

Registration number: 01600910

B.I.B. (Darlington) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



B.I.B. (Darlington) Limited

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B.I.B. (Darlington) Limited

Company Information

Directors	D C Ross D Cougill
Company secretary	D Clarke
Registered office	2 Minster Court Mincing Lane London EC3R 7PD United Kingdom
Auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom

B.I.B. (Darlington) Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their Strategic Report for the year ended 31 December 2019 for B.I.B. (Darlington) 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 the provision of insurance intermediary services. The Company is regulated by the Financial Conduct Authority (FCA) with effect from 1 April 2013.

The results for the Company show turnover of £2,845 (2018: (£1,458)) and profit before tax of £11,612 (2018: loss before tax £5,492) for the year. At 31 December 2019 the Company had net assets of £3,435,350 (2018: £3,425,944). The going concern note (part of accounting policies) on page 15 sets out the reasons why the directors believe that the preparation of the financial statements on a basis other than that of a going concern is appropriate.

Outlook

From 11 December 2017 the Company sold its renewal business and related assets to a fellow group company, Towergate Underwriting Group Limited and has been in run-off from that date. It is the directors' intention to wind up the Company once the run-off process has been completed.

The unprecedented and rapidly evolving nature of the global Covid-19 pandemic (including short-term and long-term effects thereof) creates unprecedented and extraordinary uncertainties for most businesses including B.I.B. (Darlington) Limited. Consideration of the financial risk and future impact can be found in the 'Going concern' disclosure in note 2.

Key performance indicators

Key Performance Indicators are of limited relevance in the current year as a result of the Company having been in run-off for the year ended 31 December 2019.

Non-financial key performance indicators include staffing levels which have remained at zero throughout the year, attributed to the transfer of trade in December 2017.

Principal risks and uncertainties

The Company has a comprehensive strategy for the identification, mitigation and management of risk. A wide-ranging assessment of business risks has been undertaken resulting in the compilation of a risk register. The risk register is subject to discussion at regular Risk Management Committee meetings and the Company's ongoing risk management ensures there is appropriate reporting from the business which will highlight changes in risk profile to the Risk Management Committee. The risks are managed and monitored to be within the agreed risk appetite. If a risk exceeds appetite, management actions will be put in place to bring it within appetite.

As noted in the Outlook section the Company's operations are in run-off as of 11 December 2017, and the Company is managed on a basis other than that of a going concern from that date.

B.I.B. (Darlington) Limited

Strategic Report for the Year Ended 31 December 2019

The principal risks and their mitigation are as follows:

Impact of Covid-19

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 Company and Group have considered the consequences and ramifications of the Covid-19 pandemic.

Business Continuity Plans are in place across each of the operating segments, with measures to manage employee absences, access to the wider network of all offices, the efficiency and stability of the Company's infrastructure and the ability for home working for a significant portion of our employee base. Leadership teams and working groups led by senior managers are in place to support operational resilience and taking common-sense precautions with a view to ensuring the wellbeing of colleagues. We continue to review this approach on a daily basis in line with latest global developments and government guidance. Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. As a Group, Ardonagh is highly diversified and not materially exposed to a single carrier, customer or market sector.

The Company has sufficient liquidity to withstand a period of potential poor trading resulting from a sustained impact of Covid-19 and closely monitors available liquidity on an ongoing basis.

Regulatory and legal risk

This is the risk of regulatory sanctions, material financial loss or loss to reputation suffered as a result of non-compliance with laws, regulations and applicable administrative provisions. This risk is mitigated by a proactive relationship with the Financial Conduct Authority, a dedicated compliance function, and a compliance monitoring programme. Furthermore, there is a control framework that has been rolled out throughout the Group and embedded within its culture to reduce the risk of errors and non-compliance.

General Data Protection Regulation

The Company's computer systems store information about its customers, some of which is sensitive personal data. Database privacy, identity theft and related computer and internet issues are matters of growing public concern and are subject to changes in rules and regulations. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or harm to our reputation. Although the Company has taken reasonable and appropriate security measures to prevent unauthorised access to information stored in our database and to ensure that our processing of personal data complies with the relevant data protection regulations, our technology may fail to adequately secure the private information we maintain in our databases and protect it from theft or inadvertent loss.

Future impact of Brexit

The Brexit decision may affect the ability of businesses to passport from the UK into other EU states and likewise into the UK from the EU. Following the 2019 general election, the Prime Minister has been clear that he is driven to deliver Brexit with a transition period ending on 31 December 2020.

We continue to believe that the direct impact on the Group will not be significant because it conducts only limited business within the EU and, importantly, because several additional mitigation strategies have been put in place during 2019 (i.e. 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 lead to a 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.

B.I.B. (Darlington) Limited

Strategic Report for the Year Ended 31 December 2019

Approved by the Board on 15/10/2020 and signed on its behalf by:



D Cougill
Director

B.I.B. (Darlington) Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Directors of the Company

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

D C Ross (appointed 17 December 2019)

R L Worrell (resigned 17 December 2019)

A Erotocritou (resigned 1 August 2019)

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 2019 (2018: £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 (2018: £Nil).

Subsequent events

The directors have considered the guidance of the UK Financial Reporting Council and events relating to the spread of coronavirus (Covid-19) and have treated this as a non-adjusting subsequent event in these financial statements (see note 2 Basis of preparation and note 15 Subsequent events).

Going concern

During the year ended 31 December 2017 the Company disposed of its trade and assets and is in run-off. It is the directors' intention to liquidate the Company. As a consequence, the financial statements have been prepared on a basis other than that of a going concern.

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.

B.I.B. (Darlington) Limited

Directors' Report for the Year Ended 31 December 2019

Reappointment of auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

Approved by the Board on 15/10/2020 and signed on its behalf by:



D Cougill
Director

B.I.B. (Darlington) Limited

Directors' responsibilities statement

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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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.

B.I.B. (Darlington) Limited

Independent Auditor's Report to the Members of B.I.B. (Darlington) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of B.I.B. (Darlington) Limited ("the Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit 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". (United Kingdom Generally Accepted Accounting Practice).

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.

Emphasis of Matter- Financial Statements prepared other than on a going concern basis

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

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.

B.I.B. (Darlington) Limited

Independent Auditor's Report to the Members of B.I.B. (Darlington) Limited

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement (set out on page 7), 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 the 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. This description forms part of our auditor's report.

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 the light of our 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.

B.I.B. (Darlington) Limited

Independent Auditor's Report to the Members of B.I.B. (Darlington) Limited

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.



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Claire Clough (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 15 October 2020

B.I.B. (Darlington) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Commission and fees	4	2,845	(1,458)
Administrative expenses		8,767	(6,775)
Impairment of financial assets		-	2,741
Operating profit/(loss)	5	<u>11,612</u>	<u>(5,492)</u>
Profit/(loss) before tax		11,612	(5,492)
Income tax (charge)/credit	8	<u>(2,206)</u>	<u>31,243</u>
Net profit for the year		<u>9,406</u>	<u>25,751</u>

The above results were derived from discontinued operations.

B.I.B. (Darlington) Limited

(Registration number: 01600910)

Statement of Financial Position as at 31 December 2019

	Note	2019 £	2018 £
Current assets			
Trade and other receivables	9	3,608,758	3,599,177
Tax asset	8	-	1,043
Cash and cash equivalents	10	<u>191,818</u>	<u>197,626</u>
		<u>3,800,576</u>	<u>3,797,846</u>
Current liabilities			
Trade and other payables	11	<u>365,226</u>	<u>371,902</u>
		<u>365,226</u>	<u>371,902</u>
Net current assets		<u>3,435,350</u>	<u>3,425,944</u>
Net assets		<u>3,435,350</u>	<u>3,425,944</u>
Capital and reserves			
Share capital	12	7,000	7,000
Capital redemption reserve		3,000	3,000
Merger reserve		735,782	735,782
Retained earnings*		<u>2,689,568</u>	<u>2,680,162</u>
Total equity		<u>3,435,350</u>	<u>3,425,944</u>

*The Company subsumed its capital contribution reserve, which was previously presented separately, within retained earnings. The amount subsumed was £16 at 31 December 2018.

Approved by the Board on 15/10/2020 and signed on its behalf by:



D Cougill
Director

The notes on pages 14 to 21 form an integral part of these financial statements.

B.I.B. (Darlington) Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital	Capital redemption reserve	Retained earnings	Merger reserve	Total
	£	£	£	£	£
At 1 January 2019	7,000	3,000	2,680,162	735,782	3,425,944
Net profit for the year	-	-	9,406	-	9,406
At 31 December 2019	<u>7,000</u>	<u>3,000</u>	<u>2,689,568</u>	<u>735,782</u>	<u>3,435,350</u>

	Share capital	Capital redemption reserve	Retained earnings	Merger reserve	Total
	£	£	£	£	£
At 1 January 2018	7,000	3,000	2,654,395	735,782	3,400,177
Net profit for the year	-	-	25,751	-	25,751
Share-based payment*	-	-	16	-	16
At 31 December 2018	<u>7,000</u>	<u>3,000</u>	<u>2,680,162</u>	<u>735,782</u>	<u>3,425,944</u>

*The Company subsumed its share-based payment reserve, which was previously presented separately as a capital contribution reserve, within retained earnings.

B.I.B. (Darlington) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

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

These financial statements for the year ended 31 December 2019 were authorised for issue by the board on 15/10/2020 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'.

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

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities measured at fair value.

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.

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

The adoption of IFRS 16, several amendments to standards and an interpretation are mandatorily effective for annual periods beginning on 1 January 2019. None of these had a material effect on the Company's financial statements.

The directors have considered the guidance of the UK Financial Reporting Council and events relating to the spread of coronavirus (Covid-19) and have treated this as a non-adjusting subsequent event in these financial statements, see note 15.

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 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:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64 (q)(ii), B66 and B67 of IFRS 3 Business Combinations which includes among other exemptions the requirement to include a comparative period reconciliation for goodwill;

B.I.B. (Darlington) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

2 Accounting policies (continued)

- 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;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to provide comparative period reconciliations in respect of outstanding shares, property, plant & equipment and intangible assets;
- 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;
- 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;
- 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;
- 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;
- 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.

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 on page 17.

Going Concern

At 31 December 2019 the Company had net assets of £3,435,350 (2018: £3,425,944) and net current assets of £3,435,350 (2018: £3,425,944). The net current assets include amounts receivable from related parties of £3,607,964 (2018: £3,596,967) and the net current liabilities include amounts payable to related parties of £340,701 (2018: £343,042). The Company reported a profit before tax of £11,612 (2018: loss before tax £5,492) for the year ended 31 December 2019.

From 11 December 2017 the Company sold its renewal business to a fellow group company, Towergate Underwriting Group Limited and has been in run-off since that date. It is the directors' intention to wind up the Company once its liabilities have been settled. Consequently, the financial statements have been prepared on a basis other than that of a going concern.

The book values of the Company's assets and liabilities are deemed to be a reasonable approximation of fair value due to their short-term nature. As such no adjustments to balances are required with the Company being reported on a basis other than that of a going concern.

B.I.B. (Darlington) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

2 Accounting policies (continued)

Revenue

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 service to a customer. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

Commission and fees

Revenue includes commission and fees receivable by the Company. Commission and fees relate mainly to placement or underwriting of policies on behalf of insurers or policyholders and are recognised at the later of policy inception date or when the policy placement has been completed and confirmed.

The Company charges fees and retains a portion of the policy premiums as commission. Premiums are typically collected on an annual basis, at or near contract inception (which could be up to 60 days from contract inception). In some cases, customers are offered to pay in instalments or are directed to a third-party premium credit provider. Some of the policies are rolling until the customer cancels the policy.

Taxation

The tax expense for the period comprises current and deferred tax. Income tax is recognised in profit or loss, 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

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.

Trade and other receivables

Trade and other receivables are initially measured at fair value plus directly attributable transaction costs. 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, adjusted for any loss allowances.

Impairment of trade and other receivables

The Company makes an estimate of the recoverable value of trade receivables and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile and historical experience.

Cash and cash equivalents

All cash and cash equivalents are assessed to have low credit risk at each reporting date as they are held with reputable banks and financial institution counterparties with, wherever possible, a minimum single A credit rating from both Moody's and S&P. The Company measures the loss allowance for such assets at an amount equal to 12 months ECL.

B.I.B. (Darlington) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

2 Accounting policies (continued)

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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 judgements and key sources of estimation uncertainty

There were no estimates or judgements made in the preparation of the financial statements.

4 Turnover

The analysis of the Company's turnover for the year is as follows:

	2019	2018
	£	£
Commission and fees	504	(4,573)
Other regulated income	2,341	3,115
	<u>2,845</u>	<u>(1,458)</u>

Turnover consists entirely of sales made in the United Kingdom.

5 Operating profit

The following items have been (credited) in arriving at operating profit:

	2019	2018
	£	£
Impairment of financial assets	<u>-</u>	<u>(2,741)</u>

The 2019 audit fee of £10,588 (2018: £11,541) for the audit of this Company was paid by other Group entities for which no recharge was made.

Amounts receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, The Ardonagh Group Limited.

B.I.B. (Darlington) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

6 Staff costs

The Company had no employees in the current year or the preceding year. All administration is performed by employees of the Group.

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 (charged)/credited in the Statement of Comprehensive Income

	2019 £	2018 £
Current taxation		
UK corporation tax	(2,206)	1,043
UK corporation tax adjustment to prior periods	<u>-</u>	<u>30,200</u>
Tax (charge)/credit in the Statement of Comprehensive Income	<u>(2,206)</u>	<u>31,243</u>

The differences are reconciled below:

	2019 £	2018 £
Profit/(loss) before tax	<u>11,612</u>	<u>(5,492)</u>
Corporation tax at standard rate at 19% (2018: 19%)	(2,206)	1,043
Corporation tax adjustment for prior periods	<u>-</u>	<u>30,200</u>
Total tax (charge)/credit	<u>(2,206)</u>	<u>31,243</u>

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%.

B.I.B. (Darlington) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

9 Trade and other receivables

	2019	2018
	£	£
Trade receivables	794	2,210
Receivables from other group companies	<u>3,607,964</u>	<u>3,596,967</u>
Total current trade and other receivables	<u><u>3,608,758</u></u>	<u><u>3,599,177</u></u>

The directors believe that the intercompany receivables are recoverable. The balances are unsecured, interest free and repayable on demand.

10 Cash and cash equivalents

	2019	2018
	£	£
Own funds	-	5,935
Own funds - restricted	170,315	170,315
Fiduciary funds	<u>21,503</u>	<u>21,376</u>
	<u><u>191,818</u></u>	<u><u>197,626</u></u>

Fiduciary funds represent client money used to pay premiums to underwriters, to settle claims to policyholders and to defray commission and other income. Fiduciary funds are not available for general corporate purposes.

Own funds of £170,315 (2018: £170,315) are considered restricted and not available to pay the general debts of the Company.

11 Trade and other payables

	2019	2018
	£	£
Current trade and other payables		
Trade payables in relation to insurance transactions	23,473	27,808
Amounts due to other Group companies	340,701	343,042
Contract liabilities*	<u>1,052</u>	<u>1,052</u>
	<u><u>365,226</u></u>	<u><u>371,902</u></u>

*Contract liabilities are included in the trade and other payables in the Statement of Financial Position.

Amounts due to other group companies are unsecured, interest free and payable on demand.

B.I.B. (Darlington) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

12 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>

The Ordinary shares have full voting rights, dividend rights and capital distribution (including winding up) rights. They do not confer any rights of redemption.

13 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.

14 Parent and ultimate parent undertaking

The Group's majority shareholder and ultimate controlling party at 31 December 2019 is HPS Investment Partners LLC. The parent company of the largest group that prepares group financial statements at 31 December 2019 that consolidate the Company is The Ardonagh Group Limited (incorporated in Jersey, registered office address 3rd Floor, 44 Esplanade, St Helier, Jersey JE4 9WG). The parent company of the smallest group that prepares group financial statements at 31 December 2019 that consolidate the Company is Ardonagh Midco 3 plc (Incorporated in Great Britain, registered office address 2 Minster Court, London, EC3R 7PD). Financial statements for The Ardonagh Group Limited and Ardonagh Midco 3 plc are available on request from:

2 Minster Court
Mincing Lane
London
EC3R 7PD

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Notes to the Financial Statements for the Year Ended 31 December 2019

15 Subsequent events

The Directors have considered the guidance of the UK Financial Reporting Council and events relating to the spread of coronavirus (Covid-19) and have treated this as a non-adjusting subsequent event in these financial statements (see note 2 Basis of preparation).

On 14 July 2020, the Group issued new borrowings, which it used to repay its existing borrowings and to fund acquisitions. The existing borrowings included the existing senior secured notes and the revolving credit facility, the repayment of which released the Group from the associated security. The new borrowings include \$500m senior unsecured notes, a senior secured term loan facility of £1,575m comprising £1,412.8m denominated in pound sterling and €180m denominated in euro and a £191.5m revolving credit facility that is not drawn at the date of this report. The Group completed the purchase of the entire issued share capital of Nevada 5 Topco Limited (an indirect parent of Arachas Topco Limited) on 14 July 2020, for a consideration of €135,781,781.51 cash. The Group also completed the purchase of the entire issued share capital of Nevada 4 Midco 1 Limited (the parent of Bravo Investment Holdings Limited) on 14 July 2020, for a consideration of £39,794,109.14 cash. The new borrowings will also be used to fund the acquisition of Bennetts Motorcycling Services Limited.