Car Care Plan (Holdings) Limited

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 01337510

Contents

Directors and Officers

Directors

E A Blythe
R J Brannock
J E Cadle
P Dewey
A Radi
B S Russell
G W W Tinch
S J Wright

Company secretary

G W W Tinch

Registered office

Jubilee House, 5 Mid Point Business Park, Thornbury, West Yorkshire, BD3 7AG

Company number

01337510

Auditor

KPMG LLP, 1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA

Strategic Report

The Directors present the strategic report of Car Care Plan (Holdings) Limited ('CCPH' or 'the Company') together with the audited financial statements for the year ended 31 December 2020.

The Company is a wholly owned subsidiary of the AmTrust Financial Services Group. The Company's ultimate parent is Evergreen Parent GP LLC, a Delaware registered United States limited liability company. Evergreen is an entity formed by private equity funds managed by Stone Point Capital LLC, together with Barry Zyskind, Chairman and CEO of the AmTrust Group, George Karfunkel and Leah Karfunkel (collectively, the 'Karfunkel-Zyskind Family').

As a member of the AmTrust Group, the Company benefits from financial, operational and management support. The AmTrust Group is a multinational insurance group specialising in a range of niche markets. With extensive underwriting experience and an prestigious 'A-' (Excellent) financial Size 'XV' rating from A.M. Best for most of its insurance companies, the AmTrust Group has earned a reputation as an innovative, technology driven provider of insurance products. Commitment to excellence is a common thread connecting each of the AmTrust Group companies.

The AmTrust Group's business model focuses on achieving targeted returns and profitable growth, combined with the careful management of risk. The AmTrust Group pursues these goals through geographic and product diversification as well as an in-depth understanding of its insured exposure. The product mix primarily includes workers' compensation, extended warranty and commercial property insurance products, including title insurance.

Principal activity

Car Care Plan (Holdings) Limited is the holding and management company for a group of companies whose principal activities include the underwriting, marketing and administration of motor vehicle warranty and related products in the United Kingdom and internationally.

Review of the business and future developments

Results and dividends

During the year end a dividend of £25,000,000 was received from the Company's subsidiary undertaking, Motors Insurance Company Limited on 30 June 2020 and a dividend of £23,000,000 was paid to the Company's immediate parent undertaking, AmTrust International Limited. No dividends were paid or received during the previous financial year.

The profit after tax for the financial year was £25,145,000 (2019: profit after tax of £354,000).

Key performance indicators

Below is a table which the Directors consider key performance indicators as at 31 December 2020:

	2020	2019
	£'000	£'000
Pension deficit	1,200	-
Profit on ordinary activities before taxation	25,201	452
Net assets	30,923	30,319

The increase in Profit on ordinary activities before taxation is due to the dividend received from the Company's subsidiary and a decrease in administrative expenses, offset by an increase in loan interest payable.

Strategic Report (continued)

Principal risks and uncertainties

The Company continues to be very aware of the business and operational risks it faces and maintains a detailed risk analysis process. This comprises the application of a structured, consistent and continuous process across the Company for identifying, assessing and deciding upon suitable responses to the threats and opportunities that affect the successful achievement of our business objectives.

The economic environment that the Company and its subsidiary undertakings operate within has suffered considerable turmoil over the last twelve months. The circumstances and events creating uncertainties for the business and also a heightened focus on particular risks are discussed below:

1. Coronavirus (or COVID-19) – As the effects of the coronavirus pandemic are now being felt on a global scale, the Company and its subsidiaries, as with many of its contract holders, distribution partners and vendors, has taken steps to alter or reduce normal business activity as a response to those nationally enforced rules to help control the spread of the outbreak. Some of the steps which the Company and its subsidiaries have taken involve:

    - The implementation of business continuity plans, which include the temporary closure of the Company's and its subsidiaries' offices and employees working from home;
    - Increased communication and coordination with the Company's and its subsidiaries' stakeholders and partners; and
    - Increased liquidity to ensure the Company and its subsidiaries maintain adequate cash to honour its commitment to policyholders, employees and vendors.

    The Company is not directly impacted by COVID-19. However, its investment in subsidiaries may be adversely affected due to the effects of COVID-19 on those subsidiaries' operations.

    The Company's and its subsidiaries' product portfolio is diversified in its client base, but is heavily weighted towards the automotive sector which is highly sensitive to final consumer demand for cars. The pandemic has, therefore, had a material adverse impact on sales volumes and therefore fee revenues for the period of the pandemic.

    The Directors do not believe that there are any segments of the portfolio that would be likely to represent a substantial challenge to the Company's and its subsidiaries business model sustainability.

    The Directors anticipate that there may be some near- to mid-term impact on the Company's and its subsidiaries' financial, liquidity and net asset positions from reduced volumes of business administered.

    The Company's subsidiaries have performed sensitivity tests to assess the impact on the Company's resources. Under these stressed scenarios, the Company's subsidiaries would still have sufficient liquidity and other assets to support its business operations. This is before the impact of any Management actions to mitigate these effects.

2. Pension liabilities in respect of a funded defined benefit scheme. The defined benefit pension scheme liability is determined by taking professional actuarial advice. The group meets the cost of contributions to fund the liability in line with a funding plan agreed with the scheme actuary (note 16).

3. Fluctuations in the value of its subsidiary undertakings – the Company holds material investments in other group companies at the lower of cost or net realisable value on the balance sheet. There is uncertainty in respect of the value of these assets that may be realisable in the future. Investment valuations are assessed for impairment at least annually and where necessary diminution in value is recognised.

4. Brexit – At the date of this report, the UK has formally left the European Union ('EU'). The exact implications for the Company and its subsidiaries are expected to become clearer, but, based upon the Directors' most recent risk assessment it is considered unlikely that it would have a material impact on the Company's and its subsidiaries' future development as the level of business transacted in Europe is minimal.

Strategic Report (continued)

5. Strategic risk – This is the risk arising from failure to sufficiently define the direction and objectives of the Company and its subsidiaries, together with the resourcing and monitoring of the achievement of the same. The anticipated shift from internal combustion-engine cars to vehicles driven by an electric motor and associated technologies, combined with government policy changes is expected to change the market the Company and its subsidiaries operate in significantly over the next ten to fifteen years. The Company and its subsidiaries are developing new products and services to adapt to the changing market and take advantage of the new opportunities afforded by the changes.

Section 172 statement

The Directors have acted in a way that they considered to be the most likely to promote the success of the Company for the benefit of its sole member and the wider group that it forms an integral part of. In doing so, they had regard for:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Company.

As a result of the strategic focus of the business, as discussed above, and the regulated status of its subsidiaries, the Company maintains a number of relatively small but particularly close relationships with key stakeholders. When making decisions, the Directors consider carefully the potential impact on these stakeholders to ensure that those decisions balance the interests of all parties. These stakeholders and their perceived interests include:

- Regulators and other Government agencies: ensuring the long-term sustainability of the Company's subsidiaries through adherence to proper governance practices and conduct rules, maintenance of appropriate solvency and liquidity positions and compliance with all applicable regulations and legal requirements.
- Policyholders and Contract holders: delivering products through its subsidiaries designed to benefit the policyholder and contract holder at cost effective rates, that comply with regulatory requirements and that comply, where applicable, with FCA customer conduct rules.
- Suppliers: establishing trading relationships through its subsidiaries on fair and reasonable terms based on local market norms and ensuring clear and timely communication of any relevant business changes which might affect the Company's and its subsidiaries' trading relationships or ability to fully honour their commitments to them under these arrangements.
- Employees: fostering a culture of openness and inclusivity where employees feel comfortable and are encouraged to share their insights and opinions on issues facing the Company and its subsidiaries.
- Communities and the environment: ensuring that the Company and its subsidiaries act as a good corporate citizens within the communities they serve and inhabit.
- Ultimate shareholder: providing a long-term sustainable enterprise through which the AmTrust Group can grow in its targeted markets, maintaining the AmTrust Group's reputation for high standards of business conduct.

Approval

This strategic report was approved by order of the Board on 24 June 2021.

S J Wright
Director

Directors' Report

The Directors' present their report together with the audited financial statements for the year ended 31 December 2020.

Directors

The current Directors of the Company are shown on the contents page. Since 1 January 2020 until the date of this report, the following changes to the Board of Directors have occurred:

Name	Date of appointment
E A Blythe	11 March 2020
A Radi	11 March 2020

Name	Date of resignation
P G Newton	31 May 2021

Results and dividends

The statement of other comprehensive income is set out on page 12 and shows the profit for the year.

During the year, on 30 June 2020, a dividend of £25,000,000 was received from the Company's subsidiary undertaking, Motors Insurance Company Limited and an interim dividend of £23,000,000 was paid to the Company's immediate parent undertaking, AmTrust International Limited. No dividends were paid or received during the previous financial year.

The directors do not recommend the payment of a final dividend (2019: £nil).

Future developments

The Company will continue to be the main holding company for the Car Care Plan group entities.

Political donations

The Company did not make any political donations during the year under review (2019 - £Nil).

Financial risk management and objectives

The Directors have considered the exposure to financial risks which is further discussed in the Strategic report.

Independent auditor

In accordance with Section 487 of the Companies Act 2006, the Auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Qualifying third party indemnity provisions

Directors' and officers' liability insurance in respect of the Company has been maintained throughout the year.

Going concern

The Company and its subsidiaries have considerable financial resources and a balanced portfolio of clients. After review of the key performance indicators, forecast income, expenditure and cash flows for a period of at least 12 months from the date of approval of these financial statements and the key risks outlined in the Strategic Report, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence in the foreseeable future.

Directors' Report (continued)

In addition, the Directors have considered the ability of the Company and its subsidiaries to withstand the inevitable stresses which will arise from the rapid global spread of the Coronavirus (or COVID-19) pandemic on its capital and liquidity. These stresses considered the impact on the Company and its subsidiaries of a projected reasonable stress.

The Directors have evaluated the results of the assessments conducted by Management, including the stresses described in the 'Principal risks and uncertainties' section of the Strategic Report, and believe that the going concern basis of preparing the Financial Statements is appropriate.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that they ought to have taken as director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board

G W W Tinch
Company Secretary

24 June 2021

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Car Care Plan (Holdings) Limited

Opinion

We have audited the financial statements of Car Care Plan (Holdings) Limited ("the company") for the year ended 31 December 2020 which comprise the income statement, the statement of other comprehensive income, the statement of financial position, the statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud; and
- reading Board and Audit Committee minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Independent Auditor's Report to the Members of Car Care Plan (Holdings) Limited (continued)

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment of fixed asset investments and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because there is no revenue recognised from trading activities.

We did not identify any additional fraud risks.

We also performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. This included those where there was no approver showing in the journals listing.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of Car Care Plan (Holdings) Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Jones

Andrew Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

24 June 2021

Income Statement
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	4	610	610
Administrative expenses		(8)	(158)
Operating profit	5	**602**	**452**
Interest payable and similar charges		(401)	-
Dividends received	14	25,000	-
Profit before taxation		**25,201**	**452**
Tax on profit	8	(56)	(98)
Profit for the financial year		**25,145**	**354**

All the amounts recognised in the Income Statement above relate to continuing activities.

The accompanying notes form part an integral part of these financial statements.

Statement of Other Comprehensive Income
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Profit for the year		25,145	354
Other comprehensive income			
Actuarial (loss)/gain on pension scheme	15	(2,310)	(310)
Impact of asset ceiling		400	(300)
Taxation on other comprehensive income		369	104
Other comprehensive income for the year after taxation		**(1,541)**	**(506)**
Total comprehensive income for the year		**23,604**	**(152)**

The accompanying notes form part an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments in subsidiaries	9	49,769	49,769
Investments in joint ventures	10	-	-
		49,769	**49,769**
Current assets			
Debtors	11	2,473	2,631
Creditors: amounts falling due within one year	12	20,119	22,081
Net current liabilities		**(17,646)**	**(19,450)**
Total assets less current liabilities		**32,123**	**30,319**
Post-employment benefits	15	1,200	-
Net assets		**30,923**	**30,319**
Capital and reserves			
Called up share capital	13	14,921	14,921
Profit and loss account		16,002	15,398
Total shareholder's funds		**30,923**	**30,319**

Company registration number: 01337510

The accompanying notes form part an integral part of these financial statements.
The financial statements were approved by the Board of Directors and authorised for issue on 24 June 2021.

S J Wright
Director

Statement of Changes in Equity
For the year ended 31 December 2020

	Note	Called up share capital £'000	Profit and loss account £'000	Shareholder's funds £'000
At 1 January 2020		14,921	15,398	30,319
Profit for the financial year		-	25,145	25,145
Other comprehensive income for the year		-	(1,541)	(1,541)
Total comprehensive income for the year		**-**	**23,604**	**23,604**
Dividends paid	14		(23,000)	(23,000)
Total transactions with owners, recognised directly in equity			**(23,000)**	**(23,000)**
Balance as at 31 December 2020		**14,921**	**16,002**	**30,923**

	Note	Called up share capital £'000	Profit and loss account £'000	Shareholder's funds £'000
At 1 January 2019		14,921	15,550	30,471
Loss for the financial year		-	354	354
Other comprehensive income for the year		-	(506)	(506)
Total comprehensive income for the year		**-**	**(152)**	**(152)**
Balance as at 31 December 2019		**14,921**	**15,398**	**30,319**

The accompanying notes form part an integral part of these financial statements.

Notes to the Financial Statements

1 General information

Car Care Plan (Holdings) Limited is the holding and management company for a group of companies whose principal activities include the underwriting, marketing and administration of motor vehicle warranty and related products in the United Kingdom and internationally. The Company is a private company limited by shares and is incorporated in England. The address of its registered office is Jubilee House, 5 Mid Point Business Park, Thornbury, West Yorkshire, BD3 7AG.

2 Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and in compliance with the Large and Medium sized companies and groups (Accounts and Reports) Regulation 2008 ("SI 2008/410") and other requirements of the Companies Act 2006.

The financial statements have been prepared on the going concern basis under the historical cost accounting rules.

The Company has adopted all the amendments to FRS102 that are effective from 1 January 2020 during the year. These did not impact the Company.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

a) Exemption from preparing a cash flow statement
The Company has taken advantage of the exemption under FRS 102, paragraph 1.12(b), from preparing a cash flow statement on the grounds that it is a wholly owned subsidiary, whose intermediate parent company AmTrust International Insurance Limited ('AIIL') (incorporated in Bermuda) prepares a group consolidated cash flow statement in its group consolidated financial statements, that are publically available.

b) Exemption from disclosing related party transactions
As the Company is a wholly owned subsidiary, it has taken advantage of the exemption contained in FRS 102 paragraph 33.1A from disclosing related party transactions with entities that are wholly owned within the Evergreen Parent GP LLC group.

c) Exemption from certain financial instruments disclosures
The Company has taken advantage of the exemption under FRS 102, paragraph 1.12(c) from making certain financial instruments disclosures on the grounds that equivalent disclosures are included in the consolidated financial statements of AIIL.

d) Use of estimates and judgements
The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements have been disclosed as appropriate within the principal accounting policies and relevant notes below.

e) Going concern
The Company and its subsidiaries have considerable financial resources and a balanced portfolio of clients. After review of the key performance indicators, forecast income, expenditure and cash flows for a period of at least 12 months from the date of approval of these financial statements and the key risks outlined in the Strategic Report, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence in the foreseeable future.

As part of the business' planning process, management of the Company and its subsidiaries have carried out a robust assessment of the principal risks facing the Company and its subsidiaries including those that would threaten their business models, future performance, capital or liquidity. The forecasts were stressed for a severe but plausible scenario and this included a focus on the impact of COVID-19.

Notes to the Financial Statements (continued)

The Directors have evaluated the results of the assessments conducted by Management, including the stresses described in the 'Principal risks and uncertainties' section of the Strategic Report, and believe that the going concern basis of preparing the Financial Statements is appropriate.

f) Group accounts

The Company availed itself of the exemption under Section 401 of the Companies Act 2006 from preparing group consolidated financial statements on the grounds that it is a wholly owned subsidiary. The Company and its subsidiaries are included in the consolidated financial statements of its intermediate parent company AmTrust International Insurance Limited (AIIL). The consolidated financial statements of AIIL are publicly available from its registered address (see Note 17).

3 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 Turnover

Turnover represents income receivable by way of recharges relating to the group defined benefit pension scheme.

3.2 Pension costs

For the defined benefit retirement plan, the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. These are included as part of staff costs. Past service costs are recognised on a straight line basis over the period in which the increases in benefit vest. The interest cost and the expected return on assets are shown as a net amount in other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other comprehensive income.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the Company in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset (less any irrecoverable surplus) or liability, net of the related deferred tax, where appropriate, is presented separately on the face of the balance sheet (Note 16).

3.3 Taxation

Tax on ordinary activities comprises current and deferred tax.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

ii) Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and substantially enacted tax law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those included in the financial statements. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation assets and liabilities are not discounted.

3.4 Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are stated at cost less provision for impairment and are assessed for indicators of impairment at each balance sheet date.

Notes to the Financial Statements (continued)

3 Significant accounting policies (continued)

3.5 Financial assets

The Company classifies all of its financial assets as basic financial instruments under Section 11 FRS 102. Management determines the classification of its investments at initial recognition. All financial assets are carried at amortised cost.

i) Debtors

Debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

When these assets are recognised initially they are valued at the transaction price and subsequently measured at amortised cost using the effective interest method. This basis of valuation is viewed by the directors as being appropriately prudent having regard to the likely realisable value.

ii) Impairment of financial assets

A financial asset or group of financial assets held at amortised cost is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the assets and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement for the period. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the company's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed through the profit and loss account for the period.

3.6 Financial liabilities

Financial liabilities are recognised when contractual commitments arise.

Creditors are financial liabilities and are recognised initially at fair value, net of directly attributable transaction costs. Creditors are subsequently stated at amortised cost, using the effective interest method.

Notes to the Financial Statements (continued)

3 Significant accounting policies (continued)

3.7 Foreign currencies

The Company's financial statements are presented in pound sterling, which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the respective historical rates applicable to each such asset or liability.

3.8 Prepayments and accrued income

Prepayments relate to amounts paid up front to third parties in respect of certain contractual obligations. The related expense is recognised on a straight-line basis over the contract period. Accrued income relates to services performed by the Company under contractual obligations which have yet to be invoiced.

3.9 Critical accounting judgements and estimation uncertainty

The Company makes judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Judgements relate to decisions reached about the application of accounting policy. The following estimates and judgements have had the most significant effect on amounts recognised in the financial statements:

Pension Obligations – The Company has a commitment to pay pension benefits to the members of the Car Care Pension Plan over the long-term. The accounting cost of these benefits and the present value of the pension liabilities depend on such factors as the life expectancy of the members, price inflation and the discount rate used to calculate the net present value of the future pension payments. The Company uses estimates for these factors in determining the pension costs and liabilities incorporated into the financial statements. The assumptions reflect historical experience and the Company's judgement regarding future expectations. The value of the net pension obligation at 31 December 2020 and the key financial assumptions used to measure the obligation are disclosed in note 16.

Investments in Subsidiaries – At each reporting date a review is performed to assess whether there is any indication that any of the investments may be impaired. If an indication of impairment is identified the Company calculates the recoverable amount of the investment. Where the recoverable amount of the investment is lower than the carrying amount an impairment charge is recognised. A level of judgement is required in the assessment of whether indicators of impairment exist and consequently whether the recoverable amount of the investment should be reviewed. Judgement is also required in the selection of an appropriate discount rate to adjust for risk and the time value of money when calculating the investment's recoverable amount. No impairment charge has been recognised in the year in respect of the Company's investments. The assessment of investment valuation was based on discounted cash flows arising from the activities of the subsidiary companies. A discount rate of 10% was applied. The investment value is materially sensitive to the discount rate and the rate of growth in the cash flows. In the scenario of a reduction in growth rate of 20%, the impairment charge arising would be £4.7m and if the discount rate increased by 2%, the impairment charge arising would be £4.2m.

4 Turnover

The total turnover of the Company for the year has been derived from its principal activity undertaken in the United Kingdom and its other activities as follows:

	2020 **£'000**	**2019** **£'000**
Class of business		
Recharges to group companies	610	610
	610	**610**

Notes to the Financial Statements (continued)

5 Operating profit

Operating profit is stated after charging/(crediting):

	2020 £'000	2019 £'000
Remuneration for the audit of the financial statements	40	26

6 Directors

The directors are remunerated by the Company's subsidiaries Car Care Plan Limited and Motors Insurance Company Limited. None of the directors receive remuneration in respect of their services to Car Care Plan (Holdings) Limited.

7 Employees

No staff were employed directly by company during the year (2019: Nil).

8 Tax on profit from ordinary activities

	2020 £'000	2019 £'000
Current tax		
UK corporation tax charge/(credit) for the year	(85)	(6)
Deferred tax		
Origination and reversal of timing differences	141	104
Tax on profit on ordinary activities	**56**	**98**

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2020 £'000	2019 £'000
Profit on ordinary activities before tax	25,201	452
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019 – 19%)	4,788	86
Effects of:		
Income not subject to tax	(4,750)	-
Expenses not deductible for tax purposes	12	24
Impact of rate change adjustments	6	(12)
Total tax charge for period	**56**	**98**

Notes to the Financial Statements (continued)

9 Investments in subsidiaries

	2020 £'000	2019 £'000
At 1 January	49,769	27,769
Additions	-	22,000
At 31 December	**49,769**	**49,769**

The subsidiary undertakings are as follows:

	Country of incorporation	Principal activity	Holding
Motors Insurance Company Limited	England & Wales	Underwriter of motor vehicle warranty and wholesale floor plan insurance products	100%
Car Care Plan Limited	England & Wales	Administrator of motor vehicle warranty products	100%
Dent Wizard Ventures Limited	England & Wales	Motor vehicle cosmetic damage repairer	100%
Car Care Plan Management Services Limited	England & Wales	Dormant	100%
Car Care Pension Trustees Limited	England & Wales	Dormant	100%

The registered office of all direct subsidiaries is Jubilee House, 5 Mid Point Business Park, Thornbury, West Yorkshire.

Details of the company's holdings in the issued share capital of all direct subsidiaries are as follows:

	Class	Number Held
Motors Insurance Company Limited	Ordinary £1 Shares	11,700,000
Car Care Plan Limited	Ordinary £1 Shares	9,450,000
Dent Wizard Ventures Limited	Ordinary £1 Shares	1,000
Car Care Plan Management Services Limited	Ordinary £1 Shares	2
Car Care Pension Trustees Limited	Ordinary £1 Shares	2

Notes to the Financial Statements (continued)

10 Investment in Joint Venture

	2020 £'000	2019 £'000
At 1 January	-	68
Additions	63	-
Impairment	(63)	(68)
Currency revaluation	-	-
At 31 December	**-**	**-**

Details of the company's holdings in the issued share capital of all joint ventures are as follows:

	Class	Number Held
IWS International Warranty Solutions GmbH	Ordinary €1 Shares	50,000

The registered office of the joint venture is Kaiser-Wilhelm-Ring 27-29, 50672 Cologne, Germany.

11 Debtors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts owed by group undertakings	2,154	2,620
Deferred tax	228	-
Other debtors	91	11
	2,473	**2,631**

12 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts owed to group undertakings	20,000	22,000
Accruals and deferred income	119	81
	20,119	**22,081**

A loan of £22m was provided by Motors Insurance Company Ltd in December 2019, repayable on demand, with an interest rate equal to 1.5% above LIBOR, or alternative reference rate as agreed by the parties. At the year end, the total amount due was £20m, representing £20m of principal.

13 Share capital

	Allotted, called up and fully paid			
	2020 Number	2019 Number	2020 £'000	2019 £'000
Ordinary shares of 25 pence each	59,685,446	59,685,446	14,921	14,921

14 Dividends

During the year a dividend of £25,000,000 was received from the Company's subsidiary undertaking, Motors Insurance Company Limited on 30th June 2020 and a dividend of £23,000,000, representing 38.5 pence per share, was paid to the Company's immediate parent undertaking, AmTrust International Limited. No dividends were paid or received during the previous financial year.

Notes to the Financial Statements (continued)

15 Pensions

The Company operates a closed funded defined benefit plan, the Car Care Pension Plan ("CCPP"). The assets of the scheme are held in separate trustee administered funds. Funding is provided at a level determined after taking professional actuarial advice, with the group meeting the balance of the cost not provided by members' contributions. The Plan closed to future benefit accrual on 30 April 2007.

A full actuarial valuation was carried out by a qualified independent actuary on the CCPP as at 1 January 2018 using the method and assumptions agreed by the Trustee. The Trustee has adopted the "Statutory Funding Objective", which is that the plan should have sufficient and appropriate assets to meet its liabilities. The principal financial assumptions used were RPI inflation of 3.6% per annum, CPI inflation of 2.7% per annum, a pre-retirement discount rate of 3.7% per annum, a post retirement discount rate of 2.2% per annum and RPI max 5% pension increases of 3.25% per annum. The mortality assumptions are 95% S2PMA (males) and 100% S2PFA (females), CMI_2016 projections with a long-term improvement rate of 1.15%. The pension deficit revealed by the valuation was £1,484,000 which corresponds to a funding ratio of 96%. The Company committed to pay:

- Contributions of £610,000 per annum in equal monthly instalments from 1 April 2019 to 31 March 2024 inclusive.

These contributions are expected to correct the pension deficit.

In addition the Company has committed to pay all expenses (excluding investment manager expenses) as and when they fall due and any levies due to the Pension Protection Fund.

The Company commissioned an updated actuarial valuation as at 31 December 2020 carried out by a qualified independent actuary based on projecting forward the results of the last full actuarial valuation.

The major assumptions used by the actuary were (in nominal terms):

	2020 %	**2019** %
Rate of increase of pensions in payment	2.70	2.85
Expected rate of return on assets	1.25	2.00
Discount rate	1.25	2.00
Inflation assumption (RPI)	2.90	2.95
Inflation assumption (CPI)	2.10	1.95
Proportion of pension taken as tax free cash	25.00	25.00

The assets and liabilities of the Plan at 31 December were:

	2020 £'000	**2019** £'000
Equities	15,000	14,500
Fixed Income	20,200	17,400
Property	2,400	2,500
Other	3,800	3,600
Total fair value of assets	41,400	38,000
Present value of Plan liabilities	(42,600)	(37,600)
(Deficit)/ surplus in the Plan	(1,200)	400
Impact of asset ceiling	-	(400)
Net pension liability	**(1,200)**	**-**

There is no agreement in place with the trustees of the scheme that the Company can generate future economic benefits for itself in the form of reduced future contributions or refunds from the scheme and so no pension surplus is recognised in the balance sheet.

Notes to the Financial Statements (continued)

Analysis of amount charged to operating profit:

	2020 £'000	2019 £'000
Past service cost	-	-
Total operating charge	**-**	**-**

Analysis of amount credited to other finance income:

	2020 £'000	2019 £'000
Interest on pension Plan liabilities	700	1,000
Interest on Plan assets	(800)	(1,000)
(Income)/expense recognised in profit and loss	**(100)**	**-**

Movement in deficit during the year

	2020 £'000	2019 £'000
Deficit in Plan at beginning of year	-	-
Contributions	610	610
Past service costs	-	-
Actuarial gain/(loss)	(2,210)	(310)
Impact of asset ceiling	400	(300)
Deficit in plan at the end of year	**(1,200)**	**-**

Changes to the present value of the defined benefit obligation during the year:

	2020 £'000	2019 £'000
Opening defined benefit obligation	37,600	34,300
Past service costs	-	-
Interest cost	700	1,000
Actuarial (gain)/loss on Plan liabilities	5,200	4,100
Net benefits paid out	(900)	(1,800)
Closing defined benefit obligation	**42,600**	**37,600**

Changes to the fair value of Plan assets during the year:

	2020 £'000	2019 £'000
Opening fair value of Plan assets	38,000	34,400
Interest on Plan assets	800	1,000
Actuarial (loss)/gain on Plan assets	2,890	3,790
Contribution by the employer	610	610
Net benefits paid out	(900)	(1,800)
Closing fair value of Plan assets	**41,400**	**38,000**

16 Parent undertakings and controlling party

The Company's immediate parent undertaking is AmTrust International Limited, a company registered in England. Group accounts are not prepared.

The Company's ultimate parent undertaking and controlling party is Evergreen Parent GP LLC, a company registered in U.S.A, which is also the largest group in which the results of the Company are consolidated. Copies of the group financial statements are available from 59 Maiden Lane, New York, NY10038 USA.

The smallest group of companies of which the Company is a member and which consolidates the results of the Company into its financial statements is AmTrust International Insurance Ltd, incorporated in Bermuda. Copies of the group accounts are available from Washington Mall, 7 Reid Street, Suite 400, P.O. Box HM 2301, Hamilton HM 11, Bermuda.

Notes to the Financial Statements (continued)

17 Related party transactions

The Company only discloses transaction with related parties that are not wholly owned within the same group of companies. There are no material related party transactions requiring disclosure.

The disclosure of compensation of key management personnel (comprising solely the Directors of the Company) can be found in note 6 to these Financial Statements.