REGISTERED NUMBER: 11332119 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 31 December 2019

for

Granite Investments One Limited

Contents of the Financial Statements
for the Year Ended 31 December 2019

Granite Investments One Limited

Company Information
for the Year Ended 31 December 2019

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

Strategic Report
for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

REVIEW OF BUSINESS

Granite Investments One Limited is a holding company (The Company) and a subsidiary within The Granite Holdings One Group (The Group). The Company's primary income is dividends from its investments in subsidiary companies. The main subsidiaries within The Group are 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.

The year ended 31 December 2019 represents the first full year of trading following a significant restructure in 2018. The Company and its Subsidiaries have continued to experience excellent growth. The Company has received income from its subsidiaries of £24,920,393 (2018: £36,660,483) The carrying value of the impairment has now reduced to £2,379,113 (2018: £33,879,113).

The Company incurred interest and similar expenses of £30,529,309 (2018: £12,456,450) in the year, mainly consisting of Loan interest between The Company and its Ultimate Parent company Quartz Holdings Limited of £25,812,754 (2018: £10,325,983) and interest on bank loans of £4,716,555 (2018: £2,130,467).

The Company's profit after tax was £25,841,128 (2018: -£9,930,144). The main driver of the increase was 2019 included a reversal of s significant portion of prior period impairment related to its valuation of its investments in its subsidiaries.

The Company met all of its financial obligations for the year ended 31 December 2019.

STRATEGY

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 mainstream 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.

INVESTMENT

All of The Companies subsidiaries follow a strategy to invest in their people, technology and products which has enabled the growth seen this year which has been recognised in the increase valuation of The Group and will continue to support The Groups next period of growth in a competitive and continuously evolving marketplace.

The Companies main subsidiary, Granite Underwriting Limited which holds all of The Groups main trading subsidiaries completed the acquisition of IT Developers Limited in February 2019. The Group has worked with IT Developers Limited for a significant period of time on a number of strategic IT Development initiatives and the acquisition of the business is a natural fit for The Group and its ongoing strategy.

PRINCIPAL RISKS AND UNCERTAINTIES
The main risk to The Group and its main trading subsidiaries is the loss of clients due to overly competitive pricing in our core markets by competitors. This is mitigated by monitoring competitor pricing to ensure the pricing structures are competitive and the service levels exceed that commonly available in our industry. The Group remains committed to our existing niche areas of the motor market and also to expand into similar classes as the opportunities arise.

Secondly, the risk of an ever-changing regulatory environment for each of the main Trading Subsidiaries is mitigated by continually monitoring our processes and procedures to ensure we remain complaint with all of the latest regulatory requirements and guidance. The Group continually seeks the support of external compliance consultants to test the processes and procedures and adapt where necessary.

Haven Insurance Company Limited (Haven) underwrites a high percentage of the policies which one of The Groups subsidiaries, Acorn Insurance and Financial Services (Acorn) sells, should Haven cease to trade, Acorn would have to find alternative underwriting capacity for these risks, this is mitigated by Acorn having long standing relationships with a multitude of underwriters who would have the capacity to underwrite this business should it need to.

There is a risk associated with the COVID-19 Global pandemic which has significantly impacted the global economy in 2020. Further details on this risk and the uncertainty is covered in a specific note below.

FINANCIAL INSTRUMENTS
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 Groups' policy is to utilise free cash on a quarterly basis to make cash payments against these loan notes and reduce the liability for The Group.

The Companies balance sheet includes two loans from Investec Bank PLC totalling £74,894,413 (2018: £83,257,916). 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.

COVID-19
During the closing stages of Q1 2020, the COVID-19 pandemic reached a stage where a government-imposed lockdown was enforced in order to protect the welfare of UK citizens. The lockdown prompted a significant shift in the countries daily routines and habits which has impacted various areas of the economy in different ways. This lockdown has continued until the date of signing this report, albeit more relaxed than when it was initially implemented.

The Granite Group set out a strategy with 3 key pillars from the start:

1) Protect our People

First and foremost The Group's obligation to protect its people and their health and wellbeing has been of paramount importance. The Group has taken significant steps to protect the most vulnerable people and also give employees where appropriate the ability to work from home.

Significant investment in additional sanitising of the workspace combined with implementing government guidelines where appropriate has enabled us to maintain a safe environment for those employees still required to be office based in order to continue to provide an essential service for our customer base.

2) Protect our Customers

As a Group that provides essential services to the public, it was imperative we put in place measures to ensure our customers could continue to contact us to discuss their changing requirements and support them to ensure they could still go about their day to day lives knowing our products and services were covered their needs during these unprecedented times.

Payment plan options for those using one of The Groups finance products have also been introduced to support those experiencing financial difficulty.

3) Protect our Business

Strategic Report
for the Year Ended 31 December 2019

The Group has not been immune to the pandemic and has seen significant changes in its business mix reflecting the ongoing needs of The Groups customer base. Business lines such as Taxi have naturally seen a decrease in demand and we have sought to address this by offering our customers a variety of downgrade options, so they still have the use of their vehicles' during the lockdown but on a reduced basis and offering policy suspensions at no cost to the customer. Conversely, we have seen increases in Private Car and Commercial Vehicle demand as customers sought to utilise private transport over public transport during the lockdown period.

From a profitability perspective The Group has gone to great lengths to manage its cost base during this uncertain time in order to protect the longevity of the business. The biggest fixed cost as a Group is staff costs and throughout the pandemic our focus has been on the welfare of our people whilst also ensuring we are able to provide an essential service to our customers in order to keep them on the road during unprecedented times. For those employees unable to work during this time, The Group has implemented the governments Job Retention Scheme to continue to support our people financially whilst also protecting the company from significant drops in income. These cost control measures have broadly offset the changes in volumes and has allowed The Group to continue to deliver margins in line with or exceeding those of a pre-COVID environment.

Significant levels of financial modelling have been conducted throughout the pandemic to ensure The Group can plan for as many potential scenarios as possible. This modelling does not suggest any significant impacts to our capital base and shows that The Group will continue to operate profitably whilst importantly continue to be able to meet its financial obligations and more specifically continue to meet its obligations in relation to the outstanding Bank Loans.

Given both the extensive modelling and also the actual levels of performance achieved during the worst of the pandemic, Granite is positive that it can continue to trade profitably for the duration of the pandemic thanks to its scalable model and its product portfolio diversity. On this basis the Directors are comfortable with the ability of The Group to continue as a going concern.

Strategic Report
for the Year Ended 31 December 2019

SECTION 172(1) STATEMENT
This section of the Strategic Report describes how the Directors have had regard to the matters set out in section 172 (1) (a) to (f), and forms the Directors' statement required under section 414CZA of the Companies Act 2006.

The Company invests in subsidiaries that aim to provide high-quality insurance products and services to its customers whilst also delivering value for its shareholders on a long-term basis.

A vital component of delivering on The Groups primary objective which is to deliver long term value for Shareholder is to ensure the Board balances short term and long-term decision making. For example when making the decision to use any of The Groups free cash to settle accrued loan note interest, the short term free cash availability and thus reduction in accrued debt is weighed against the longer term financial needs of The Group and the level of investment required to achieve its long term strategic goals.

The Directors take an active interest in The Groups employee base, now numbering over 930 people across various subsidiaries. The Board is involved in setting employee strategy and ensuring that employees best interests are kept in mind during all decision-making processes that would have an impact upon employees. For example, when making the decision to transfer employees from Prospect Legal Limited to Acorn Insurance and Financial Services Limited, the Board input into the strategic decision-making process with a focus on ensuring that employees were treated fairly and kept well informed throughout the process.

The Board recognises that The Groups long term strategic goals can only be achieved through engagement with, and consideration of, all stakeholders including our employees, customers, suppliers and regulators. The consideration of stakeholder needs and engagement with stakeholders is not new to The Granite Group and is a continued focus on building long lasting relationships with stakeholders has been key to The Groups success to date.

As a Group with multiple office locations throughout the UK, the operational impacts on society, community and the environment are at the forefront of Directors decision making when evaluating the effectiveness and sustainability of The Groups operations.

There is a long-held belief amongst The Board that the success of The Group is built on its reputational equity which it has built up over a significant period of time. The Board insists on a high quality of service to be provided to its customers and has a zero-tolerance policy with regards to activity which could damage this reputation. The Board fosters this by creating a culture of putting the customer first in every transaction. This is further backed up by the significant number of repeat customers choosing to renew their products and services with The Group year after year.

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

30 June 2020

Report of the Directors
for the Year Ended 31 December 2019

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2019.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

A P Keating
C A Lugt
M Gowing

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

30 June 2020

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 2019 which comprise Income Statement, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18, 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 2019 and of its profit 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 public interest 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** • **COVID-19 impact**
Materiality	• Overall materiality of £1.4m 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 (2019: £321.4m, 2018: £289.9m) *Accounting policies (page 15); and Note 9 of the Financial Statements (page 19)* As part of the Granite group restructuring during 2018, Granite Investments One Limited invested in Granite Underwriting Limited for a consideration of £323m. As at 31 December 2018, management assessed the carrying value for the investment in subsidiary and concluded that a value of £289.9m was an appropriate Valuation, which resulted in a £33.9m impairment charge. As at 31 December 2019 management has re-assessed the carrying value for the investment in subsidiary and has concluded that the impairment has been reversed and the investment in subsidiary has been restated to £321.4m.	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 assess the carrying value of the investment in subsidiary; • Reviewed management's impairment assessment. As part of this we engaged valuation specialists to determine if management' s valuation was within a reasonable range. • Considered whether the applied accounting treatment is in compliance with FRS 102 and the Company's accounting policy.	Based on the information available at the time of this report and the audit procedures performed on the valuation of Granite Underwriting Limited, we concluded that the carrying value of the investment in subsidiary is appropriate as at 31 December 2019.
COVID-19 impact *Refer to Note 2 Basis of preparation (page 15) and Note 18 Post balance sheet events (page 21) of the financial statements* The global outbreak of COVID-19 presents operational and financial risks to the Company. COVID-19 is considered to be a non-adjusting post balance sheet event and as such no adjustments have been made to the results and the financial position of the Company for the year ended 31 December 2019. The Directors have performed an assessment of the impact of COVID-19 on the profitability, liquidity and capital position of the Company. They have modelled Company's results to reflect: • the risk of decreased premium written through the Granite Group;	We read, assessed and challenged the Directors' going concern assessment, including their expectation of the impact of COVID-19 on the operations, liquidity and capital position of the Company. In particular: • We obtained the profitability and cashflow forecasts prepared by the Company and assessed the appropriateness of assumptions applied in the modelled stress scenarios; • We challenged whether the base forecasts of revenue and expenses were realistic based on our understanding of the business and the available information on the COVID-19 development; • We tested that the modelled stress scenarios had been accurately applied in the liquidity forecasts and to the covenant calculations; • We considered the impact of COVID-19 on the profitability, liquidity and capital position of Haven Insurance Limited, the	We concluded that the Directors had an appropriate basis on which to make the assessment that COVID-19 does not give rise to material uncertainty over the going concern of the Company. We consider that the financial statement disclosures in respect of the impact of COVID-19 are appropriate and consistent with the requirements of FRS 102.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
• the risk of the Company being able to continue to meet its financing commitments; and • the potential impact of COVID-19 on the Granite Group's ability to continue operationally. Based on these analyses the Directors do not consider that COVID-19 gives rise to a material uncertainty over the going concern of the Group. Due to the significant level of judgment applied, there is a higher risk around the appropriateness of modelling performed by the Company and whether the Directors have drawn appropriate conclusions regarding the going concern basis. In addition, there is a risk that the disclosures in the financial statements are inadequate or inappropriate.	main provider of insurance capacity to the Granite group. • We considered whether management actions identified by the Group were realistically achievable, based on our knowledge of the business; • We considered management's assessment of the operational impact of COVID-19 on the business by reference to the measures they have currently implemented or plan to put in place; and • We read the financial statement disclosures in respect of going concern in note 2 and the post balance sheet impact of COVID-19 in note 18, to determine whether they were consistent with the results of management's forecasts and in accordance with the requirements of the applicable reporting framework.	

In the prior year, our auditor's report included a key audit matter in relation to the Granite group restructuring. In the current year we no longer considered it a key audit matter as we had concluded that the group restructuring had been accounted for correctly.

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 £1.4 million (2018: £1.5 million), which is 0.5% (2018: 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 0.75% (2018: 0.5%%) of our planning materiality, namely £1.1m (2018: £0.75m). We have set performance materiality at this percentage due to it being the second year of audit of the Company and there being minimal errors in the prior year.

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 £0.072m (2018: £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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' reports 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 directors' report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

Robert Bruce (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
1 July 2020

Statement of Comprehensive Income
for the Year Ended 31 December 2019

	Notes	Year Ended 31.12.19 £	Period 26.4.18 to 31.12.18 £
TURNOVER		-	-
Administrative expenses		35,696	255,064
OPERATING LOSS	4	(35,696)	(255,064)
Income from shares in group undertakings	5	24,920,393	36,660,483
		24,884,697	36,405,419
Amounts written off investments	6	(31,485,740)	33,879,113
		56,370,437	2,526,306
Interest payable and similar expenses	7	30,529,309	12,456,450
PROFIT/(LOSS) BEFORE TAXATION		25,841,128	(9,930,144)
Tax on profit/(loss)	8	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		25,841,128	(9,930,144)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		25,841,128	(9,930,144)

The notes form part of these financial statements

Balance Sheet
31 December 2019

	Notes	31.12.19 £	31.12.19 £	31.12.18 £	31.12.18 £
FIXED ASSETS					
Investments	9		321,400,000		289,914,260
CURRENT ASSETS					
Debtors	10	5,731		401,238	
CREDITORS					
Amounts falling due within one year	11	14,759,112		9,028,857	
NET CURRENT LIABILITIES			(14,753,381)		(8,627,619)
TOTAL ASSETS LESS CURRENT LIABILITIES			306,646,619		281,286,641
CREDITORS					
Amounts falling due after more than one year	12		290,735,634		291,216,784
NET ASSETS/(LIABILITIES)			15,910,985		(9,930,143)
CAPITAL AND RESERVES					
Called up share capital	15		1		1
Retained earnings			15,910,984		(9,930,144)
SHAREHOLDERS' FUNDS			15,910,985		(9,930,143)

The financial statements were approved by the Board of Directors and authorised for issue on 30 June 2020 and were signed on its behalf by:

A P Keating - Director

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

	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)
Changes in equity			
Total comprehensive income	-	25,841,128	25,841,128
Balance at 31 December 2019	1	15,910,984	15,910,985

The notes form part of these financial statements

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.

In 2018, 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 was in a net liability position. In considering going concern, the Directors have reviewed the Company's future cash requirements, earnings projections and cash requirements over the next twelve months. Furthermore, various stress and scenario tests have taken place to assess the potential impact on the Company of COVID-19, considering the potential impact on revenue, cost control measures and the impact on the Group's ability to continue to operate, together with liquidity and other non-insurance activities for the wider Group. The Directors believe these forecasts have been prepared on a prudent basis and have also considered the impact of a range of potential changes to trading performance over the next 12 months from the date of signing the financial statements.

This modelling does not suggest any significant impacts to the capital base and shows that the group will continue to operate profitably whilst importantly continue to be able to meet its financial obligations. In particular the Directors are satisfied that the Company will generate and retain sufficient cash to allow it to meet its liabilities in relation to the senior debt facility at the time contractual payments are due. In addition, the Directors are satisfied that the Group will not breach any of its existing banking covenants. Furthermore, the Directors are satisfied that the ability transfer cash up through the Group will not be impeded. This is supported by the Group's current trading and its cash position at the time of signing the accounts.

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.

 continued...

2. **ACCOUNTING POLICIES - continued**

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.

Investments in subsidiaries were impaired in 2018 following the sale of of a minority share in the Company's ultimate parent company, which gave a value of Granite Underwriting Limited. Since the year end the investment in subsidiary has been valued professionally at £321,400,000 and £31,485,740 of the impairment loss from 2018 has been reversed in 2019.

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

Financial instruments
All of the company's financial instruments fall within the scope of FRS 102 Section 11.

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 instalments 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 year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

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2. **ACCOUNTING POLICIES - continued**

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 year 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 year ended 31 December 2019 nor for the period ended 31 December 2018.

	Year Ended 31.12.19 £	Period 26.4.18 to 31.12.18 £
Directors' remuneration	-	-

Directors are remunerated from other undertakings within the group.

Remuneration for services to Granite Investments One Limited can not be allocated. The total remuneration paid to directors of this entity from the group is £533,788.

4. **OPERATING LOSS**

The operating loss is stated after charging:

	Year Ended 31.12.19 £	Period 26.4.18 to 31.12.18 £
Auditors' remuneration	13,000	13,000

5. **INCOME FROM SHARES IN GROUP UNDERTAKINGS**

	Year Ended 31.12.19 £	Period 26.4.18 to 31.12.18 £
Shares in group undertakings	24,920,393	36,660,483

continued...

6. AMOUNTS WRITTEN OFF INVESTMENTS

	Year Ended 31.12.19 £	Period 26.4.18 to 31.12.18 £
Amounts written off investments/(reversal)	(31,485,740)	33,879,113

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31.12.19 £	Period 26.4.18 to 31.12.18 £
Loan note interest	25,812,754	10,325,983
Bank loan interest	4,716,555	2,130,467
	30,529,309	12,456,450

Loan note interest of £25,812,754 (2018 £10,325,983) is payable to the ultimate parent company, Quartz Holdings Limited.

8. TAXATION

Analysis of the tax charge
No liability to UK corporation tax arose for the year ended 31 December 2019 nor for the period ended 31 December 2018.

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.12.19 £	Period 26.4.18 to 31.12.18 £
Profit/(loss) before tax	25,841,128	(9,930,144)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	4,909,814	(1,886,727)
Effects of:		
Expenses not deductible for tax purposes	2,400,960	8,398,968
Income not taxable for tax purposes	(10,717,164)	(6,965,492)
Losses surrendered to group	3,406,390	453,251
Total tax charge	-	-

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8. TAXATION - continued

The wider group, Quartz Holdings Limited is subject to a corporate interest restriction. A restriction has not been applied to any members of the Granite Holdings One Limited Group in the current period and will be the liability of the wider Group (to the extent one exists). Gross interest of £3,681,100 was subject to the corporate interest restriction in 2018 for Granite Investments One Limited and should be available for future use where it can be demonstrated that there is both sufficient interest capacity under the corporate interest restriction rules and sufficient profits to realise the benefit. At the balance sheet date, the Directors are unable to establish that this is the case and therefore no deferred tax asset (£625,787 at 17%) has been recognised.

The Finance Act 2016 (enacted on 15 September 2016) reduced the UK tax rate from 19% to 17% from 1 April 2020. Accordingly, the effects of these changes are reflected in the financial statements for the year ended 31 December 2019. The Company has provided deferred tax on its timing differences with reference to these rates. The Finance Bill 2020, which was substantively enacted on 17 March 2020, included the cancellation of the reduction from 19% to 17% from 1 April 2020. The Company has considered the effect of the future rate changes to be immaterial on the deferred tax recognised, and would increase the unrecognised deferred tax asset to £699,409.

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2019	289,914,260
Reversal of impairments	31,485,740
At 31 December 2019	321,400,000
NET BOOK VALUE	
At 31 December 2019	321,400,000
At 31 December 2018	289,914,260

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
IT Developers 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
-IT Developers Limited develop software and mobile applications with support

All registered office addresses are 98 Liverpool Road, Formby, L37 6BS.

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. In 2019 the group was valued at £321,400,000 and impairment losses of £31,485,740 have been reversed.

continued...

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.19	31.12.18
	£	£
Amounts owed by group undertakings	1	401,237
Other debtors	-	1
Prepayments and accrued income	5,730	-
	5,731	401,238

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.19	31.12.18
	£	£
Bank loans and overdrafts (see note 13)	9,000,000	9,000,000
Amounts owed to group undertakings	5,702,013	-
Other creditors	-	14,408
Accruals and deferred income	57,099	14,449
	14,759,112	9,028,857

Amounts owed to group undertakings are interest free and repayable on demand.

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

	31.12.19	31.12.18
	£	£
Bank loans (see note 13)	65,894,413	74,257,916
Loan notes (see note 13)	224,841,221	216,958,868
	290,735,634	291,216,784

13. LOANS

An analysis of the maturity of loans is given below:

	31.12.19	31.12.18
	£	£
Amounts falling due within one year or on demand:		
Bank loans	9,000,000	9,000,000
Amounts falling due between one and two years:		
Bank loans - 1-2 years	9,000,000	9,000,000
Amounts falling due between two and five years:		
Bank loans - 2-5 years	56,894,413	65,257,916
Loan notes	224,841,221	-
	281,735,634	65,257,916
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Loan notes	-	216,958,868

continued...

13. LOANS - continued

The group and parent company balance sheet includes two loans from Investec Bank PLC totalling £74,894,413 (2018: £83,257,916). 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.

14. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.19	31.12.18
	£	£
Bank loans	74,894,413	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 £74,894,413 included in creditors at 31st December 2019.

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.19 £	31.12.18 £
1	Ordinary shares	£1	1	1

16. 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.

17. 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.

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18. POST BALANCE SHEET EVENTS

Since the year end date, the outbreak of the COVID-19 pandemic has had a significant impact on the UK population both in social and economic terms. The pandemic is considered a non-adjusting event and therefore no allowance for losses or other financial impacts has been made in the financial statements.

Management has performed a stress and sensitivity analysis over the Company's assets to determine any potential impact the COVID-19 pandemic may have on their value and recoverability. The Company's assets have been assessed for impairment and none were found to be impaired. The modelling of various COVID-19 scenarios, including the use of available government initiatives does not suggest any significant impacts to the capital base and shows that the Company will continue to operate profitably, albeit at reduced levels even under some extreme modelling scenarios. The modelling has also taken in to account the Company's ability to continue to meet the existing covenants attached to the senior debt.

Further information related the potential impact of COVID-19 on the Group, its strategic response to the pandemic and its business continuity plans to ensure operational effectiveness, can be found in the Strategic report.