REGISTERED NUMBER: 11332119 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements for the Period 26 April 2018 to 31 December 2018

for

Granite Investments One Limited

Contents of the Financial Statements for the Period 26 April 2018 to 31 December 2018

Granite Investments One Limited

Company Information
for the Period 26 April 2018 to 31 December 2018

DIRECTORS:	A P Keating C A Lugt M Gowing
REGISTERED OFFICE:	The Lighthouse 98 Liverpool Road Formby L37 6BS
REGISTERED NUMBER:	11332119 (England and Wales)
AUDITORS:	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5EY

Granite Investments One Limited (Registered number: 11332119)

Strategic Report
for the Period 26 April 2018 to 31 December 2018

The directors present their strategic report for the period 26 April 2018 to 31 December 2018.

REVIEW OF BUSINESS

Granite Investments One Limited is a holding company (The Company) and a subsidiary within The Granite Group (The Group). This is The Company's first year of trading and The Company's primary income is dividends from its investments in subsidiary companies. The main subsidiaries within the group are Granite Underwriting Limited, Acorn Insurance and Financial Services Limited, Granite Finance Ltd and Prospect Legal Limited. Acorn Insurance and Financial Services' principal activity is the distribution of motor insurance products. Granite Finance Ltd provides instalment facilities for insurance policies taken out with Acorn Insurance and Financial Services Limited. Prospect Legal Limited provides a claims handling service for both our clients and insurance partners. Granite Underwriting Limited acts as holding company.

The Company has recorded a loss of £9,930,144 due to the impairment of the investment in Granite Underwriting Limited. Prior to the impairment the Company recorded a profit of £23,948,969, primarily consisting of income from its shares in group undertakings offset by the costs of financing activities, senior bank debt and intragroup loan notes.

The Company continues to invest in its existing subsidiary companies and to look to acquire new companies which can add additional value to its overall portfolio.

The Company's main subsidiaries continue to differentiate themselves from the main stream motor insurance market by specialising in niche areas of the motor market and continues to benefit from the loyalty of its customer base with strong renewal retention across all our main product lines which has assisted the growth of the group overall. Whilst the motor insurance market remains competitive, the subsidiary companies expect to continue to expand the business substantially going forward.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risks to our business and of our subsidiaries are loss of clients due to overly competitive pricing in our core markets by competitors. We mitigate this risk by monitoring our competitor pricing to ensure our pricing structures are competitive and our service levels exceed that commonly available in our industry. We remain committed to our existing niche areas of the motor market and also to expand into similar classes as the opportunities arise.

Additionally, the risk of an ever-changing regulatory environment is mitigated by continually monitoring our processes and procedures to ensure we remain complaint with all the latest regulatory requirements and guidance. We continually seek the support of external compliance consultants to test our processes and procedures and adapt where necessary.

The Company has unsecured loan notes outstanding with its ultimate parent, Quartz Holdings Limited (Quartz) with a fixed rate of interest of 12% per annum. Whilst interest will accrue on these loan notes, both the principal and the accrued interest do not become due and payable before the 1st November 2024. Any unpaid interest is rolled up into the principal on an annual basis and interest then accrues on this new compounded balance. The Company policy is to utilise free cash on a quarterly basis to make cash payments against these loan notes and reduce the liability.

RESTRUCTURE

On the 1st August 2018 the group undertook a significant restructure in order to set up for the next phase of the group's growth. Granite Holdings One Limited and Granite Investments One Limited were set up as new holding companies and Granite Underwriting Limited was brought under this new structure.

Granite Investments One Limited is 100% owned by Granite Holdings One Limited and in turn is 100% owned by Quartz Holdings Limited, a Guernsey based holding company.

ON BEHALF OF THE BOARD:

A P Keating - Director

27 June 2019

Report of the Directors
for the Period 26 April 2018 to 31 December 2018

The directors present their report with the financial statements of the company for the period 26 April 2018 to 31 December 2018.

INCORPORATION
The company was incorporated on 26 April 2018 and commenced trading on the same date.

DIVIDENDS
No dividends will be distributed for the period ended 31 December 2018.

DIRECTORS
The directors who have held office during the period from 26 April 2018 to the date of this report are as follows:

A P Keating - appointed 26 April 2018
C A Lugt - appointed 26 April 2018
M Gowing - appointed 26 April 2018

All the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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). 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A P Keating - Director

27 June 2019

Independent Auditor's Report to the Members of Granite Investments One Limited

Opinion

We have audited the financial statements of Granite Investments One Limited (the 'Company') for the year ended 31 December 2018 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. 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 FRC's Ethical Standard as applied to listed entities 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

Overview of our audit approach

Key audit matters	• Impairment in investment in subsidiary • Granite group restructuring
Materiality	• Overall materiality of £1.5m which represents 0.5% of Total Assets.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	**Our response to the risk**	**Key observations communicated to the Audit Committee**
Impairment in investment in subsidiary (2018: £289.9m) *Accounting policies (page 14); and Note 8 of the Financial Statements (page 16)* As part of the Granite group restructuring, Granite Investments One Limited invested in Granite Underwriting Limited for a consideration of £323m. As at 31 December 2018, management have re-assessed the carrying value for the investment in subsidiary and concluded that a value of £289.9m is appropriate valuation. This has resulted in a £33.9m impairment charge.	To obtain sufficient audit evidence to conclude on the appropriateness of the impairment in the investment in subsidiary we have: - Performed a walkthrough to understand management's policy and process to identify if impairment is required; - Reviewed management's impairment assessment. As part of this we engaged valuation specialists to determine if management's valuation was within a reasonable range.	We concluded, based on the audit work performed, that the investment in Granite Underwriting Limited has been accounted for appropriately.
Granite group restructuring *Accounting policies (page 14); and Note 8 of the Financial Statements (page 16)* Granite Investments One Limited was formed in 2018 following the restructuring of the Granite Underwriting Limited group. As part of this restructuring, three new entities were formed (one of which was Granite Investments One Limited) and a number of intra	To obtain sufficient audit evidence to conclude on the appropriateness of the group restructuring accounting we have: - Performed a walkthrough to understand management's restructuring process including the accounting entries; - Validated all material group restructuring transactions back to supporting documentation where	We concluded, based on the audit work performed, that the Granite group restructuring has been accounted for appropriately.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
group/shareholder transactions took place. These involved the issuance and redemption of debt securities. In addition, the company has listed debt on The International Stock Exchange (TISE) and an external bank loan. There is a risk that the group restructuring is accounted for incorrectly and therefore lead to a misstatement in the financial statements.	appropriate. This included the debt liabilities held on the balance sheet as at the year-end date; and - Engaging accounting/tax specialists to consider the accounting/tax impact of the group restructuring.	

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £1.5m, which is 0.5% of Total Assets. We believe that Total Assets provides us with the most appropriate basis for calculating materiality as this is the metric upon which the users of the financial statements focus.

During the course of our audit, we reassessed initial materiality and have not made any changes from that determined at the planning stage.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £0.75m. We have set performance materiality at this percentage due to this being a first year audit.

Independent Auditor's Report to the Members of
Granite Investments One Limited

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.075m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic Report and Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 or Report of the Directors.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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

**Independent Auditor's Report to the Members of
Granite Investments One Limited**

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Ernst + Young LLP

Robert Bruce (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 June 2019

Granite Investments One Limited

Income Statement
for the Period 26 April 2018 to 31 December 2018

	Notes	£
TURNOVER		-
Administrative expenses		255,064
OPERATING LOSS	4	(255,064)
Income from shares in group undertakings		36,660,483
		36,405,419
Amounts written off investments	5	33,879,113
		2,526,306
Interest payable and similar expenses	6	12,456,450
LOSS BEFORE TAXATION		(9,930,144)
Tax on loss	7	-
LOSS FOR THE FINANCIAL PERIOD		(9,930,144)

The notes form part of these financial statements

Granite Investments One Limited

Other Comprehensive Income
for the Period 26 April 2018 to 31 December 2018

	Notes	£
LOSS FOR THE PERIOD		(9,930,144)
OTHER COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(9,930,144)

The notes form part of these financial statements

Granite Investments One Limited (Registered number: 11332119)

Balance Sheet
31 December 2018

	Notes	£	£
FIXED ASSETS			
Investments	8		289,914,260
CURRENT ASSETS			
Debtors	9	401,238	
CREDITORS			
Amounts falling due within one year	10	9,028,857	
NET CURRENT LIABILITIES			(8,627,619)
TOTAL ASSETS LESS CURRENT LIABILITIES			281,286,641
CREDITORS			
Amounts falling due after more than one year	11		291,216,784
NET LIABILITIES			(9,930,143)
CAPITAL AND RESERVES			
Called up share capital	15		1
Retained earnings	16		(9,930,144)
SHAREHOLDERS' FUNDS			(9,930,143)

The financial statements were approved by the Board of Directors on 27 June 2019 and were signed on its behalf by:

A P Keating - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the Period 26 April 2018 to 31 December 2018

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	1	-	1
Total comprehensive income	-	(9,930,144)	(9,930,144)
Balance at 31 December 2018	1	(9,930,144)	(9,930,143)

The notes form part of these financial statements

Notes to the Financial Statements
for the Period 26 April 2018 to 31 December 2018

1. **STATUTORY INFORMATION**

Granite Investments One Limited is a private company, limited by shares, registered in England and Wales. The companies registered number is 11332119 and registered office is 98 Liverpool Road, Formby, Liverpool, L37 6BS.

The presentation and functional currency is the Pound Sterling (£).

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Following the sale of a minority share of the Company's' ultimate parent, Quartz Holdings Limited, the Company had to revalue its investment in Granite Underwriting Limited which resulted in an impairment. As a result the Company is in a net liability position. Despite this, the directors are confident that given the groups recent performance and projected performances that it can continue to meet its liabilities and that the going concern basis of preparation is appropriate. In particular the directors are satisfied that the Company will generate and retain sufficient cash through the business activities of the other companies within the Granite group to allow it to meet its liabilities in relation to the senior debt facility at the time contractual payments are due.

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Preparation of consolidated financial statements
The financial statements contain information about Granite Investments One Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Granite Holdings One Limited, The Lighthouse, 98 Liverpool Road, Formby, Liverpool L37 6BS.

Significant judgements and estimates
There are no judgements (apart from those involving estimates) that have had a significant effect on amounts recognised in the financial statements.

Investments in subsidiaries
Investments in subsidiary undertakings are recognised at cost less impairment.

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the income statement.

The recoverable amount is higher of Value in use (VIU) or Fair value less costs to sell (FVLCS).

continued...

2. **ACCOUNTING POLICIES - continued**

Financial instruments
Intercompany loans (being repayable on demand), trade debtors and trade creditors are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit and loss.

Bank loans represent two loans from Investec Bank PLC interest is accrued daily at annual rates of 3.75% and 4.25% above LIBOR and charged to the income statement. Loan A is repaid in equal installments within 5 years. Loan B is a 6 year loan and is due in July 2023 Interest is paid bi-annually.The loan is initially recognised at the fair value of the proceeds, net of related transaction costs. The loans are then stated at amortised cost using the effective interest method.

Loan notes are owned by the ultimate parent company Quartz Holdings Limited and attract interest at a fixed rate of 12% per annum. The loans are unsecured with a repayment date of 1st November 2024. The loan notes are listed on The International Stock Exchange in Guernsey.

Taxation
Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3. **EMPLOYEES AND DIRECTORS**

There were no staff costs for the period ended 31 December 2018.

	£
Directors' remuneration	-

4. **OPERATING LOSS**

The operating loss is stated after charging:

	£
Auditors' remuneration	13,000

continued...

5. AMOUNTS WRITTEN OFF INVESTMENTS

	£
Amounts written off investments	33,879,113

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	£
Loan note interest	10,325,983
Bank loan interest	2,130,467
	12,456,450

Loan note interest of £10,325,983 is payable to the parent company, Quartz Holdings Limited.

7. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2018 nor for the year ended 31 December 2017.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.18 £
Loss before tax	(9,930,144)
Loss multiplied by the standard rate of corporation tax in the UK of 19%	(1,886,727)
Effects of:	
Expenses not deductible for tax purposes	8,398,968
Income not taxable for tax purposes	(6,965,492)
Losses surrendered to group	453,251
Total tax charge	-

Management is undertaking a transfer pricing review in relation to the interest paid to Quartz Holdings Ltd of £10,325,983. Due to uncertainty over the outcome of this review, management have provided for tax on the basis that none of this interest will be deductible in the UK.

8. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
Additions	323,793,373
Impairments	(33,879,113)
At 31 December 2018	289,914,260
NET BOOK VALUE	
At 31 December 2018	289,914,260

continued...

8. FIXED ASSET INVESTMENTS - continued

All subsidiaries (direct and indirect) of Granite Investments One Limited are as follows:-

Name of undertaking	Country of Incorporation
Granite Underwriting Limited	England and Wales
Acorn Insurance and Financial Services Limited	England and Wales
Granite Finance Ltd	England and Wales
Prospect Legal Limited	England and Wales
Flag Insurance (Brokers) Limited	England and Wales

-Granite Underwriting Limited is an investment company
-Acorn Insurance and Financial Services and Flag Insurance (Brokers) Limited are insurance brokers
-Granite Finance Ltd is a short term finance provider
-Prospect Legal Limited is a claims management company

All registered office addresses are 98 Liverpool Road, Formby, L37 6BS, with the exception of Flag Insurance (Brokers) Limited whose registered office is 1 Rectory Row, Bracknell, Berkshire, RG12 7BN.

Although the group does not hold a majority shareholding in Flag Insurance (Brokers) Limited it does exercise control over the company as it is able to appoint and remove the majority of directors. On this basis the company qualifies as a subsidiary in accordance with the Companies Act 2006 section 1159 (1)(b) as it therefore has control of the financial and operating activities of the entity.

The group was valued in December 2018 at £289,914,260 resulting in an impairment of £33,879,113 as "Amounts written off investments" in the profit and loss account. The impairment amount is the reduction of carrying amount to recoverable amount, which has been estimated on a fair value basis.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Amounts owed by group undertakings	401,237
Other debtors	1
	401,238

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Bank loans and overdrafts (see note 12)	9,000,000
Other creditors	14,408
Accruals and deferred income	14,449
	9,028,857

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	£
Bank loans (see note 12)	74,257,916
Loan notes (see note 12)	216,958,868
	291,216,784

continued...

12. LOANS

An analysis of the maturity of loans is given below:

	£
Amounts falling due within one year or on demand:	
Bank loans	9,000,000
Amounts falling due between one and two years:	
Bank loans - 1-2 years	9,000,000
Amounts falling due between two and five years:	
Bank loans - 2-5 years	65,257,916
Amounts falling due in more than five years:	
Repayable otherwise than by instalments	
Loan notes	216,958,868

The group and parent company balance sheet includes two loans from Investec Bank PLC totalling £83,257,916 (2017: £15,427,849). Interest is charged at 3.75% and 4.25% above LIBOR and is paid every 6 months. One loan is subject to capital repayments of £9,000,000 per annum.

Loan notes are owned by the ultimate parent company Quartz Holdings Limited and attract interest at a fixed rate of 12% per annum. The loans are unsecured with a repayment date of 1st November 2024. The loan notes are listed on The International Stock Exchange, Guernsey.

13. SECURED DEBTS

The following secured debts are included within creditors:

	£
Bank loans	83,257,916

Investec Bank PLC hold a debenture over this company and charges over Granite Holdings One Limited (the parent company), Granite Underwriting Limited and its subsidiaries Granite Finance Limited, Prospect Legal Limited and Acorn Insurance and Financial Services Limited, as security against the loan of £83,257,916 included in creditors at 31st December 2018.

14. FINANCIAL INSTRUMENTS

	31.12.18 £
Financial assets measured at amortised cost	
Loans receivable	
Other debtors	401,238
Financial liabilities measured at amortised cost	
Other creditors	28,857
Bank loans	83,257,916
Loan notes	216,958,868

The amount of interest recognised in the income statement in respect of bank loans at amortised cost is £2,130,467.

continued...

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	£
1	Ordinary shares	£1	1

1 Ordinary shares share of £1 was allotted and fully paid for cash at par during the period.

16. RESERVES

	Retained earnings £
Deficit for the period	(9,930,144)
At 31 December 2018	(9,930,144)

17. ULTIMATE PARENT COMPANY

Granite Investments One Limited and its subsidiaries are included in the consolidated financial statements of Granite Holdings One Limited, registered office The Lighthouse, 98 Liverpool Road, Formby, L37 6BS.Consolidated financial statements are available from Companies House, England and Wales.

The ultimate parent company is Quartz Holdings Limited, a company registered in Guernsey. The registered office address is Roseneath, The Grange, St Peter Port, Guernsey, GY1 2QJ.

18. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Entities with control, joint control or significant influence over the entity

	£
Interest	(10,325,983)
Amount due to related party	(216,958,868)

19. ULTIMATE CONTROLLING PARTY

In the opinion of the directors there is no controlling party.