IGI Administration Services Limited

Report and Financial Statements

Year Ended

31 December 2017

Company Number 03173997

IGI Administration Services Limited

Report and financial statements
for the year ended 31 December 2017

Contents

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Director

J E Cadle

Secretary and registered office

P A Cockburn, 10th Floor, Market Square House, St James's Street, Nottingham, NG1 6FG

Company number

03173997

Auditor

KPMG LLP, 15 Canada Square, London, E14 5GL

IGI Administration Services Limited

Strategic report
for the year ended 31 December 2017

The director presents his strategic report together with the audited financial statements for the year ended 31 December 2017.

Review of the business and future developments

The principal activities of the company have now fully ceased and the company is no longer trading. Having assessed the situation, the Board believes that the Company is no longer a going concern and the financial statements should not be prepared on a going concern basis.

The immediate parent undertaking is AmTrust International Limited, which is incorporated in England. The company's ultimate parent undertaking and controlling party is AmTrust Financial Services, Inc. ("AFSI"), which is incorporated in the USA.

On the 1st March 2018, AFSI announced it had entered into a definitive agreement with Evergreen Parent, L.P., an entity formed by private equity funds managed by Stone Point Capital LLC, together with Barry D. Zyskind, Chairman and CEO of AFSI, George Karfunkel and Leah Karfunkel (collectively, the "Karfunkel-Zyskind Family"), in which Evergreen Parent will acquire approximately 45% of the Company's issued and outstanding common shares that the Karfunkel-Zyskind Family and certain of its affiliates and related parties do not presently own or control. The proposed merger is anticipated to close in the second half of 2018, subject to satisfaction or waiver of the closing conditions, including approval by regulatory authorities and the company's independent shareholders.

The Company has a loss after tax of £381 (2016: loss £1,407) on Nil turnover (2016: £Nil).

Key performance indicators

The director of the Company does not believe that key performance indicators are necessary to understand the development, performance or position of the Company's business because of minimal business activity.

Principal risks and uncertainties

The company is exposed to financial risk through its use of financial instruments. These include the key risk factors included below. Management monitor these risks on an on-going basis and maintain appropriate safeguards to mitigate risk in line with the risk appetite framework it has in place.

1. Credit risk - This is the risk that a counterparty will be unable to pay amounts in full when due. The key area where the company is exposed to credit risk include amounts due from group undertakings.
2. Operational risk - This is the risk that the company will not be able to operate in a fashion whereby the objectives of the company can be met due to inadequate or failed internal processes, people and systems, or from external events. It arises out of actions undertaken within the group.

3. Liquidity risk - This is the risk that the company may be unable to meet its obligations as they fall due as a consequence of having a timing mismatch. Management considers that liquidity risk relates to the risk associated with the processes of managing timing relationships between asset and liability cash flow patterns.

Approval

This strategic report was approved on behalf of the Board on 27th September 2018.

J E Cadle
Director

IGI Administration Services Limited

Report of the director
for the year ended 31 December 2017

The director presents his report together with the audited financial statements for the year ended 31 December 2017.

Principal activity

The principal activities of the company have now fully ceased. Further details are given in the Strategic report.

Results and dividends

The statement of comprehensive income is set out on page 6 and shows the loss for the year.

The director does not recommend the payment of a dividend (2016 - £Nil).

Political donations

The company has made no political donations during the year. (2016 -£NIL)

Director

The director of the company during the year was:

J E Cadle

Qualifying third party indemnity provisions

Director and officer liability insurance in respect of the company has been maintained throughout the year.

Going concern

The financial statements have not been prepared on a going concern basis which the director considers appropriate given that the principal activities of the company have now fully ceased.

Disclosure of information to auditor

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the company's auditor is unaware and he has taken all the steps that he ought to have taken as director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

The board of the Company intends to reappoint KPMG LLP in 2018.

On behalf of the Board

J E Cadle
Director

27 September 2018

10th Floor,
Market Square House,
St James's Street,
Nottingham,
NG1 6FG

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTOR'S REPORT AND THE FINANCIAL STATEMENTS

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law, the director has 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 director must not approve the financial statements unless he is 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 director is 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. As explained in notes 1 and 10 of the financial statements, the directors do not believe it is appropriate to prepare these financial statements on a going concern basis.

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 MEMBER OF IGI ADMINISTRATION SERVICES LIMITED

Opinion

We have audited the financial statements of IGI Administration Services Limited ("the company") for the year ended 31 December 2017, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the accounting policies note in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of 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.

Emphasis of matter – not going concern basis of preparation

We draw attention to the disclosure made in notes 1 and 10 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter

Strategic report and director's report

The director is responsible for the other information, which comprises the strategic report and the director's report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information;
- in our opinion the information given in the strategic report and directors' 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.

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.

Director's responsibilities

As explained more fully in their statement set out on page 3, the director is 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 member, 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 member, as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Taylor (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

27/09/2018

IGI Administration Services Limited

Statement of comprehensive income
for the year ended 31 December 2017

	Note	2017	2016
		£	£
Turnover		-	-
Operating expenses		(375)	(1,759)
Operating loss		(375)	(1,759)
Interest receivable and similar income		-	1
Loss on ordinary activities before taxation		(375)	(1,758)
Taxation on loss from ordinary activities	2	(6)	351
Loss for the financial year		(381)	(1,407)

Normal activities have ceased and all amounts relate to discontinued activities.
All recognised gains and losses are included in the statement of comprehensive income.

The notes on pages 9 to 14 form part of these financial statements.

IGI Administration Services Limited

Balance sheet
at 31 December 2017

Company number 03173997	Note	2017 £	2016 £
Current assets			
Debtors	3	**309,105**	309,111
Cash at bank and in hand		**191**	191
		309,296	309,302
Current assets			
Creditors: amounts falling due within one year	4	**(937,366)**	(936,991)
Net current liabilities		**(628,070)**	(627,689)
Capital and reserves			
Called up share capital	6	**100**	100
Profit and Loss account	7	**(628,170)**	(627,789)
Shareholder's deficit – equity		**(628,070)**	(627,689)

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2018

On behalf of the Board

J E Cadle
Director

The notes on pages 9 to 14 form part of these financial statements.

IGI Administration Services Limited

Statement of changes in equity
for the year ended 31 December 2017

	Called-up share capital	Profit and loss account	Total
	£	£	£
At 1 January 2016	100	(626,382)	(626,282)
Loss for the year	-	(1,407)	(1,407)
At 31 December and 1 January 2017	**100**	**(627,789)**	**(627,689)**
Loss for the year	**-**	**(381)**	**(381)**
At 31 December 2017	**100**	**(628,170)**	**(628,070)**

The notes on pages 9 to 14 form part of these financial statements.

1 Accounting policies

General information

IGI Administration Services Limited ('the Company') was a provider of insurance handling services and of service and maintenance contracts business in the UK. The company is a private company limited by shares and is incorporated in England. The address of its registered office is 10th Floor, Market Square House, St James's Street, Nottingham, NG1 6FG. In 2017 it has ceased operations.

Basis of preparation

The financial statements have been prepared under the provision of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulation 2008 ("SI 2008/410").

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 and the Companies Act 2006.

The financial statements have been prepared under the historical cost accounting rules. 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.

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.

The company has taken advantage of the exemption allowed by FRS 102 paragraph 33.1A, not to disclose any transactions with entities that are 100% owned within the AmTrust Financial Services Inc. group, the consolidated financial statements of which are publicly available.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders. The company has taken advantage of the exemption under FRS 102, paragraph 1.12(b), not to prepare a cash flow statement and also the exemption under FRS 102 1.12(c), relating to financial instruments, as it is consolidated in the financial statements of its ultimate US parent company which are publicly available and considered equivalent to UK GAAP.

The financial statements have not been prepared on a going concern basis which the director considers appropriate given that the normal business activities have ceased. This has had no impact on the valuation of assets and liabilities included in these accounts.

The company employed 1 person for part of the year until 31 July 2017 when the employee was subsequently transferred to Amtrust Management Services Limited, No costs relating to this individual were borne by the company as all the services were provided to a fellow group undertaking.

Audit fees for the company, of £7,210, are borne by Amtrust Management Services Limited, another entity within the AmTrust Financial Service Inc. group, and accordingly there is no expense to disclose.

These accounts have been prepared on a non-going concern basis however the Director believes that the Company has sufficient funds for the foreseeable future (being at least 12 months from the date of signing these financial statements) to meet its liabilities as and when they fall due. A review of the annual budget and financial forecasts were used as the basis for reaching this conclusion as well as taking into account the confirmation from Amtrust International Limited ("AIL") that it will continue to provide support for the Company for at least 12 months from the date of approval of these financial statements and thereafter for the foreseeable future to enable it to continue to trade.

1 Accounting policies *(continued)*

Basis of preparation (continued)

As with any company placing reliance on other group entities for financial support, the director acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Principal accounting policies

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

Foreign currencies

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

Transactions in foreign currencies are recorded in functional currency at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary assets and liabilities denominated in foreign currencies are translated at the respective historic rates applicable to each such asset or liability.

Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet 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 law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those included in 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.

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 current financial assets are carried at amortised cost.

i) Assets held at amortised cost

The financial assets within the balance sheet 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. Loans and receivables are 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.

Cash and cash equivalents comprise cash balances. They are carried at amortised cost in the balance sheet.

1 Accounting policies *(continued)*

Financial assets (continued)

ii) Impairment of financial assets

A financial asset or group of financial assets 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 incurred 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. Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the company about the following events:

a) significant financial difficulty of the issuer or obligor;
b) a breach of contract, such as a default or delinquency in interest or principal payments;
c) the company, for economic or legal reasons relating to the counterparty's financial difficulty, granting to the counterparty a concession that the company would not otherwise consider;
d) it has become probable that the counterparty will enter bankruptcy or other financial reorganisation; and
e) observable data indicating that there has been a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, even though the decrease cannot yet be identified with the individual financial assets in the group, such as adverse national or local economic conditions or adverse changes in industry conditions.

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 profit and loss account 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.

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.

2 Taxation on loss from ordinary activities

The tax credit comprises:

	2017	2016
	£	£
Current tax:		
UK corporation tax credit for the year	**(356)**	(2,348)
Adjustment in respect of prior years	**1,637**	-
	1,281	(2,348)
Deferred tax:		
Originating and reversal of timing differences	**284**	1,997
Impact of rate change	**(4)**	-
Adjustment in respect of prior years	**(1,555)**	-
Total tax charge/(credit) per income statement	**6**	(351)

	2017	2016
	£	£
Profit on ordinary activities before tax	**(375)**	(1,758)
Tax on loss on ordinary activities at standard UK corporation tax rate of 19% (2016: 20%)	**(72)**	(351)
Effects of:		
Impact of rate change	**(4)**	-
Adjustment in respect of prior years	**82**	-
Total tax charge/(credit) per income statement	**6**	(351)

The calculation of taxes at the balance sheet date takes into account the reduction in the UK main corporation tax rate to 19.25% from 1 April 2017. The Finance Act 2018 enacted a further reduction from 1 April 2020 to 17%.

3 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	**306,763**	306,763
Group relief recoverable	**1,067**	2,348
Deferred tax	**1,275**	-
	309,105	309,111

4 Creditors: amounts falling due within one year

	2017	2016
	£	£
Amounts owed to group undertakings	**937,366**	936,991
	937,366	936,991

5 Deferred tax

	2017
	£
Deferred tax asset at 1 January 2017	-
Debit to the profit and loss account	1,275
Deferred tax asset at 31 December 2017	1,275

	2017	**2016**
	£	**£**
Analysis of deferred tax:		
Capital allowances in excess of depreciation	**1,275**	-
Amounts not recognised are as follows:		
Tax losses	**15,515**	15,515

6 Share capital

	Allotted, called up and fully paid			
	2017 Number	2016 Number	2017 £	2016 £
Ordinary shares of £1 each	**100**	100	**100**	100

7 Reserves

	Profit and loss account £
At 1 January 2017	(627,789)
Loss for the year	(381)
At 31 December 2017	**(628,170)**

8 Parent Undertakings

The immediate parent undertaking is AmTrust International Limited, which is incorporated in England.

The company's ultimate parent undertaking and controlling party is AmTrust Financial Services Inc., which is incorporated in the USA. AmTrust Financial Services Inc ("AFSI"). is the parent company of the largest group for which consolidated financial statements are produced which include IGI Administration Services Limited. Copies of its group financial statements are available from 42nd Floor, 59 Maiden Lane, New York, USA.

9 Post balance sheet event

On the Ist March 2018, AFSI announced it had entered into a definitive agreement with Evergreen Parent, L.P., an entity formed by private equity funds managed by Stone Point Capital LLC, together with Barry D. Zyskind, Chairman and CEO of AFSI, George Karfunkel and Leah Karfunkel (collectively, the "Karfunkel-Zyskind Family"), in which Evergreen Parent will acquire approximately 45% of the Company's issued and outstanding common shares that the Karfunkel-Zyskind Family and certain of its affiliates and related parties do not presently own or control. The proposed merger is anticipated to close in the second half of 2018, subject to satisfaction or waiver of the closing conditions, including approval by regulatory authorities and the company's independent shareholders.

10 Going concern

The principal activities of the company have now fully ceased and the company is no longer trading. Having assessed the situation, the Board believes that the Company is no longer a going concern and the financial statements should not be prepared on a going concern basis. However, no current plan of liquidation exists. The assets and liabilities of the Company are primarily amounts owed to and from Group entities, and the Board believes that these assets and liabilities will be ultimately transferred to the Company's parent company at their carried values.

In addition, the Director has received confirmations from fellow group companies that they will not seek repayment of amounts due to them as set out in note 4 to the financial statements for at least 12 months from the date of these financial statements. On this basis the Director believes that the Company will have sufficient funds (being for a period of at least 12 months from the date of signing these accounts) to meet its liabilities as and when they fall due. There is no impact on the carrying amounts of the Company's assets or liabilities from the change in basis of preparation.