited 2	1	Intermediate holding company	100%	-
Ed Broking Holdings LLP 3	1	Intermediate holding company	100%	-
NMB Beijing Consulting Company 4	2	Reinsurance intermediary	100%	-
Ed Broking LLP 4	1	Insurance and reinsurance intermediary	100%	-
Junge & Co. Versicherungsmakler GmbH 5	3	Insurance intermediary	100%	-
Gunther Lubsen GmbH 6	3	Underwriting Agency	100%	-
Cooper Gay (Australia) Pty Limited 7	6	Reinsurance intermediary	100%	-
Ed Broking (Hong Kong) Limited 7	7	Reinsurance intermediary	100%	-
Epsilon Insurance Broking Services Pty Ltd 8	6	Managing General Agent	100%	-
Ed Broking (Bermuda) Limited 9	11	Intermediate holding company	100%	-

Registered Offices:

1 2 Minster Court, Mincing Lane, London, EC3R 7PD, United Kingdom
2 27 Floor Tower, No 5 Jinghua South Street Chaoyang District, Beijing China 10020
3 Hohe Bleichen 11, 20354, Hamburg, Germany
4 24, rue de Mogador, Paris, 75009, France.
5 3 Church Street, # 28-04 Singapore, 49483, Singapore
6 Suite 1503, Level 15, 1 Market Street, Sydney NSW 2000, Australia
7 Unit 2011, 20/F, Prosperity Millennium Plaza, 663 King's Road, North Point, Hong Kong
8 Al Fattan Properties, Currency House, Tower 1, Level 3 Office 307-308 - DIFC, Dubai - UAE 506857
9 800 Brickell Avenue Ste 300, Miami, Florida, 33131, USA
10 4th Floor, Willow House, Cricket Square, Grand Cayman, KY1-9010, Cayman Islands
11 34 Bermudiana Road, Hamilton, HM 11 Bermuda
12 222 W Adams St, Chicago, 60606-5307, IL, USA
13 288 Bishopsgate, London, EC2M 4QP
14 13-15 rue Tailbout, 75009, Paris, France

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

13 Investment in subsidiaries (continued)

X – Prior to April 2021 there was a 20% non-controlling interest. The minority holding being acquired at that time.
Y – On 2 November 2022 the Company's indirect investment in CGSC Holdings (Australia) Pty Limited was sold to Ardonagh MIDCO 3 plc, a related party, for £15.7M.

Z – On 20 September 2022 the Company's indirect investment in Globe Underwriting Limited was sold to Geo Specialty Group Holdings Limited, a related party, for £3M.

Notes – ordinary shares:

¹Owned through Ed Broking (UK) Limited

²Owned through Ed Broking Holdings (2016) Limited

³Owned through Ed Broking (2016) Limited

⁴Owned through Ed Broking Holdings LLP

⁵Owned through Junge Versicherungsmakler Holding GmbH

⁶Owned through Junge & Co. Versicherungsmakler GmbH^{90,587}

⁷Owned through Ed Broking (Asia) Pte Limited

⁸Owned through CGSC Holdings (Australia) Pty Limited

⁹Owned through Ardonagh Specialty Holdings (Bermuda) Ltd (formally BGC Insurance Services (Bermuda) Limited, in turn, formally Ed Broking Holdings (Bermuda) Ltd)

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

14 Related party transactions

The company was owed net non-insurance balances of US\$87,510,000 at 31 December 2021 (2020: owed US\$35,809,000), to related parties. A breakdown of balances are as follows:

Amounts owed by/(to) entities which the company has control over	2021	2020
	Debtor/ (Creditor)	Debtor/ (Creditor)
	US\$'000	US\$'000
Ed Broking LLP	38,503	6,167
Piiq Risk Partners Ltd	580	966
Piiq Risk Partners SAS	18	-
Ed Broking Holdings (London) Ltd	12,292	4,829
Ed Broking (UK) Ltd	24,878	8,645
Epsilon Insurance Broking Services Pty Ltd	80	-
Ardonagh Specialty Holdings (Bermuda) Ltd (formerly BGC Insurance Services (Bermuda) Limited)	3,769	77
Piiq Risk Partners Inc	1,887	1,480
Ed Broking Miami Inc.	837	-
Ed Broking Holdings LLP	6,874	6,944
Other	498	288
Total	90,216	29,396

The large increases are explained as follows:

- Ed Broking LLP – additional funding to finance operations and costs in other entities including clearing of the Company equity compensation scheme.
- Ed Broking Holdings (London) Ltd – operational financing.
- Ed Broking (UK) Ltd - funding to enable them to invest additional capital in Ed Broking (UK) Ltd's subsidiary Piiq Risk Partners Ltd and redundancy costs pushed down.
- Ardonagh Specialty Holdings (Bermuda) Ltd – additional funding including clearing of their equity compensation scheme.

Amounts owed by/(to) entities with control over the company	2021	2020
	Debtor/ (Creditor)	Debtor/ (Creditor)
	US\$'000	US\$'000
Price Forbes and Partners Limited	(2,706)	-
Tower Bridge (One) Ltd	-	(61,020)
BGC Services (Holdings) LLP	-	(4,185)
Total	(2,706)	(65,205)

Following the acquisition by Ardonagh the balances with Tower Bridge (One) Ltd and BGC Services (Holdings) LLP are no longer related parties and were settled as part of the completion of the acquisition on 1 November 2021. The balance with Price Forbes and Partners Limited is an interest free unsecured loan.

Debtors (note 8)	90,216	29,396
Creditors (note 9)	(2,706)	(4,185)
Creditors due after one year (note 10)	-	(61,020)
Total	87,510	(35,809)

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

15 Ultimate parent company and ultimate controlling party

The financial statements contain information about Ed Broking Group Limited as an individual company and do not contain consolidated financial information.

The immediate and ultimate parent company is Tara Topco Limited (see note 16). 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, Mincing Lane, 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.

The largest group, until the acquisition by Ardonagh on 1 November 2021, into which the results of the Company are consolidated is Cantor Fitzgerald LP.

16 Post balance sheet event

Following the satisfaction of closing conditions on 31 May 2022, Ardonagh has obtained a significant new equity investment into the Ardonagh Group led by existing long-term shareholders HPS Investment Partners, LLC ("HPS") and Madison Dearborn Partners, LLC ("MDP"), 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 Ardonagh Group, and HPS has reinvested in the Ardonagh Group. Co-investors, including a wholly owned subsidiary of the Abu Dhabi Investment Authority ('ADIA') 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. From 1 June 2022 the activities of the Ardonagh Group are overseen by Ardonagh Group Holdings Limited.

On 2 November 2022 the Company's indirect investment in CGSC Holdings (Australia) Pty Limited was sold to Ardonagh MIDCO 3 plc, a related party, for £15.7M.

On 20 September 2022 the Company's indirect investment in Globe Underwriting Limited was sold to Geo Specialty Group Holdings Limited, a related party, for £3M.