

Registration number: 10674827

Nevada Investments 5 Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2020



Nevada Investments 5 Limited

Contents

Company Information	1
Strategic Report	2 to 4
Directors' Report	5
Statement of Directors' Responsibilities	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 to 16

Nevada Investments 5 Limited

Company Information

Directors	D C Ross D Coughill
Company secretary	D Clarke
Registered office	2 Minster Court Mincing Lane London EC3R 7PD United Kingdom

Nevada Investments 5 Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their Strategic Report for the year ended 31 December 2020 for Nevada Investments 5 Limited ("the Company"). The Strategic Report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the developments and performance of the Company during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future. The Company is part of The Ardonagh Group Limited ("the Group").

Principal activity and business review

The principal activity of the Company is that of a non-trading holding company, as such the Company does not generate any turnover.

The results for the Company show turnover of £Nil (2019: £Nil) and loss before tax of £Nil (2019: £2.6m) for the year. At 31 December 2020 the Company had net assets of £11.6m (2019: £11.6m). The going concern note (part of accounting policies) on page 11 sets out the reasons why the directors believe that the preparation of the financial statements on a basis other than going concern is appropriate.

Outlook

The Company's indirect subsidiary Chase Templeton Limited was sold to Ardonagh Advisory Holdings Limited, a company under common control, on 24 December 2018. It is the directors' intention to wind up the Company.

The unprecedented nature of the global Covid-19 pandemic (including short-term and long term effects thereof) creates unprecedented and extraordinary uncertainties for most businesses including Nevada Investments 5 Limited. Consideration of the financial risk can be found in the Principal risks and uncertainties section below.

Key performance indicators

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

The key performance indicator for this Company is the carrying value of its subsidiaries, as these are the main assets of the Company. The performance of the subsidiaries will determine whether an impairment to the carrying value is required and this is tested on a regular basis.

There was no impairment charge for the current year (2019: £2.6m).

Principal risks and uncertainties

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

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

Nevada Investments 5 Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Financial risk

There is the risk of adverse impact on business value as well as risk of inadequate cash flow to meet financial obligations. This risk is mitigated by proactive management of the business plan, regular monitoring of cash flows against risk appetite and a focus on debt collection.

Impact of Covid-19

The Company and Group have considered the wider operational consequences and ramifications of the Covid-19 pandemic. Although Covid-19 developments remain fluid, financial stress testing demonstrates the Group's financial resilience and operating flexibility. The Group has sufficient liquidity to withstand a period of potential poor trading resulting from a sustained impact of Covid-19, although this has not materialised to date with the income impacts predominantly limited to the second quarter of 2020 and substantially offset by additional cost savings. The Group had available liquidity of £411.5m at 31 March 2021 and closely monitors available liquidity on an ongoing basis.

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

General data protection regulation

Our computer systems store information about our customers and employees, some of which is sensitive personal data. Although we have taken reasonable and appropriate security measures to prevent unauthorised access to information stored in our databases and to ensure that our processing of personal data complies with the General Data Protection Regulations (GDPR), our technology may, on occasion, fail to adequately secure the private information we maintain in our databases and protect it from theft or inadvertent loss. Our systems, and the wider public infrastructure they rely on, may also be subject to attack preventing use and disrupting business operations.

The Group has robust policies, business standards and control frameworks in place for both cyber security and data protection.

Following the appointment of the Group CISO at 2019 year-end, a 3-year group-wide Cyber Resilience Strategy was established, with all major areas of the Group developing related cyber remediation roadmaps (with a particular focus on related IT control environments) where required, to further review and enhance the maturity and capability of cyber and information security processes and controls across the Group. Appropriate mechanisms have also been embedded to help effectively track and manage related cyber risk across the Group.

The Group continues to have a cyber insurance policy in place to mitigate financial risks associated with data breaches and cyber-attacks.

Future impact of Brexit

Brexit affects the ability of businesses to passport from the UK into other EU states and likewise into the UK from the EU. The Group's plans always assumed a no deal, 'hard' Brexit and as such the Group was prepared for Brexit. The direct impact on the Group's UK businesses is not significant because they conduct only limited business within the EU and, importantly, because the operating segments have implemented mitigation strategies (e.g. gaining direct authorisation in certain EU member states) to reduce the risk. However, the loss of passporting rights may affect the insurance markets in which the Group operates, possibly reducing insurance capacity, competition and choice.

Brexit could also extend the current Covid-19 induced general decline in economic conditions in the UK where the Group operates predominantly. The diversified business portfolio of the Group continues to mitigate the risk of a general decline in economic conditions and the Group's going concern stressed scenario modelling incorporates general economic declines, including from Brexit and Covid-19.

Nevada Investments 5 Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Approved by the board on 3 August 2021 and signed on its behalf by:



.....
D Cougill
Director

Nevada Investments 5 Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their annual report and the unaudited financial statements for the year ended 31 December 2020.

Directors of the Company

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

D C Ross

D Cougill

Dividends

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2020 (2019: £Nil).

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report within the 'Principal risks and uncertainties' section on page 2.

Future developments

Details of future developments can be found in the Strategic Report within the 'Outlook' section on page 2.

Political donations

The Company has not made any political donations during the year (2019: £Nil).

Going concern

The Company's business activities, together with the factors likely to affect its future development are described in the Strategic Report on page 2. It is the directors' intention to wind up the Company and as a result, the financial statements have been prepared on a non-going concern basis. Further details of this assessment can be found in Note 2 to these financial statements.

Subsequent events

Details of subsequent events can be found in the Notes to the financial statements within the 'Subsequent events' section on page 16.

Directors' liabilities

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

Approved by the board on 3 August 2021 and signed on its behalf by:



D Cougill
Director

Nevada Investments 5 Limited

Statement of Directors' Responsibilities

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Nevada Investments 5 Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover		-	-
Operating result		-	-
Impairment of investment		-	(2,647,569)
Loss before tax		-	(2,647,569)
Income tax credit	7	-	-
Net loss for the year		-	(2,647,569)

During the financial year and preceding financial year the Company did not trade and received no income. No results were derived from discontinued operations.

There were no items of other comprehensive income in the current year or prior year.

The notes on pages 10 to 16 form an integral part of these financial statements.

Nevada Investments 5 Limited

(Registration number: 10674827)

Statement of Financial Position as at 31 December 2020

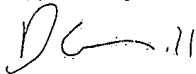
	Note	2020 £	2019 £
Non-current assets			
Investment in subsidiary	8	10,980,623	10,980,623
Current assets			
Trade and other receivables	9	626,000	626,000
Net current assets		<u>626,000</u>	<u>626,000</u>
Net assets		<u>11,606,623</u>	<u>11,606,623</u>
Capital and reserves			
Share capital		381,050	381,050
Share premium		37,793,950	37,793,950
Retained losses		<u>(26,568,377)</u>	<u>(26,568,377)</u>
Total equity		<u>11,606,623</u>	<u>11,606,623</u>

For the financial year ending 31 December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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

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

Approved by the board on 3 August 2021 and signed on its behalf by:



D Cougill
Director

The notes on pages 10 to 16 form an integral part of these financial statements.

Nevada Investments 5 Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Share premium £	Retained losses £	Total £
At 1 January 2020	381,050	37,793,950	(26,568,377)	11,606,623
Net loss for the year	-	-	-	-
At 31 December 2020	<u>381,050</u>	<u>37,793,950</u>	<u>(26,568,377)</u>	<u>11,606,623</u>

	Share capital £	Share premium £	Retained losses £	Total £
At 1 January 2019	381,050	37,793,950	(23,920,808)	14,254,192
Net loss for the year	-	-	(2,647,569)	(2,647,569)
At 31 December 2019	<u>381,050</u>	<u>37,793,950</u>	<u>(26,568,377)</u>	<u>11,606,623</u>

The notes on pages 10 to 16 form an integral part of these financial statements.

Nevada Investments 5 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 Authorisation of financial statements

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

The financial statements for the year ended 31 December 2020 were authorised for issue by the board on 3 August 2021 and the Statement of Financial Position was signed on the board's behalf by D Cougill.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

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

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

The financial statements are presented in GBP sterling (£), which is also the Company's functional currency. Amounts shown are rounded to the nearest pound, unless stated otherwise.

As a wholly owned subsidiary of The Ardonagh Group Limited, the Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group financial statements, and its results are included in the consolidated financial statements of its ultimate parent.

The directors have considered the guidance of the UK Financial Reporting Council and events relating to the spread of coronavirus (Covid-19) in these financial statements.

Application of new and revised International Financial Reporting Standards ("IFRS")

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out below.

There are no new standards, amendments to standards or interpretations which are effective in 2020 or not yet effective and that are expected to materially impact the Company's financial statements.

Nevada Investments 5 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

- (a) the requirements in paragraph 10(d) and 111 of IAS 1 Presentation of Financial Statements to prepare a Cash flow statement and the requirements in IAS 7 Statement of Cash Flows regarding the same;
- (b) the requirements in paragraph 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements, which includes the need to provide details on capital management;
- (c) the requirements of paragraphs 30 and 31 in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding disclosure of new IFRS standards not yet effective at the reporting date and their potential impact;
- (d) the requirements of paragraphs 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets in respect of disclosure of assumptions on which projections used in the impairment review are based and sensitivity analysis.
- (e) the requirements in paragraphs 17 and 18A of IAS 24 Related Party Disclosures around the need to disclose information on key management personnel and details on related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member; and
- (f) the requirements of IFRS 7 'Financial Instruments: Disclosures'.

Equivalent disclosures are included in the Group's consolidated financial statements as required by FRS 101 where exemptions have been applied.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the Critical accounting judgements and key sources of estimation uncertainty disclosure on page 12.

Going Concern

At 31 December 2020 the Company had net assets of £11.6m (2019: £11.6m). It is the directors' intention to wind up the Company. Consequently, the financial statements have been prepared on a basis other than going concern.

The book value of the Company's assets and liabilities are deemed to be a reasonable approximation of fair value due to their short term nature, with the exception of the Company's non-current investment in subsidiary. This balance is subject to an annual impairment review and is therefore considered to be held at fair value. As such, no adjustment to balances are required with the Company being reported on a basis other than that of going concern.

Nevada Investments 5 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Investment

Investment in subsidiaries is held at cost less accumulated impairment loss.

Impairment of investments

The carrying amount of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

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

Calculation of recoverable amount

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Financial assets

Financial assets are initially measured at fair value plus directly attributable transaction costs. The Company's financial assets include trade and other receivables.

Trade and other receivables represent amounts due from related parties. They are initially measured at fair value and subsequently measured at amortised cost.

Share capital

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

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Impairment of investments

Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may exceed its recoverable amount. An impairment test is performed by comparing the investment's carrying amount with its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. An impairment test requires the application of significant judgement because it relies on key assumptions, including revenue and an EBITDA multiple.

Nevada Investments 5 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

4 Operating result

For the year ended 31 December 2020, the Company has taken the exemption under s479 of the Companies Act 2006 from the requirement to obtain an audit of their separate financial statements. The guarantee of the outstanding liabilities as at 31 December 2020 has been provided by Ardonagh Midco 2 plc, a fellow Group company. As a result, no audit fee has been incurred (2019: £4,413).

5 Staff costs

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

6 Directors' remuneration

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

7 Income tax credit

Tax credit in the Statement of Comprehensive Income

	2020 £	2019 £
Current taxation		
UK corporation tax	-	-
UK corporation tax adjustment to prior periods	-	-
	-	-
Deferred taxation		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
Arising from changes in tax rates and laws	-	-
Total deferred taxation	-	-
Income tax credit in the Statement of Comprehensive Income	-	-

	2020 £	2019 £
Loss before tax	-	(2,647,569)
Corporation tax at standard rate at 19% (2019: 19%)	-	(503,038)
Expenses not deductible	-	503,038
Total tax credit	-	-

Nevada Investments 5 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

7 Income tax credit (continued)

In the March 2021 Budget it was announced that the UK Corporation Tax Rate will rise from its current rate of 19% to 25% with effect from April 2023.

8 Investment in subsidiary

Subsidiary	£
Cost or valuation	
At 1 January 2020	<u>37,549,000</u>
At 31 December 2020	<u>37,549,000</u>
Provision for impairment	
At 1 January 2020	<u>26,568,377</u>
At 31 December 2020	<u>26,568,377</u>
Carrying amount	
At 31 December 2020	<u><u>10,980,623</u></u>
At 31 December 2019	<u><u>10,980,623</u></u>

Details of the subsidiary as at 31 December 2020 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2020	2019
Nevada Investments 6 Limited	Holding company	England and Wales 2 Minster Court, Mincing Lane, London, EC3R 7PD	100%	100%

9 Trade and other receivables

	2020	2019
	£	£
Current trade and other receivables		
Receivables from other Group companies	<u>626,000</u>	<u>626,000</u>

The directors believe that the receivables from other Group companies are recoverable. These balances are unsecured, interest free and repayable on demand.

Nevada Investments 5 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

10 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
'A' ordinary shares of £0.01 each	551,000	5,510	551,000	5,510
'B' ordinary shares of £0.01 each	37,549,001	375,490	37,549,001	375,490
'C' ordinary shares of £0.01 each	5,000	50	5,000	50
	<u>38,105,001</u>	<u>381,050</u>	<u>38,105,001</u>	<u>381,050</u>

'A' ordinary shares:

The shareholders of the 'A' Ordinary shares are entitled to receive notice of an annual general meeting, receive a copy of any proposed written resolution but not speak or vote at any general meeting of the Company. They are entitled to receive dividends but do not carry redemption rights.

'B' ordinary shares:

The shareholders of the 'B' Ordinary shares are entitled to receive notice of an annual general meeting, receive a copy of any proposed written resolution and to speak or vote at any general meeting of the Company. They are entitled to receive dividends but do not carry redemption rights.

'C' ordinary shares:

The shareholders of the 'C' Ordinary shares are not entitled to receive notice of an annual general meeting, or to speak or vote at any general meeting of the Company. They are not entitled to receive dividends and do not carry redemption rights.

The 'A' and 'C' ordinary shares were issued by the Company in exchange for the transfer to the Company of loan notes issued by Nevada Investments 6 Limited. The aggregate principal amount of these loan notes is £626,000.

11. Related party transactions

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

Nevada Investments 5 Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Parent and ultimate parent undertaking

The Group's majority shareholder is HPS Investment Partners LLC. At 31 December 2020, the ultimate parent company was The Ardonagh Group Limited (incorporated in Jersey, registered office address 44 Esplanade, St Helier, Jersey JE4 9WG). The Ardonagh Group Limited is the largest group in which the results are consolidated. The parent company of the smallest group, which includes the Company and for which group financial statements are prepared, is Ardonagh Midco 2 plc, (incorporated in Great Britain, registered office address 2 Minster Court, Mincing Lane, London, United Kingdom, 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
United Kingdom

13 Subsequent events

On 14 June 2021 the entire issued share capital of the Company's indirect subsidiary, Chase Templeton Holdings Limited was sold to Ardonagh Services Limited, a company under common control in support of the Group legal entity rationalisation programme.