

Registration number: 10674705

# Nevada Investments 4 Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



## **Nevada Investments 4 Limited**

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## **Nevada Investments 4 Limited**

### **Company Information**

<b>Directors</b>	D C Ross D Cougill
<b>Company secretary</b>	D Clarke
<b>Registered office</b>	1 Minster Court Mincing Lane London EC3R 7AA
<b>Auditors</b>	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom

## Nevada Investments 4 Limited

### Strategic Report for the Year Ended 31 December 2018

The directors present their Strategic Report for the year ended 31 December 2018 for Nevada Investments 4 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" or "Ardonagh").

#### Principal activities 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 (2017: £Nil) and loss before tax of £27.1m (2017: £1.4m) for the year. At 31 December 2018 the Company had net liabilities of £16.2m (2017: net assets £10.7m).

#### Outlook

The directors do not expect there to be any changes in the nature of the business in 2019.

#### Key performance indicators

The directors of the Group manage operations on a divisional basis. For this reason, the Company's directors believe that a separate analysis for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business. The development, performance and position of the Group 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 subsidiary, as this is the main asset of the Company. The performance of the subsidiary will determine whether an impairment to the carrying value is required and this is tested on a regular basis. During the year ended 31 December 2018, the carrying value of the subsidiary has been impaired by £24.5m. An impairment charge of £24.5m has been recognised in the Statement of Comprehensive Income.

#### 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 subsidiary. Trading performance in the subsidiary could create the need for impairment leading to a reduction in net assets and distributable reserves of the Company. The subsidiary sets 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.

Approved by the board on 27/9/2019 and signed on its behalf by:

  
.....  
Director

DIANE COUGILL

## **Nevada Investments 4 Limited**

### **Directors' Report for the Year Ended 31 December 2018**

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

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

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

A Erotocritou (appointed 2 March 2018 and resigned 1 August 2019)

D C Ross

M S Mugge (resigned 2 March 2018)

The following director was appointed after the year end:

D Cougill (appointed 1 August 2019)

#### **Dividends**

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2018 (2017: £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 (2017: £Nil).

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development are described in the Strategic Report on page 2. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. In reaching their view on the preparation of the Company's financial statements on a going concern basis, the directors have also considered the letter of support provided by Ardonagh Midco 3 Plc. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details can be found in note 2 to these financial statements.

#### **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.

#### **Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

**Nevada Investments 4 Limited**

**Directors' Report for the Year Ended 31 December 2018**

**Appointment of an auditor**

During the year ended 31 December 2017, a formal tender process took place for the Company, led by The Ardonagh Group Limited Audit Committee. As a result of this tender process the Audit Committee recommended, and The Ardonagh Group Limited board approved on behalf of the Company, the proposed appointment of Deloitte LLP as an external auditor for the financial year ended 31 December 2018. The auditor, Deloitte LLP, is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

Approved by the board on 27/9/2019 and signed on its behalf by:

.....   
Director

DIANE COUGILL

## **Nevada Investments 4 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 they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law ), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the loss of the Company for that year. 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 Financial Reporting Standard 101 Reduced Disclosure Framework has 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Nevada Investments 4 Limited**

### **Independent Auditor's Report to the Members of Nevada Investments 4 Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Nevada Investments 4 Limited ("the Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 15;

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

##### **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 Financial Reporting Council's (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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.



## **Nevada Investments 4 Limited**

### **Independent Auditor's Report to the Members of Nevada Investments 4 Limited**

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities, 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.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **Nevada Investments 4 Limited**

### **Independent Auditor's Report to the Members of Nevada Investments 4 Limited**

#### **Report on other legal and regulatory requirements**

#### **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 the Directors' Report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

#### **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.



**Andrew Downes (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London  
United Kingdom**

Date: 27 September 2019

## Nevada Investments 4 Limited

### Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 £	2017 £
<b>Turnover</b>		-	-
Administrative expenses		-	(3,145)
<b>Operating result</b>	4	-	(3,145)
Impairment of investment	9	(24,493,433)	-
Finance costs	5	(2,577,858)	(1,356,024)
<b>Loss before tax</b>		(27,071,291)	(1,359,169)
Income tax credit	8	246,209	258,390
<b>Net loss for the year</b>		<u>(26,825,082)</u>	<u>(1,100,779)</u>

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

The notes on pages 12 to 21 form an integral part of these financial statements.

**Nevada Investments 4 Limited**

(Registration number: 10674705)

**Statement of Financial Position as at 31 December 2018**

	Note	2018 £	2017 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiary	9	13,681,567	38,175,000
<b>Current assets</b>			
Income tax asset	8	<u>489,793</u>	<u>258,390</u>
<b>Total assets</b>		<u><u>14,171,360</u></u>	<u><u>38,433,390</u></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		117,704	117,704
Share premium reserve		11,652,713	11,652,713
Retained losses		<u>(27,925,861)</u>	<u>(1,100,779)</u>
		<u>(16,155,444)</u>	<u>10,669,638</u>
<b>Non-current liabilities</b>			
Loans and borrowings	11	25,778,583	25,778,583
<b>Current liabilities</b>			
Trade and other payables	12	<u>4,548,221</u>	<u>1,985,169</u>
<b>Total liabilities</b>		<u>30,326,804</u>	<u>27,763,752</u>
<b>Total equity and liabilities</b>		<u><u>14,171,360</u></u>	<u><u>38,433,390</u></u>

Approved by the board on 27/9/2019 and signed on its behalf by:



.....  
Director

**DIANE COUGILL**

The notes on pages 12 to 21 form an integral part of these financial statements.

**Nevada Investments 4 Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2018**

	Share capital £	Share premium £	Retained losses £	Total £
At 1 January 2018	117,704	11,652,713	(1,100,779)	10,669,638
Net loss for the year	-	-	(26,825,082)	(26,825,082)
At 31 December 2018	<u>117,704</u>	<u>11,652,713</u>	<u>(27,925,861)</u>	<u>(16,155,444)</u>

	Share capital £	Share premium £	Retained losses £	Total £
At 16 March 2017	-	-	-	-
Net loss for the period	-	-	(1,100,779)	(1,100,779)
New share capital issued	<u>117,704</u>	<u>11,652,713</u>	<u>-</u>	<u>11,770,417</u>
At 31 December 2017	<u>117,704</u>	<u>11,652,713</u>	<u>(1,100,779)</u>	<u>10,669,638</u>

The notes on pages 12 to 21 form an integral part of these financial statements.

## Nevada Investments 4 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 1 Authorisation of financial statements

The Company is a private company limited by share capital incorporated and registered in England, United Kingdom. The registered office address 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 2018 were authorised for issue by the board on 27.12.2019 and the Statement of Financial Position was signed on the board's behalf by ...DIANE 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

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

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

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

IFRS 9, IFRS 15 and other new standards are applicable for financial reporting periods starting on 1 January 2018 or later. These new standards did not have a material impact on the Company.

##### 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;

## Nevada Investments 4 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 2 Accounting policies (continued)

(d) 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;

(e) 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;

(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.

#### Going Concern

The financial statements of the Company have been prepared on a going concern basis. At 31 December 2018 the Company had net liabilities of £16.2m (2017: net assets £10.7m) and net current liabilities of £4.1m (2017: £1.7m). The net current liabilities include amounts due to related parties of £4.5m (2017: £2.0m). The Company was one of a number of group companies who at 31 December 2018 guaranteed bank and bond debt owed by Ardonagh Midco 3 Plc, an immediate holding company in the Group.

The directors believe the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due.

In reaching a conclusion on the going concern basis, the directors have performed an assessment of the Group's position which included:

- The current capital structure and liquidity of the Group and its base case and stressed cash flow forecasts over the calendar years 2019 and 2020.
- The principal risks facing the Group and its systems of risk management and internal control.
- 2019 liquidity to date is tracking favourably to plan.

Key assumptions that the directors have made in preparing the base case cash flow forecasts are that the Group:

- Invests to complete the major business transformation projects involving the finance function and broker system consolidation and that it achieves the projected synergies.
- Continues to benefit from the Revolving Credit Facility of £120m, which is limited to £90m whilst the Letter of Credit ancillary facility of £50m remains in place. None of the available £90m Revolving Credit Facility was utilised at 31 December 2018.
- Commences the main settlement of the ETV liabilities from the second half of 2019 and completes over a 24 month period.

Key stress scenarios that the Directors have considered are:

- A shortfall in base case projected operating cash flows due to adverse economic conditions, project over-spend and project delays.
- Deterioration in the quantum and acceleration of the settlement of the ETV liabilities compared to the base case.

## Nevada Investments 4 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 2 Accounting policies (continued)

- Mitigating actions within management control such as:
  - Delayed capital expenditure and a reduction in discretionary spend. This action could be utilised if trading performance and cash flows are not in line with the reforecast and can be managed by temporary spending deferrals.
  - Raising additional debt, additional shareholder support, and the potential sale of non-core assets.

Following the assessment of the Company's financial position and of its ability to meet its obligations as and when they fall due, the directors have a reasonable expectation that the Company will be able to continue to operate for at least the next twelve months from the date of approval of the financial statements. Therefore, the annual financial statements have been prepared on a going concern basis.

#### Taxation

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.

The tax expense for the period comprises current tax. Income tax is recognised in Statement of Comprehensive Income, 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.

#### 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.

#### 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 in the form of a subordinated loan and associated interest income. They are stated at amortised cost.

#### Financial liabilities

Financial liabilities are initially measured at fair value plus directly attributable transaction costs. The Company's financial liabilities are trade and other payables and borrowings.

(a) Trade and other payables represent amounts due to related parties. They are initially recognised at fair value and are subsequently measured at amortised cost;

(b) Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost using the effective interest rate method.



## Nevada Investments 4 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 2 Accounting policies (continued)

##### Financial guarantees

Contracts meeting the definition of a financial guarantee are recognised at fair value under IFRS 9, or under IFRS 4 'Insurance Contracts' where the conditions required in order for it to be regarded as an insurance contract are satisfied. This is determined on a contract by contract basis, depending on whether the risk transferred represents a financial risk or an insurance risk.

#### 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.

##### Key sources of estimation uncertainty

###### 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.

#### 4 Operating result

The audit fee of £4,284 (2017: £4,200) for the audit of this Company was paid by other Group entities for which no recharge was made.

#### 5 Finance cost

	2018 £	2017 £
<b>Finance costs</b>		
Interest expense on loans and borrowings	<u>(2,577,858)</u>	<u>(1,356,024)</u>
Net finance cost	<u>(2,577,858)</u>	<u>(1,356,024)</u>

#### 6 Staff costs

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

## Nevada Investments 4 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 7 Directors' remuneration

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

#### 8 Income tax

Tax credited in the Statement of Comprehensive Income

	2018 £	2017 £
<b>Current taxation</b>		
UK corporation tax	489,793	258,390
UK corporation tax adjustment to prior periods	<u>(243,584)</u>	<u>-</u>
	<u>246,209</u>	<u>258,390</u>

The differences are reconciled below:

	2018 £	2017 £
Loss before tax	<u>(27,071,291)</u>	<u>(1,359,169)</u>
Corporation tax at standard rate	489,793	258,989
Adjustments to tax charge in respect of previous periods	(243,584)	-
Other tax effects for reconciliation between accounting profit and tax expense/(income)	<u>-</u>	<u>(599)</u>
Total tax charge	<u>246,209</u>	<u>258,390</u>

A reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This reduction, from the existing rate of 19%, will reduce the Company's future current tax charge / credit accordingly.

## Nevada Investments 4 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 9 Investment in subsidiary

Subsidiary	£
<b>Cost or valuation</b>	
At 1 January 2018	<u>38,175,000</u>
At 31 December 2018	<u>38,175,000</u>
<b>Provision for impairment</b>	
Impairment of investment	<u>24,493,433</u>
At 31 December 2018	<u>24,493,433</u>
<b>Carrying amount</b>	
At 31 December 2018	<u>13,681,567</u>
At 31 December 2017	<u>38,175,000</u>

Details of the subsidiary as at 31 December 2018 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
Nevada Investments 5 Limited	Holding company	England and Wales 1 Minster Court, Mincing Lane, London, EC3R 7AA	100%	100%

The Company has reassessed the recoverable amount of the Company's investments in subsidiaries as a result of an ongoing reorganisation of the Group expected to conclude in 2019. Following this reassessment, it was determined that the carrying value of its investment in Nevada Investments 5 Limited exceeded its recoverable amount. An impairment charge of £24.5m has been recognised in the year.

**Nevada Investments 4 Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2018**

**10 Share capital**

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

	2018		2017	
	No.	£	No.	£
Ordinary shares of £0.01 each	<u>11,770,417</u>	<u>117,704</u>	<u>11,770,417</u>	<u>117,704</u>

**11 Loans and borrowings**

	2018	2017
	£	£
<b>Non-current loans and borrowings</b>		
Intra Group loan	<u>25,778,583</u>	<u>25,778,583</u>

On 22 June 2017 the Company entered into a subordinated loan agreement with Ardonagh Services Limited (formerly Towergate Insurance Limited), a fellow Group subsidiary. The loan bears interest at a fixed rate of 10.0% per annum.

**12 Trade and other payables**

	2018	2017
	£	£
<b>Current trade and other payables</b>		
Amounts due to other Group companies	<u>4,548,221</u>	<u>1,985,169</u>

The balances due to other Group companies are unsecured, interest free and repayable on demand.

## Nevada Investments 4 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 13 Commitments

##### Guarantees

On 25 May 2017, Ardonagh Midco 3 plc, a newly incorporated intermediate holding company, entered into a £90.0m super senior Revolving Credit Facility ("RCF").

On 20 June 2017, Ardonagh Midco 3 plc issued £400.0m of 8.375% Senior Secured Notes and USD520.0m of 8.625% Senior Secured Notes (together, the Notes). On 22 June 2017, the £425.0m Senior Secured Notes and £75.0m floating rate super Senior Secured Notes issued by Ardonagh Finco plc in April 2015 were redeemed.

On 20 December 2017, Ardonagh Midco 3 plc issued an additional £55.0m of 8.375% Senior Secured Notes which are fungible with the existing GBP Senior Secured Notes issued on 20 June 2017. On the same date the commitments under the RCF were increased to £105.0m.

On 18 June 2018, Ardonagh Midco 3 plc issued an additional £98.3m of 8.375% Senior Secured Notes which are fungible with the existing GBP Senior Secured Notes issued on 20 June 2017 and 20 December 2017.

On 26 September 2018, the Group's RCF was amended and restated to include an additional £50.0m facility made available solely to provide a Letter of Credit ancillary facility for the same amount. On 5 October 2018, a letter of credit of £50.0m was issued for the benefit of specified entities within the Group solely to provide credit support in respect of potential redress liabilities relating to the sale of certain enhanced transfer value products (ETV). While the Letter of Credit ancillary facility remains in place the commitments under the RCF that may actually be utilized are contractually limited to £90.0m excluding the Letter of Credit ancillary facility. Permissible RCF drawings are further limited by the Group's credit facility basket. None of this facility was utilised at 31 December 2018.

On 19 November 2018, Ardonagh Midco 3 plc issued an additional USD235.0m of 8.625% Senior Secured Notes.

The obligations of Ardonagh Midco 3 plc under the Notes, RCF, and the subsequently issued additional 8.375% and 8.625% notes, are guaranteed and secured by Ardonagh Midco 2 plc, the immediate parent company of Ardonagh Midco 3 plc, and all its material and certain other subsidiaries. These subsidiaries are listed below:

Nevada Investment Holdings 5 Limited	Morgan Law Limited
Nevada Investment Holdings 6 Limited	Paymentshield Group Holdings Limited
Nevada Investment Holdings 7 Limited	Paymentshield Holdings Limited
Nevada Investments TopCo Limited	Paymentshield Limited
Nevada Investments Holdings Limited	Paymentshield Services Limited
Nevada InvestorCo Limited	Ardonagh Finco Plc
Nevada Investments 1 Limited	Ardonagh Services Limited (formerly Towergate Insurance Limited)
Nevada Investments 2 Limited	Towergate Risk Solutions Limited

## Nevada Investments 4 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 13 Commitments (continued)

Nevada Investments 3 Limited	Towergate Underwriting Group Limited
Nevada Investments 4 Limited	PFIH Limited
Nevada Investments 5 Limited	Price Forbes & Partners Limited
Nevada Investments 6 Limited	Price Forbes Holdings Limited
Nevada Investments 7 Limited	URIS Group Limited
Arista Insurance Limited	Millennium Insurance Brokers Limited
Broker Network Holdings Limited	URIS Central Administration Limited (formerly Direct Newco Limited)
CCV Risk Solutions Limited	URIS Topco Limited (formerly Direct Group Topco Limited)
Cullum Capital Ventures Limited	Chase Templeton Group Limited
Four Counties Insurance Brokers Limited	Chase Templeton Holdings Limited
Geo Specialty Group Holdings Limited	Chase Templeton Limited
Geo Underwriting Services Limited	Carole Nash Insurance Consultants Limited
Lunar 101 Limited	KDB Medical Limited
Bishopsgate Insurance Brokers Limited	Atlanta 1 Insurance Services Limited (formerly Autonet Insurance Services Limited)
Towergate Insurance Broking Holdings	Swinton Group Limited
Ardonagh Specialty Holdings Limited	Swinton (Holdings) Limited
Ardonagh Midco 3 (Guarantor only)	Swinton Properties Limited
Ardonagh Midco 2 plc	Atlanta Investment Holdings Limited
Atlanta Investment Holdings A Limited	Health and Protection Solutions Limited (became an additional guarantor on 31 July 2019)

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

#### 14 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 4 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018**

#### **15 Parent and ultimate parent undertaking**

The Group's majority shareholder and controlling party is HPS Investment Partners LLC. At 31 December 2018, 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 3 plc, a company incorporated in Great Britain. Financial statements for The Ardonagh Group Limited and Ardonagh Midco 3 plc are available on request from:

1 Minster Court  
Mincing Lane  
London  
EC3R 7AA