



Ed Broking Group Limited
Annual Report and Financial Statements
Year ended 31 December 2020

Registered number: 07254605

Ed.



Company Information

Directors	S P Hearn A D Wallin J L P Whiter (Non-Executive)
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



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Strategic Report for the year ended 31 December 2020

The Directors present their strategic report and the audited financial statements of Ed Broking Group Ltd ("the Company") for the year ended 31 December 2020.

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.

Key events in the year

On 17 December 2020 the Company injected capital of US\$97,417,464 (GBP 73,097,056) in exchange for 7,309,705,649 ordinary shares of £0.01 each in Ed Broking Holdings (London) Limited. The capital injection was offset against an existing intercompany loan receivable of US\$97,417,464 owed by Ed Broking Holdings (London) Limited.

On 30 October 2020 the company issued 2,325,581 non-redeemable voting ordinary shares to Tower Bridge (One) Limited in exchange for US\$3,000,000.

Post Balance Sheet Events

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 US\$72,000,000 loan waiver.

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 profit on ordinary activities before taxation of US\$26,751,000 during the year (2019: loss of US\$109,869,000).

Strategic Report for the year ended 31 December 2020 (continued)

Results (continued)

The loss in 2019 was caused by a \$93,306,000 impairment of an intercompany receivable from Ed Broking Holdings (London) Limited, which was deemed not to be recoverable. On 17 December 2020, as outlined in Note 8, this intercompany receivable was used to offset the capital contribution in Ed Broking Holdings (London) Limited resulting in the impairment charge to be reversed. As at 31 December 2020, management performed an impairment assessment of its investment in subsidiary and recognised an impairment of \$66,000,000.

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.

Brexit risk

The UK formally left the European Union on 31 January 2020 and the transition period ended on 31 December 2020. The Group has put in place arrangements to minimise future disruption for its EEA business, utilising an EEA intermediary platform within the Group and its UK branch.

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 2020 (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 and, until acquisition by Ardonagh, the wider BGC Group, as a whole. 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: At the end of December 2020 the Company's immediate parent was Tower Bridge (One) Limited and the ultimate parent company was Cantor Fitzgerald L.P. The results of the Company are also included in the consolidated results of BGC Partners, Inc., a listed entity. Matters pertaining to the Company such as how the strategy and priorities are aligned to the shareholders' best interests are discussed by the Directors at regular Board meetings. From 1 November 2021, the ultimate parent company is The Ardonagh Group Limited.

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.

Strategic Report for the year ended 31 December 2020 (continued)

Going concern


The Directors have a reasonable expectation that the Company has adequate resources for the period to 31 December 2022.

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 of the entities owned by the Group. This assessment included consideration of the impacts of the COVID-19 pandemic on the 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 period to 31 December 2022. The factors considered included:

- The current business performance against budget and forecasts over the calendar years 2021 and 2022. Whilst revenues have been negatively impacted in some lines, these have been largely offset by reduced expenses;
- The principal risks facing the Group, including ability to attract and retain high calibre staff, the highly competitive environment it operates in and the financial and operational impacts of COVID-19, 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 to 31 December 2022;
- 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 2022. 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
17 December 2021

Report of the Directors for the year ended 31 December 2020

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2020.

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)
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 2020 (2019: 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 will be proposed for reappointment at the Company's board meeting in accordance with Section 485 of the Companies Act 2006.

Report of the Directors for the year ended 31 December 2020 (continued)

Statement of Directors' responsibilities

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

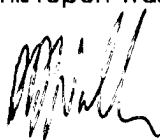
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102 and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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



A D Wallin
Director
17 December 2021

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 2020 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 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 2020 and of its profit 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 2022.

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 there is 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.

Our approach was as follows:

- 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, internal audit, 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:

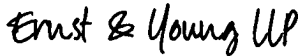
Independent auditor's report to the members of Ed Broking Group Limited (continued)

- 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.
- In addition, we considered the impact of Covid-19 on the company, including an assessment of the consistency of operations and controls in place as they transitioned to operating remotely for a significant proportion of 2020, making enquiries with management via the use of video conferencing.

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:

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Neeta Ramudaram (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
20 December 2021

Income Statement for the year ended 31 December 2020

	Note	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Administrative expenses	2	28,055	(111,031)
Operating Profit/(Loss)	2	28,055	(111,031)
Interest receivable and similar income	3	1,870	2,613
Interest payable and similar charges	4	(3,174)	(1,451)
Profit/(Loss) before taxation		26,751	(109,869)
Tax on Profit/(Loss) on ordinary activities	5	-	-
Profit/(Loss) for the financial year attributable to the equity shareholder of the company		26,751	(109,869)

Statement of comprehensive income for the year ended 31 December 2020

	Note	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Profit/(Loss) for the financial year		26,751	(109,869)
Profit/(Loss) for the financial year attributable to Equity shareholder of the Company		26,751	(109,869)

All amounts relate to continuing operations.

Balance sheet as at 31 December 2020

	Note	31 December 2020 US\$'000	31 December 2019 US\$'000
Non-current assets			
Investments	7	101,319	69,902
		101,319	69,902
Current Assets			
Debtors			
- due within one year	8	30,046	18,512
Cash at Bank and in hand		3	3
		30,049	18,515
Creditors: amounts falling due within one year	9	(5,078)	(21,983)
Net current assets/(liabilities)		24,971	(3,468)
Total assets less current liabilities		126,290	66,434
Creditors: amounts falling due after one year	10	(61,020)	(30,915)
Net Assets		65,270	35,519
Capital and reserves			
Called up share capital	12	4,282	4,252
Share premium account	12	164,524	161,554
Profit and loss account		(103,536)	(130,287)
Total equity		65,270	35,519

The accounting policies and notes on pages 16 to 27 form an integral part of these financial statements. The financial statements of Ed Broking Group Limited were approved by the Board of Directors on 17 December 2021 and were signed on its behalf by:



A D Wallin
Director
17 December 2021

Statement of changes in equity at 31 December 2020

	Called-up Share capital US\$'000	Share premium account US\$'000	Profit and loss account US\$'000	Total US\$'000
At 1 January 2019	4,206	158,632	(20,418)	142,420
Loss for the financial year	-	-	(109,869)	(109,869)
Issue of shares	46	2,922	-	2,968
At 31 December 2019	4,252	161,554	(130,287)	35,519
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

Notes to the Financial Statements for the year ended 31 December 2020

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 1. 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 was, until acquisition from Ardonagh, a subsidiary of BGC Partners, Inc, which prepares consolidated Group accounts that are publicly available. The Company has taken advantage of the exemption allowed in Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. For the year ending 31 December 2020, 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 of the group entities. This assessment included consideration of the impacts of the COVID-19 pandemic on the Ed Group's financial, liquidity and capital positions, including sensitivity analysis against base forecasts. The results of the assessment, including considerations of the factors listed below, supported the Directors expectations that the Company continues to operate as a going concern for the period to 31 December 2022. The factors considered included:

- The current business performance against budget and forecasts over the calendar years 2021 and 2022. Whilst revenues have been negatively impacted in some lines, these have been largely offset by reduced expenses and growth in areas that have seen investment in previous years;
- The principal risks facing the Ed Group, including ability to attract and retain high calibre staff, the highly competitive environment it operates in and financial and operational impacts of COVID-19, 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 to 31 December 2022;
- 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 2022. 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 2020 (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 2020 (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.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

2 Operating Profit/(Loss)

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Operating profit/(loss) is stated after charging:		
Exchange (gains) and losses	(1,586)	533
Provision against intercompany receivable	(93,306)	93,306
Impairment of subsidiary (note 7)	66,000	-
Expenses relating to the acquisition of Ed Broking Group by BGC	-	16,783
Services provided by the company's auditor:-		
The audit of the Company's financial statements	27	26

In 2019 an impairment of \$93,306,000 for an intercompany receivable from Ed Broking Holdings (London) Limited, which was deemed not to be recoverable, was charged to the income statement. On 17 December 2020 this intercompany receivable was used to offset the capital contribution in Ed Broking Holdings (London) Limited resulting in the impairment charge to be reversed.

As at 31 December 2020, management performed an impairment assessment of its investment in subsidiary and recognised an impairment of \$66,000,000.

Fees payable to the Company's auditor for the audit of the Company's financial statement were US\$27,000 (2019: US\$26,000). The Company paid auditors remuneration of US\$195,000 (2019: US\$160,000) 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 2020 US\$'000	Year Ended 31 December 2019 US\$'000
Interest receivable from investment	1,870	2,613
	1,870	2,613

Interest receivable from investment includes US\$1,870,000 (2019: US\$2,608,000) interest on a loan balance due from Ed Broking Holdings (London) Limited. The loan was converted to shares in the year and the balance as at 31 December 2020 is US\$Nil (2019: US\$93,306,000).

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

4 Interest payable and similar income

	Year Ended 31 December 2020 US\$'000	Year Ended 31 December 2019 US\$'000
Interest payable on loans from related parties	3,174	1,452
	3,174	1,452

Interest payable includes US\$209,000 (2019: US\$248,000) interest on US\$8,097,000 (2019: US\$9,212,000) loan from Ed Broking Holdings (London) Limited, which was converted to equity in December 2020, and US\$2,965,000 (2019: US\$1,204,000) on US\$56,851,000 (2019: US\$28,643,000) loan from Tower Bridge (One) Limited.

5 Tax on ordinary activities

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Profit/(loss) on ordinary activities before taxation	26,751	(109,869)
Tax on profit/(loss) at standard UK tax rate of 19% (2019: 19%)	5,083	(20,875)
Effects of:		
Expenses not deductible	12,544	19,240
Group relief/other relief	(4)	1,635
Income not taxable	(17,623)	-
Total tax charge for the period	-	-

The effective statutory corporation tax rate for the year ended 31 December 2020 is 19% (2019: 19%). Budget 2021 provides that the rate of corporation tax will increase to 25% from April 2023. This rate was enacted in the Finance bill 2021.

A deferred tax asset of \$4,687,525 (2019: \$4,194,101) 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 £20,193 (2019: £nil) in respect of other short-term timing differences has been offset against the available losses.

Using the rate of 25%, the unrecognised deferred tax asset on losses would be £1,480,271 higher.

Notes to the Financial Statements for the year ended 31 December 2020 (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 2020 US\$'000	Year Ended 31 December 2019 US\$'000
Directors' remuneration	40	53
Remuneration of the highest paid director	34	46

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 2020 US\$'000	31 December 2019 US\$'000
At 1 January	69,902	69,902
Additions	97,417	-
Disposal	-	-
Impairment	(66,000)	-
At 31 December	101,319	69,902

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

On 17 December 2020 the Company injected capital of US\$97,417,464 (GBP 73,097,056) in exchange for 7,309,705,649 ordinary shares of £0.01 each in Ed Broking Holdings (London) Limited. The capital injection was offset against an existing intercompany loan receivable of US\$97,417,464 owed by Ed Broking Holdings (London) Limited.

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, an impairment charge against Ed Broking Holdings (London) Limited of US\$66,000,000 (2019: \$nil) has been expensed.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

8 Debtors

	31 December 2020 US\$'000	31 December 2019 US\$'000
Amounts falling due within one year:		
Amounts owed by entities which the company has control over	29,396	111,001
Provision against intercompany debt	-	(93,306)
Other debtors	527	669
Prepayments and accrued income	123	148
	30,046	18,512

During 2019 the company provided in full against the loan balance of US\$93,306,000 due from Ed Broking Holdings (London) Limited as repayment was not expected. This debt was converted to additional shares in Ed Broking Holdings (London) Limited on 17 December 2020, further details are given in note 7. Interest received in the year on this loan was US\$1,870,000 (2019: US\$2,608,000).

9 Creditors: amounts falling due within one year

	31 December 2020 US\$'000	31 December 2019 US\$'000
Amounts owed to entities which the company has control over	-	20,510
Amounts owed to entities with control over the company	4,185	-
Other Creditors	214	64
Accruals and deferred income	679	1,409
	5,078	21,983

Amounts owed to entities which the company has control over included a US\$8,097,000 (2019: US\$9,212,000) loan from Ed Broking Holdings (London) Limited and associated interest, which was converted to equity in December 2020. Interest is charged at LIBOR + 2% and is repayable on demand. Interest paid in the year was US\$209,000 (2019: US\$248,000).

On 30 October 2020 the company issued 2,325,581 non-redeemable voting ordinary shares to Tower Bridge (One) Limited in exchange for USD \$3,000,000 cash.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

10 Creditors: amounts falling due after one year

	31 December 2020 US\$'000	31 December 2019 US\$'000
Amounts owed by entities which have control over the company	61,020	30,915
	61,020	30,915

Loans provided to the Company are as follows:

Entity Providing loan	2020 Value US\$'000	2019 Value US\$'000	Effective Date	Term
Tower Bridge (One) Ltd	40,208	12,000	6 August 2019	29 months facility
Tower Bridge (One) Ltd	11,393	11,393	31 January 2019	10 years
Tower Bridge (One) Ltd	5,250	5,250	31 January 2019	10 years
Loan value	56,851	28,643		
Cumulated interest	4,169	1,204		
At 31 December	61,020	29,847		

Interest rate 5.875% (2019: 5.875%).

Following the acquisition by Ardonagh on 1 November 2021 the loans with Tower Bridge (One) Ltd have been repaid.

11 Financial assets and liabilities by category

	31 December 2020 US\$'000	31 December 2019 US\$'000
Assets per balance sheet:		
Undiscounted amounts receivable		
Debtors	30,046	18,512
Cash at bank	3	3
	30,049	18,515

	31 December 2020 US\$'000	31 December 2019 US\$'000
Liabilities per balance sheet:		
Undiscounted amounts payable		
Creditors	66,098	52,898
	66,098	52,898

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

12 Called up share capital and reserves

Share Capital	2020		2019	
	Number of shares	Nominal values US\$'000	Number of shares	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	277,364,058	4,073	275,038,477	4,043
Total share capital at 31 December	324,006,325	4,282	321,680,744	4,252

	Share Capital US\$'000	Share Premium US\$'000	Total US\$'000
1 January 2019	4,206	158,632	162,838
Shares issued	46	2,922	2,968
31 December 2019	4,252	161,554	165,806
Shares issued	30	2,970	3,000
31 December 2020	4,282	164,524	168,806

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

On 30 October 2020 the company issued 2,325,581 non-redeemable voting ordinary shares to Tower Bridge (One) Limited with a nominal value of £0.01 in exchange for a USD \$3,000,000. The \$2.97M premium over the nominal value has been treated as share premium.

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 US\$72,000,000 loan waiver.

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.

Notes to the Financial Statements for the year ended 31 December 2020 (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%	20% (note x)
Ed Broking (Asia) Pte Limited	5	Reinsurance Intermediary	100%	-
CGSC Holdings (Australia) Pty Ltd	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%	-
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	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 GmbH6	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) Limited9	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 Millennia 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 Taftout, 75009, Paris, France

,20X - 20% minority interest has been acquired in April 2021.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

13 Investment in subsidiaries (continued)

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 BGC Insurance Services (Bermuda) Limited

14 Related party transactions

The company owed net non-insurance balances of US\$35,809,000 at 31 December 2020 (2019: owed US\$33,730,000), to related parties. A breakdown of balances are as follows:

Amounts owed by/(to) entities which the company has control over	2020 Debtor/ (Creditor)	2019 Debtor/ (Creditor)
	US\$'000	US\$'000
Ed Broking LLP	6,167	17,191
Piiq Risk Partners Ltd	966	243
Ed Broking Holdings (London) Ltd	-	93,306
Ed Broking Holdings (London) Ltd	4,829	(13,009)
Ed Broking (UK) Ltd	8,645	(7,501)
Ed Broking Holdings Inc	-	261
BGC Insurance (Bermuda) Ltd	77	-
Piiq Risk Partners Inc	1,480	-
Ed Broking Holdings LLP	6,944	-
Other	288	-
Total	29,396	90,491
Provision		
Ed Broking Holdings (London) Ltd	-	(93,306)
Total	29,396	(2,815)

Amounts owed by/(to) entities with control over the company	2020 Debtor/ (Creditor)	2019 Debtor/ (Creditor)
	US\$'000	US\$'000
Tower Bridge (One) Ltd	(61,020)	(29,847)
BGC Services (Holdings) LLP	(4,185)	(1,068)
Total	(65,205)	(30,915)

Debtors (note 8)	29,396	111,001
Provision (note 8)	-	(93,306)
Creditors (note 9)	(4,185)	(20,510)
Creditors due after one year (note 10)	(61,020)	(30,915)
Total	(35,809)	(33,730)

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

14 Related party transactions (continued)

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 sale on 1 November 2021.

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 parent company was, until acquisition by Ardonagh, Tower Bridge (One) Limited registered in the England and Wales. At the end of December 2020 the ultimate parent company was Cantor Fitzgerald LP, a Limited Partner which is registered in the United States of America. For the year ended 31 December 2020 the smallest group to make its financial statements publicly available into which the results of the Company are consolidated is BGC Partners Inc, which is registered at 499 Park Avenue, NY 10022, United States of America. The largest group, until acquisition by Ardonagh, into which the results of the Company are consolidated is Cantor Fitzgerald LP.

Following the acquisition on 1 November 2021 by Ardonagh the ultimate parent company is The Ardonagh Group Limited (a company incorporated in Jersey, registered office address: 3rd floor, 47 Esplanade, St Helier, Jersey, JE4 9WG).

16 Post balance sheet event

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 US\$72,000,000 loan waiver.

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.

Ed.