

Registration number: 12216708

C&N Investment Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021



C&N Investment Holdings Limited

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C&N Investment Holdings Limited

Company Information

Directors	C Shortland (appointed 25 May 2021) R Tuplin (appointed 25 May 2021)
Company secretary	Ardonagh Corporate Secretary Limited (appointed 22 February 2022) Callidus Secretaries Limited D Clarke (resigned 22 February 2022)
Registered office	Hexagon House Grimbald Crag Close Knaresborough North Yorkshire HG5 8PJ
Auditor	Deloitte LLP Four Brindleyplace Birmingham B1 2HZ

C&N Investment Holdings Limited

Strategic Report for the Year Ended 31 December 2021

The directors present their Strategic Report for the year ended 31 December 2021 for C&N Investment Holdings Limited (the "Company"). The comparative figures are for the 15 months from 20th September 2019 to 31st December 2020. 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 The Ardonagh Group Limited and together with its subsidiaries (the "Group").

Principal activities and business review

The principal activity of the Company is that of a holding company.

On 1 April 2021 the Company acquired the entire issued share capital of Chambers and Newman Limited for £6.3m cash and contingent consideration with a fair value of £1.8m.

The results for the Company show turnover of £nil (2020: £nil) and loss before tax of £562k (2020: £130k) for the year. At 31 December 2021 the Company had net liabilities of £667k (2020: £106k). The going concern note (part of accounting policies) on page 16 sets out the reasons why the directors continue to believe that the preparation of the financial statements on a going concern basis is appropriate.

Outlook

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

The unprecedented nature of the Covid-19 pandemic and the interruption to business operations creates uncertainties for most companies. However, insurance broking is a resilient and defensive market and the Ardonagh Group is highly diversified, mitigating the impact felt by the Company and Group. Further consideration of the impact of Covid-19 can be found in the "Going concern" disclosure in note 2.

Key performance indicators

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

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. Trading performance in the subsidiary could create the need for impairment leading to a reduction in net assets. The investment is reviewed for impairment to ensure the appropriate carrying value in the holding company's accounts.

C&N Investment Holdings Limited

Strategic Report for the Year Ended 31 December 2021 (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 from an economic shock and demonstrated operational and financial resilience in response to the Covid-19 pandemic.

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 £767.1m at 31 December 2021 and closely monitors available liquidity on an ongoing basis.

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

Approved by the Board on 19 May 2022 and signed on its behalf by:



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C Shortland
Director

C&N Investment Holdings Limited

Directors' Report for the Year Ended 31 December 2021

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Directors of the Company

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

C Shortland (appointed 25 May 2021)

R Tuplin (appointed 25 May 2021)

D O'Connor (resigned 26 May 2021)

S Drew (resigned 1 March 2021)

Dividends

The directors do not recommend a final dividend payment to be made in respect of the year ended 31 December 2021 (2020: £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 4.

Future developments

Details of future developments can be found in the Strategic Report within the "Outlook" section on page 3.

Political donations

The Company has not made any political donations during the year (2020: £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 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 with the help of Group support. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details of this assessment can be found in note 2 to these financial statements.

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.

C&N Investment Holdings Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

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.

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 19 May 2022 and signed on its behalf by:



C Shortland
Director

C&N Investment Holdings 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 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 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 FRS 101 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 to disclose with reasonable accuracy at any time the financial position of the Company and to 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 of fraud and other irregularities.

Independent Auditor's Report to the members of C&N Investment Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of C&N Investment Holdings Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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 13;

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or

Independent Auditor's Report to the members of C&N Investment Holdings Limited (continued)

otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent Auditor's Report to the members of C&N Investment Holdings Limited (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinion on other matter 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 the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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.

**Independent Auditor's Report to the members of C&N Investment Holdings Limited
(continued)**

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.

S. Cumberbatch

Stewart Cumberbatch FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, UK

19 May 2022

C&N Investment Holdings Limited
Statement of Comprehensive Income for the Year Ended 31 December 2021

		Year ended 31 December 2021 £ 000	15 months ended 31 December 2020 £ 000
Administrative expenses		(493)	(130)
Operating loss	4	(493)	(130)
Finance costs		(69)	-
Loss before tax		(562)	(130)
Income tax	7	1	24
Loss for the year		(561)	(106)

The above results were derived from continuing operations.

The notes on pages 15 to 21 form an integral part of these financial statements.

C&N Investment Holdings Limited

(Registration number: 12216708)

Statement of Financial Position as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Non-current assets			
Investment in subsidiaries	8	8,098	-
		<u>8,098</u>	<u>-</u>
Current assets			
Current tax		25	24
		<u>25</u>	<u>24</u>
Current liabilities			
Trade and other payables	9	7,024	130
Contingent consideration	10	1,019	-
		<u>8,043</u>	<u>130</u>
Net current liabilities		<u>(8,018)</u>	<u>(106)</u>
Non-current liabilities			
Contingent consideration	10	747	-
		<u>747</u>	<u>-</u>
Net liabilities		<u>(667)</u>	<u>(106)</u>
Capital and reserves			
Share capital	11	-	-
Retained earnings		(667)	(106)
Total shareholder deficit		<u>(667)</u>	<u>(106)</u>

Approved by the Board on 19 May 2022 and signed on its behalf by:



C Shortland
Director

The notes on pages 15 to 21 form an integral part of these financial statements.

C&N Investment Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £ 000	Retained losses £ 000	Total £ 000
At 1 January 2021	-	(106)	(106)
Loss and total comprehensive expense	-	(561)	(561)
At 31 December 2021	-	(667)	(667)

	Share capital £ 000	Retained losses £ 000	Total £ 000
At 20 September 2019*	-	-	-
Loss and total comprehensive expense	-	(106)	(106)
At 31 December 2020	-	(106)	(106)

*On 20 September 2019, the date of incorporation, 1 share having a nominal value of £1 was allotted for a consideration of £1.

The notes on pages 15 to 21 form an integral part of these financial statements.

C&N Investment Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

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. 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 2021 were authorised for issue by the Board on 19 May 2022 and the Statement of Financial Position was signed on the board's behalf by C Shortland.

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

The financial statements are presented in GBP sterling (£), which is also the Company's functional currency. The financial statements have been prepared on a historical cost basis, as modified to use a different measurement basis where necessary to comply with FRS 101.

No amendments to standards or interpretations that are mandatorily effective for annual periods beginning on 1 January 2021 have had a material effect on the Company's financial statements.

FRS 101 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 ("EU-adopted IFRS"), 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 IFRS 7 "Financial Instruments: Disclosures";
- The requirements of paragraphs 91 to 99 of IFRS 13 "Fair Value Measurement";
- 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 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;
- 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;

C&N Investment Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

FRS 101 disclosure exemptions (continued)

- 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 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

As shown in account note 12, the Company is a member of a group, of which The Ardonagh Group Limited ("TAGL") is the ultimate parent company and the highest level at which results are consolidated. TAGL together with its subsidiaries is referred to as the "Group" for the purposes of the going concern note.

The financial statements of the Company set out on pages 12 to 21 have been prepared on a going concern basis. At 31 December 2021 the Company had net liabilities of £643k (2020: £106k). The Company reported a loss before tax of £562k for the year ended 31 December 2021 (period ending 31 December 2020: £130k). The Company has obtained a Letter of Support from Ardonagh Midco 3 plc due to it being in a net current liability position. The Letter of Support covers a period of at least 12 months from the date of approval of the Company's financial statements.

The Directors consider 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 making the going concern assessment the Directors have taken into account the following:

- The Group's capital structure, operations and liquidity following the 14 July 2020 issuance of new borrowings; £343.0m received for the 350,000 preference shares issued on 3 September 2021; and the additional 19 August 2021 Capex, Acquisition and Re-organisation facility (CAR upside) of circa £565.0m agreed with the lenders of the Group's privately placed term loan facility due 2026 of which £164.3m remains undrawn at the date of the Group report. These are reflected in the adjusted base case and stressed cash flow forecasts over the calendar years 2022 and 2023.
- The impact on the base case cashflow forecasts arising from material acquisitions since the finalisation of the Group's base case budget.
- The principal risks facing the Group, including global political tensions (including related to the Ukrainian conflict) and potential lingering financial impacts of Covid-19 following lockdown restrictions being removed in the UK, and its systems of risk management and internal control.

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

- Following the 14 July 2020 issuance of new borrowings, which the Group used to repay its existing borrowings and to fund acquisitions: (a) the Group will continue to benefit from a £191.5m Revolving Credit Facility that is not drawn at the date of this report, and (b) payment-in-kind interest options are utilised.
- Client retention and renewal rates continue to be robust across the Group, despite the current economic uncertainty, as the 2021 trading performance continues to demonstrate resilience across the Group.
- Mitigating actions within management control including delayed capital expenditure, a reduction in discretionary spend and some reduction in employee headcount and remuneration.

C&N Investment Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Going concern (continued)

Key stress scenarios that the Directors have considered include cumulative stresses to the base plan as a result of:

- Shortfalls in base case projected income throughout 2022 and 2023.
- Deterioration in base case cash conversion rates over and above the shortfalls in income.
- Mitigating actions within management control including delayed capital expenditure, a reduction in discretionary spend and some reduction in employee headcount and remuneration.

The Group has also modelled reverse stress scenarios, including assessing those that result in a default on our term debt facilities that would require a technical repayment obligation and those that would exhaust available liquidity. The stresses needed for these outcomes to happen significantly exceed the key stress scenarios above and the Group consider such conditions to be a remote possibility. Other mitigations which may be possible in the stress scenarios but have not been included in the analysis include seeking shareholder support, securitising premium receivables and further incremental and more prolonged cost reductions.

The Directors continue to consider the wider operational consequences and ramifications of global political tensions (including related to the Ukrainian conflict) and the Covid-19 pandemic. In particular:

- The Group has demonstrated the efficiency and stability of the Group's infrastructure and the ability for home working for a significant portion of our employee base.
- 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.
- Although Covid-19 developments remain fluid, the stress testing demonstrates the Group's financial resilience and operating flexibility.

Following the assessment of the Group's financial position and its ability to meet its obligations as and when they fall due, including the further potential financial implications of economic uncertainty included in stress tests, and the wider operational consequences and ramifications of the pandemic, the Directors are not aware of any material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

Taxation

The tax expense for the year comprises current 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Investment 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.

C&N Investment Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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 income statement.

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.

Financial liabilities

The Company's financial liabilities include trade and other payables. Trade and other payables primarily represent amounts due to other Group companies. They are initially recognised at fair value and are subsequently measured at amortised cost.

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 profit or loss 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.

There are no critical judgments in the accounts.

The estimates and assumptions that have a significant effect on the carrying value of assets and liabilities are discussed below.

Contingent consideration

Deferred consideration comprises cash and the expected redemption value of shares held by sellers of acquired businesses. Some of the deferred consideration is contingent on the future performance of the acquired business.

C&N Investment Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

4 Operating loss

Arrived at after charging:

	2021 £ 000	2020 £ 000
Other administration expenses	487	125
Auditor's remuneration (audit of these financial statements)	6	5
	<u>493</u>	<u>130</u>

Other administration expenses include transaction costs amounting to £289k (2020 - £123k) relating to the acquisition of Chambers and Newman Limited.

5 Staff costs

The Company had no employees in the current year (2020 - £nil). All administration is performed by employees of the Group for which no recharge is made to the Company.

6 Directors' remuneration

For the directors serving throughout the year to 31 December 2021, their emoluments are not apportioned between their roles as directors of various entities within the Group and are therefore disclosed in the financial statements of Ethos Partner Holdings Limited.

The Company has taken advantage of Schedule 5 Part 2 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 not to disclose the aggregated emoluments for the highest paid director.

7 Income tax

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax credit	(1)	(24)
Adjustments in respect of prior periods	-	-
	<u>(1)</u>	<u>(24)</u>
Deferred taxation		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
Total tax credit	<u>(1)</u>	<u>(24)</u>
Reconciliation of the tax credit		
Loss before tax	<u>(562)</u>	<u>(130)</u>
Corporation tax credit at standard rate of 19% (2020: 19%)	(107)	(24)
Expenses not deductible for tax purposes	106	-
Total tax credit	<u>(1)</u>	<u>(24)</u>

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

C&N Investment Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

8 Investments in subsidiaries

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2021	-
Additions	8,098
At 31 December 2021	<u>8,098</u>
Carrying amount	
At 31 December 2021	8,098
At 1 January 2021	-

On 1 April 2021 the Company acquired the entire issued share capital of Chambers and Newman Limited for £6.3m cash and contingent consideration with a fair value of £1.8m.

Details of subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held
Chamber and Newman Limited	Insurance Broking	United Kingdom	100%

The registered office for Chambers and Newman Limited is: Colette House, 52-55 Piccadilly, London, W1J 0DX.

9 Trade and other payables

	2021	2020
	£ 000	£ 000
Current trade and other payables		
Amounts due to other Group companies	7,016	125
Accrued liabilities	8	5
	<u>7,024</u>	<u>130</u>

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

10 Contingent consideration

Deferred consideration relates to a deferred portion of the purchase price which the Company anticipates to be payable to the former owners of acquired businesses, and comprises deferred consideration as accounted for under IFRS 3. Elements of the deferred consideration are contingent on the future performance of the acquired business.

11 Share capital

	2021		2020	
	No.	£	No.	£
Authorised, called-up and fully paid				
Ordinary shares of £1 each	1	1	1	1

C&N Investment Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

12 Parent and ultimate parent undertaking

The Group's majority shareholder and ultimate controlling party at 31 December 2021 is HPS Investment Partners LLC. The parent company of the largest group that prepares group financial statements at 31 December 2021 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 2021 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 The Ardonagh Group Limited and Ardonagh Midco 2 plc are available on request from:

2 Minster Court
Mincing Lane
London
EC3R 7PD

13 Subsequent events

There are no significant events to report.