

Registration number: 03633689

Thompson & Richardson Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2022

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Thompson & Richardson Limited

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Thompson & Richardson Limited

Company Information

Directors	R Tuplin (appointed 1 August 2023) J Yeandle (appointed 1 August 2023)
Company secretaries	Ardonagh Corporate Secretary Limited (appointed 22 February 2022) Callidus Secretaries Limited D Clarke (resigned 22 February 2022)
Registered office	Monument House Southgate Sleaford Lincolnshire NG34 7RL

Thompson & Richardson Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their Strategic Report for the year ended 31 December 2022 for Thompson & Richardson Limited (the "Company"). The Strategic Report provides a review of the business for the year and describes how the directors manage risks. The report outlines the performance of the Company during the year and its position at the end of the year. The report discusses the developments that have affected the Company and the main trends and factors that could affect its future. The Company is part of Ardonagh Group Holdings Limited and together with its subsidiaries (the "Group").

Principal activities and business review

The principal activity of the Company is that of insurance brokerage services.

The results for the Company show turnover of £6,272k (2021: £5,894k) and profit before tax of £1,315k (2021: £921k) for the year. At 31 December 2022 the Company had net assets of £6,377k (2021: £5,325k).

On 1 August 2023, the Company transferred its trade and assets to a fellow Group company, Advisory Insurance Brokers Limited. Due to the transfer of the trade and assets, the Company is no longer considered a going concern.

Section 172 Statement

This Statement is made pursuant to s. 414 of the Companies Act 2006.

The Company forms part of The Ardonagh Group of Companies, a global insurance distribution provider and its activities are aligned to the strategy and risk management and control frameworks of the Group.

The directors of the Company are committed to lead and direct the affairs of the Company in order to promote the long-term sustainable success of the Company, generating value for its shareholder and ensuring sound and prudent management of the firm. The directors of the Company consider that, both individually and collectively, they have acted in a way, in good faith, that would most likely promote the success of the Company, for the benefit of its members (s. 172(1)), also having regard to the long-term consequences of any decisions taken (172(1)(a)).

The Group's Code of Conduct, applies to all directors of the Company and it embodies the Group's commitment to maintaining the highest ethical conduct and professional standards. These non-negotiable standards are outlined in the Code of Conduct and the Ardonagh Governance Framework, which emphasises the importance of building trust with colleagues, clients and the wider community.

Below are the key stakeholders applicable to the Company and how the Company has engaged with those stakeholders during the year. For greater detail on the wider stakeholder base, please see the Ardonagh Group Holdings Limited's financial statements which are readily available at the address disclosed in note 21. There have been no significant decisions made at the entity level during the year which have affected the below identified stakeholders.

Employees

Our employees are central to the success of the Company and the remuneration structure is designed to reward good performance at the individual and business level and support our culture and non-financial conduct. In addition, our businesses focus on providing working conditions that are safe and providing long term career prospects for staff with opportunities to up-skill through training and study support and, if appropriate, movement across different businesses within the wider Ardonagh Group.

Customers

Seeking good customer outcomes is central to the success of the business. Management keeps track of how customers perceive our businesses and products and services are periodically reviewed to ensure they continue to meet the needs of our customers. The business also undertakes root and cause analysis on complaints and errors & omissions claims. Management also have in place robust controls regarding the management of actual and potential conflicts of interest.

Thompson & Richardson Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Section 172 Statement (continued)

Regulatory relationships

The FCA is a key stakeholder and the Board prioritises positive, open and transparent engagement with the FCA by ensuring the right 'tone from the top', which starts with how the board engages with regulators. The Board receive regular updates on regulatory interactions and FCA guidance and the business impact. The business regularly participate in regulatory thematic review and believe that a strong relationship with our regulators is a source of competitive advantage.

Insurers

Our insurance and distribution partners are fundamental to the success of the business. Senior leaders regularly meet with our key partners to discuss performance and ways in which we can enhance cover for customers and feedback on our partners relationships are reported to the Board.

Our suppliers

Our key suppliers are defined by the Group Outsourcing and Procurement Policy which ensures that all key suppliers are identified and subject to the appropriate monitoring and engagement, the level of which is dependent on the size and critical nature of the services supplied. We also have minimum due diligence standards to be performed on key suppliers before they are engaged with requirement that suppliers have policies on corporate social responsibility (CSR), bribery and corruption and modern slavery.

Community

Since the launch of the Group's UK registered charity, Ardonagh Community Trust (ACT) in 2017 significant progress has been made towards its mission of helping local communities become stronger, better and brighter through its community grant programme, match funding the efforts of Ardonagh employees and working closely with our charity partnerships.

Outlook

The directors intend to liquidate the Company.

Key performance indicators

Turnover has increased from £5,894k in 2021 to £6,272k in 2022. Administrative expenses have remained relatively stable, increasing from £4,768k in 2021 to £4,833k in 2022.

Principal risks and uncertainties

In August 2023, the trade and assets of the Company transferred to a fellow Group company, Advisory Insurance Brokers Limited. Existing contracts will be run-off and not renewed and no new business will be transacted. As the directors intend to liquidate the Company there are deemed to be no principal risks and uncertainties to the Company save from those that pose a risk to the Group as a whole which are discussed below.

Thompson & Richardson Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Financial risk

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

The Group has demonstrated its resilience to economic uncertainties and demonstrated operational and financial resilience in response to a downturn in UK business and customer confidence.

The Group has sufficient liquidity to withstand a period of potential poor trading resulting from a sustained economic decline, although this has not materialised to date and the Group would respond to income declines by seeking cost savings. The Group had available liquidity of £995.1m on 30 June 2023 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. The Group is highly diversified and not materially exposed to a single carrier, customer or market sector.

Approved by the Board on 28 September 2023 and signed on its behalf by



.....
J Yeandle
Director

Thompson & Richardson Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their annual report and the unaudited financial statements for the year ended 31 December 2022.

Directors of the Company

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

R Tuplin (resigned 26 May 2022, appointed 1 August 2023)

J Yeandle (appointed 1 August 2023)

H Williams (resigned 1 August 2023)

S Williams (appointed 6 April 2022, resigned 1 August 2023)

R Worrell (resigned 1 August 2023)

C Shortland (appointed 26 May 2022, resigned 4 June 2023)

A Sumner (resigned 7 April 2022)

Dividends

The directors do not recommend a final dividend payment to be made in respect of the year ended 31 December 2022 (2021: £nil).

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report within the "Financial risk" section on page 5.

Future developments

Details of future developments can be found in the Strategic Report within the "Outlook" section on page 4.

Political donations

The Company has not made any political donations during the year (2021: £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 3. The directors intend to liquidate the Company and as such these statements are not prepared on a going concern basis.

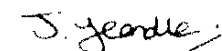
Directors' liabilities

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

Subsequent events

Details of subsequent events can be found in note 22.

Approved by the Board on 28 September 2023 and signed on its behalf by:



.....
J Yeandle
Director

Thompson & Richardson Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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:

- select suitable accounting policies and apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Thompson & Richardson Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover	4	6,272	5,894
Administrative expenses	5	(4,833)	(4,768)
Operating profit		1,439	1,126
Other interest receivable and similar income		1	1
Finance costs		(125)	(206)
Profit before tax		1,315	921
Income tax	8	(263)	(178)
Profit for the year		1,052	743

The above results were derived from discontinued operations. There was no other comprehensive income in the current or prior year.

The notes on pages 11 to 23 form an integral part of these financial statements.

Thompson & Richardson Limited


(Registration number: 03633689)

Statement of Financial Position as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Non-current assets			
Property, plant and equipment	9	258	338
Investment in subsidiaries	10	1,485	1,485
Other financial assets		4	4
Deferred tax	11	29	13
		<u>1,776</u>	<u>1,840</u>
Current assets			
Trade and other receivables	12	7,082	6,284
Current tax		8	-
Cash and cash equivalents	13	85	1,469
		<u>7,175</u>	<u>7,753</u>
Current liabilities			
Deferred income		165	142
Loans payable to related parties	14	1,076	1,076
Contingent consideration	15	-	391
Current tax		-	470
Lease liability	16	86	80
Provisions	18	116	-
Trade and other payables	17	966	1,811
		<u>2,409</u>	<u>3,970</u>
Net current assets		<u>4,766</u>	<u>3,783</u>
Total assets less current liabilities		<u>6,542</u>	<u>5,623</u>
Non-current liabilities			
Lease liability	16	152	212
Provisions	18	13	86
		<u>165</u>	<u>298</u>
Net assets		<u>6,377</u>	<u>5,325</u>
Capital and reserves			
Share capital	19	1	1
Retained earnings		6,376	5,324
Total shareholder funds		<u>6,377</u>	<u>5,325</u>

For the year ending 31 December 2022, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with Section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board on 28 September 2023 and signed on its behalf by:



J Yeandle
Director

The notes on pages 11 to 23 form an integral part of these financial statements.

Thompson & Richardson Limited
Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	1	5,324	5,325
Profit and total comprehensive income	-	1,052	1,052
At 31 December 2022	1	6,376	6,377

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	1	4,581	4,582
Profit and total comprehensive income	-	743	743
At 31 December 2021	1	5,324	5,325

The notes on pages 11 to 23 form an integral part of these financial statements.

Thompson & Richardson Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The Company is a private company limited by share capital, that is incorporated and registered in England and Wales and domiciled in the United Kingdom under Companies Act 2006. The details of the Company's registered office address can be found on page 2. The principal activity of the Company is disclosed on page 3 within the "Strategic Report" section.

These financial statements for the year ended 31 December 2022 were authorised for issue by the Board on 28 September 2023 and the Statement of Financial Position was signed on the board's behalf by J Yeandle.

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 throughout the periods presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101").

The financial statements are presented in GBP sterling (£), which is also the Company's functional currency. The 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.

As a wholly owned subsidiary of Ardonagh Group Holdings Limited ("AGHL") at 31 December 2022, the Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts, and its results are included in the consolidated accounts of its ultimate parent for the year ended 31 December 2022. The previous holding company of the Company was The Ardonagh Group Ltd ("TAGL").

TAGL merged into an overseas company Tara Topco Ltd on 31 May 2022 and, as part of the post-merger structuring, a newly established UK-incorporated company AGHL obtained control of a newly established Jersey-incorporated company Ardonagh New Midco 3 Limited on 1 June 2022, the owner of Ardonagh Midco 1 Limited. Ardonagh Midco 1 Limited was the only direct subsidiary of TAGL (TAGL indirectly owned all the Ardonagh businesses) prior to TAGL's merger with Tara Topco Ltd and AGHL is now the parent of the businesses that were previously part of the Ardonagh Group that was headed by TAGL until 31 May 2022. The references below to the Group is to the group of companies headed by TAGL at a consolidated level prior to 31 May 2022 and also to the Group now headed by AGHL (following TAGL ceasing to exist).

There are no new standards, amendments or interpretations which are effective in 2022 or not yet effective and that are expected to materially impact the Company's financial statements.

Summary of disclosure exemptions

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

- the requirements of paragraph 33(c) of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" in respect of the cash flows of discontinued operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures and of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;

Thompson & Richardson Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to provide comparative period reconciliations in respect of outstanding shares, property, plant and equipment and intangible assets;
- the requirements of paragraphs 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 “Presentation of Financial Statements”;
- the requirements of paragraphs 130(f)(ii) - (iii), 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 “Impairment of Assets” in respect of disclosure of valuation techniques, assumptions on which projections used in the impairment review are based and sensitivity analysis;
- the requirements in paragraphs 17 and 18A of IAS 24 “Related Party Disclosures” and the requirements in IAS 24 to disclose related party transactions entered into between two or more members of the Group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- 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; and
- 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.

Going concern

On 1 August 2023 the directors took the decision to transfer the trade and assets of the Company to a fellow Group company, Advisory Insurance Brokers Limited. Accordingly, the directors have not prepared the financial statements on a going concern basis.

Prior to the transfer, the Company carried out insurance brokerage services and therefore recognised the revenue in accordance with these contracts. Both revenue and costs ceased to be recognised from 1 August 2023.

The assets and liabilities recognised at the balance sheet date have been valued on a break-up basis, however due to their nature, this has had no impact on the valuation as they predominantly relate to intercompany trading balances with fellow Group companies which will be settled at carrying value. External liabilities relate to intercompany balances and have been valued based on amounts expected to be settled.

The Company’s assets and liabilities will be settled prior to liquidation and any surplus will be transferred to a fellow Group company.

Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer (net of refunds) and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

IFRS 15 requires disaggregation of revenue, the Company has not disaggregated revenue per geographical location as the majority of all sales are conducted in the United Kingdom or by type of customer because the majority of clients will be commercial.

Thompson & Richardson Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Revenue recognition (continued)

The Company has disaggregated revenue as follows:

Revenue type	Fees
Overview of service	A broker offers various services to customers such as sourcing an insurance policy or a mid-term alteration to a policy and fee income is generated from the services provided.
Good and services transferred	Broking services to customers to place insurance risk with insurers. Fees to amend policies mid-term. Claims contact service.
Consideration	Fees – are recognised at the inception of the policy or at the change of a policy mid-term. The claims contact service is offered free of charge for commercial customers with a high volume of claims.

Revenue type	Commissions
Overview of service	Brokers act as an intermediary and offer insurance risk placement service with Insurers. Revenue is generated from Insurers for placing the insurance business.
Good and services transferred	Placing insurance risk direct with insurers.
Consideration	Insurer Commissions – are recognised at the inception of the policy.

Revenue type	Profit share
Overview of service	Profit share is additional income earned from an insurer if business placed with the insurer has a loss ratio below agreed rates.
Goods and services transferred	Placing insurance risk direct with insurers.
Consideration	Profit share – is recognised only once the profit share is agreed with the insurer and a known cash balance has been confirmed.

Interest expense recognition

Interest expense is recognised using the effective interest rate method by applying the effective interest rate to the net carrying amount of the financial liability.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the life of the financial asset or liability to that asset's or liability's net carrying amount.

Taxation

The tax expense for the year comprises current and deferred tax. Income tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

Current tax is recognised for the amount of tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Thompson & Richardson Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Taxation (continued)

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, deferred tax is reversed. Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to set off current tax assets against current tax liabilities. Deferred tax assets and deferred tax liabilities can only be offset when they relate to income taxes levied by the same taxation authority. When deferred tax is offset on different taxable entities this is allowed when it is intended either to settle current tax assets or liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously.

Property, plant and equipment

Assets are stated at their net book value (historical cost less accumulated depreciation). Depreciation is calculated to write off the cost of such assets on a straight-line basis over their estimated useful lives. At the reporting date, the Group's principal rates of depreciation were as follows:

Furniture and office equipment	25% per annum straight line
Fixtures and fittings	25% per annum straight line
Leasehold improvements	Straight line over the remaining life of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for certain remeasurements of the lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date of the lease less any lease incentives received, plus the estimated costs of restoring the underlying asset to the condition required by the terms of the lease. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

Thompson & Richardson Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Leases (continued)

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable, which is generally the case. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment of an option to purchase the underlying asset.

Leases of low value assets

The Company elects on a lease-by-lease basis whether to apply the lease of low-value assets exemption to leases of office equipment that are considered to be of low value (i.e. below £5,000). Lease payments on leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Impairment of assets

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset 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 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Reversals of impairment

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

Insurance transactions

The Company does not conduct insurance transactions on its own account. The Company has transferred the holding of client money, to a different company within the Group (The Broker Network Limited). In consequence the ledger transactions in terms of insurance creditors, insurance debtors and client money are held on the balance sheet of The Broker Network Limited except for balances relating to the period pre-transfer that are in run-off.

Investments in subsidiaries

A subsidiary is an entity over which the Company has control. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Investments in subsidiaries are accounted for at cost less, where appropriate, impairment.

Thompson & Richardson Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents, other than client and insurer monies, comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash with a maturity of three months or less and are subject to an insignificant risk of changes in value.

Financial assets

The Company's financial assets include trade and other receivables, cash and cash equivalents and other financial assets. Trade and other receivables and other financial assets are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortised cost. A provision for the impairment of trade receivables is established on a forward-looking basis, with expected credit losses ("ECL") associated with its financial assets carried at amortised cost. The Company recognises a loss allowance for such losses at each reporting date.

Financial liabilities

The Company's financial liabilities include trade and other payables and loans payable to related parties. They are initially recognised at fair value and are subsequently measured at amortised cost.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions represent future obligations for dilapidations on properties and are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where appropriate. The unwinding of the provision discounting is included in the interest expense within finance costs in the Statement of Comprehensive Income.

Contingent consideration

Contingent consideration is consideration that is contingent on the future performance of acquired businesses. It is recognised initially at the discounted present value and is remeasured at each reporting date. The discount unwind and the remeasurement of these liabilities are recognised in Statement of Comprehensive Income as finance cost.

Share capital

Ordinary shares are classified as equity. Incremental costs 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 judgments and key sources of estimation uncertainty

Estimates and judgments 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 value of assets and liabilities are discussed below.

Contingent consideration

Contingent consideration comprises estimated cash payable to former shareholders of acquired businesses. Contingent consideration is contingent on future revenue targets being achieved by the acquired business over a defined period of time.

Thompson & Richardson Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

4 Turnover

	2022	2021
	£ 000	£ 000
Fees, commission and profit share income	6,272	5,894
	<u>6,272</u>	<u>5,894</u>

All turnover arose in the UK

5 Administrative expenses

	2022	2021
	£ 000	£ 000
Staff costs	3,760	3,864
Other administration expenses	957	763
Depreciation expense	116	117
Auditor's remuneration (audit of these financial statements)	-	24
	<u>4,833</u>	<u>4,768</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£ 000	£ 000
Wages and salaries	3,262	3,293
Social security costs	355	333
Pension costs – defined contribution scheme	143	238
	<u>3,760</u>	<u>3,864</u>

The monthly average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2022	2021
Administration	24	11
Sales	41	34
Management	12	18
	<u>77</u>	<u>63</u>

7 Directors' remuneration

	2022	2021
	£ 000	£ 000
Executive Directors	-	171
Contributions paid to money purchase schemes	-	5
	<u>-</u>	<u>176</u>

The emoluments of all directors are paid by other Group companies. These directors are directors of Ardonagh Group Holdings Limited and/or other fellow subsidiaries. Their total emoluments are included in the consolidated financial statements of Ardonagh Group Holdings Limited. It is impracticable to determine the proportionate amount of emoluments relating to the Company.

Thompson & Richardson Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Income tax

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax charge	273	184
Adjustments in respect of prior year	7	7
	<u>280</u>	<u>191</u>
Deferred taxation		
Origination and reversal of temporary differences	(17)	(13)
Adjustments in respect of prior year	-	-
	<u>(17)</u>	<u>(13)</u>
Tax charge	<u>263</u>	<u>178</u>

The following table reconciles the tax charge calculated at the UK statutory rate on the company's profit before tax with the actual tax charge for the year.

	2022 £ 000	2021 £ 000
Reconciliation of the tax charge:		
Profit before tax	1,315	921
Corporation tax at standard rate of 19% (2021: 19%)	250	175
Expenses not deductible for tax purposes	11	11
Income not taxable	-	(6)
Adjustment to tax charge in respect of prior periods – current tax	6	7
Movement in deferred tax not recognised	-	(6)
Remeasurement of deferred tax for changes in tax rates	(4)	(3)
Total tax charge	<u>263</u>	<u>178</u>

In the March 2023 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.

Thompson & Richardson Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Property, plant and equipment

	Furniture and office equipment £ 000	Leashold improvements £ 000	Fixtures and fittings £ 000	ROU leased properties £ 000	Total £ 000
Cost					
At the beginning of the year	637		58	406	1,101
Additions	-	8	-	28	36
At the end of the year	637	8	58	434	1,137
Accumulated depreciation					
At the beginning of the year	(582)	-	(56)	(125)	(763)
Charge for the year	(26)	(1)	(1)	(88)	(116)
At the end of the year	(608)	(1)	(57)	(213)	(879)
Net book value					
At the beginning of the year	55	-	2	281	338
At the end of the year	29	7	1	221	258

10 Investment in subsidiaries

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2022	1,485
At 31 December 2022	1,485
Carrying amount	
At 31 December 2022	1,485
At 1 January 2022	1,485

Details of the subsidiary as at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held
JIB Insurance Brokers Limited	Holding company	United Kingdom	100%

The registered office for JIB Insurance Brokers Limited is: Hexagon House, Grimbald Crag Close, Knaresborough, North Yorkshire, HG5 8PJ.

Thompson & Richardson Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Deferred tax

UK deferred tax balances as at 31 December 2022 are measured at the rate that the respective assets and liabilities will reverse.

Deferred tax assets and liabilities are recognised on the balance sheet as follows:

2022	Asset £ 000
Accelerated tax depreciation	19
Provisions	10
	<u>29</u>

2021	Asset £ 000
Accelerated tax depreciation	13
Provisions	-
	<u>13</u>

	At 1 January 2022 £ 000	Recognised in income £ 000	At 31 December 2022 £ 000
Accelerated tax depreciation	13	6	19
Provisions	-	10	10
	<u>13</u>	<u>16</u>	<u>29</u>

	At 1 January 2021 £ 000	Recognised in income £ 000	At 31 December 2021 £ 000
Accelerated tax depreciation	-	13	13
Provisions	-	-	-
	<u>-</u>	<u>13</u>	<u>13</u>

12 Trade and other receivables

	2022 £ 000	2021 £ 000
Current trade and other receivables		
Receivables from related parties	6,343	5,338
Accrued income	648	822
Prepayments	91	124
	<u>7,082</u>	<u>6,284</u>

All amounts are recoverable within one year. Receivables from related parties are unsecured and repayable on demand.

Thompson & Richardson Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 Cash and cash equivalents

	2022 £ 000	2021 £ 000
Cash at bank	85	1,469
	<u>85</u>	<u>1,469</u>

Cash at bank includes £nil (2021: £1,335k) which constitutes restricted client money and insurer money which are considered restricted and not available to pay the general debts of the Company.

The Company no longer holds client money, this is handled by a different company within the Group (The Broker Network Limited).

14 Loans payable to related parties

	2022 £ 000	2021 £ 000
Ethos Partner Holdings Limited	1,076	1,076
	<u>1,076</u>	<u>1,076</u>

The Company has a floating rate loan agreement with its intermediate parent company, Ethos Partner Holdings Limited, which is unsecured and due on written demand. Interest is payable quarterly in arrears. The value of the loan is £1,076k (2021: £1,076k). Interest accrues annually at market rates, during the year £108k (2021: £108k) interest was accrued on the principal loan balance which is recorded in amounts receivable from related parties due to offsetting with other balances receivable from Ethos Partner Holdings Limited. The total amortised cost carrying value comprising principal and accrued interest is £1,356k (2021: £1,248).

15 Contingent consideration

Contingent consideration relates to a contingent portion of the purchase price which the Company anticipates to be payable to the former owners of acquired businesses, and comprises contingent consideration as accounted for under IFRS 3. Contingent consideration is contingent on revenue targets being achieved by the acquired business in consecutive 12 month periods post-acquisition. These have been attributed a fair value and discounted to an initial value. No balance is outstanding at 31 December 2022.

Thompson & Richardson Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Leases

	Liability £ 000
Balance at 1 January 2022	292
Interest	26
Payments	(80)
Balance at 31 December 2022	238
Current	86
Non-current	152
	238

Maturity analysis:

	2022 £ 000	2021 £ 000
Year 1	91	85
Year 2	85	85
Year 3	85	85
Year 4	17	85
Year 5	-	17
	278	357
Less: unearned interest	(40)	(65)
	238	292

Amounts recognised in the statement of comprehensive income:

	2022 £ 000	2021 £ 000
Depreciation expense on ROU assets	88	85
Interest expense on ROU assets	26	31
	114	116

17 Trade and other payables

	2022 £ 000	2021 £ 000
Current trade and other payables		
Trade payables	-	977
Amounts due to other Group companies	426	407
Accrued liabilities	540	423
Other payables	-	4
	966	1,811

Amounts due to other Group companies are unsecured, interest free and payable on demand. Included within trade payables is £nil (2021: £960k) relating to insurer and client monies.

Thompson & Richardson Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

18 Provisions

	2022 £ 000	2021 £ 000
At the beginning of the year	86	86
Additions	43	-
At the end of the year	129	86
Non-current liabilities	13	86
Current liabilities	116	-

The company provides for the estimated amounts payable for dilapidations on each property at the end of a break date or lease term, whichever is sooner. The finance charge relating to unwinding of the discount has been charged to the Statement of Comprehensive Income.

19 Share capital

	2022 No.	£ 000	2021 No.	£ 000
Allotted, called-up and fully paid				
Ordinary A shares of £1 each	1,000	1	1,000	1
Ordinary B shares of £1 each	100	-	100	-

Ordinary A and B shares have full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

20 Pensions

The company operates a defined contribution pension scheme. The pension cost for the year represents contributions payable by the Company to the scheme and amounted to £143k (2021: £238k).

Contributions totaling £nil (2021: £1k) were payable to the scheme at the end of the year and are included in trade and other payables.

21 Parent and ultimate parent undertaking

The Group's majority shareholder and ultimate controlling party at 31 December 2022 is Madison Dearborn Partners LLC. The parent company of the largest group that prepares group financial statements at 31 December 2022 that consolidate the Company is Ardonagh Group Holdings Limited (incorporated in Great Britain, registered office address 2 Minster Court, London, EC3R 7PD). The parent company of the smallest group that prepares group financial statements at 31 December 2022 that consolidate the Company is Ardonagh Midco 2 plc (incorporated in Great Britain, registered office address 2 Minster Court, London, EC3R 7PD). Financial statements for Ardonagh Group Holdings Limited and Ardonagh Midco 2 plc are available on request from:

2 Minster Court
Mincing Lane
London
EC3R 7PD

22 Subsequent events

On 1 August 2023, the Company transferred its trade and assets to a fellow Group company, Advisory Insurance Brokers Limited.