AmTrust Underwriting Limited

Report and Financial Statements

Year Ended

31 December 2020

Company Number 03908537

Contents

Directors and Officers

Directors

M Williams (appointed 10 July 2020)
F B O'Malley (appointed 27 January 2021)
J E Cadle (resigned 27 January 2021)
P Dewey (resigned 27 January 2021)

Registered office

Exchequer Court, 33 St Mary Axe, London, EC3A 8AA

Company number

03908537

Auditors

PKF Littlejohn LLP, 15 Westferry Circus, London. E14 4HD

Strategic Report

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

Principal activities, review of the business and future developments

The principal activity of the Company continues to be that of an underwriting agent specializing in Accident and Health risks. For the current year the Company acted as an agent for Canopius Syndicate 1861 and AmTrust Europe Ltd.

During the year the Company underwrote £5.5m in gross written premiums generating £860k of commission income. The company also generated profit commissions of £8k from business underwritten in previous years.

The Directors have made the decision that effective 1 July 2021 all of the new business and renewals will be undertaken by an affiliate. Until further decisions are made the Company will continue to run off the portfolio.

Key performance indicators

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

	2020	2019
	£	£
Gross Written Premium underwritten	**5,549,168**	7,288,062
Brokerage and fees	**860,242**	1,068,245
Profit commission	**6,799**	82,217
Profit on ordinary activities after taxation	**61,860**	82,989

Gross Written Premium underwritten

Service revenue has decreased from £7.3 m to £5.5m due to travel restrictions from global pandemic. The Company has lost travel business as clients were no longer renewing travel policies as not required.

Principal risks and uncertainties

Management monitor the company's risks on an on-going basis and maintain appropriate safeguards to mitigate risk in line with the risk appetite framework it has in place. The following are the main risks which the company is exposed to.

- Liquidity risk – This is the risk that the company may be unable to meet its short term obligations as they fall due. The directors monitor cash flows and manage liquid assets to ensure that cash is available to meet obligations and operational liquidity needs.

- Operational risk - This is the risk that errors caused by people, processes or systems lead to losses to the Company. This risk is managed through the use of detailed procedure manuals and a structured programme of testing of processes and systems by internal audit. The internal audit process is designed to provide management and the board with reasonable assurance that the controls and procedures are able to contain the risks within acceptable limits.

- Regulatory risk – This is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Company is required to comply with the requirements of the Financial Conduct Authority applicable to insurance intermediaries. The Company has a compliance officer who monitors regulatory developments and assesses the impact on corporate policy.

- Credit risk – The key aspect of credit risk is the risk of default by one or more of the Company's debtors. This risk is managed by the executive management, which constantly reviews the status of the brokers with which the Company transacts business.

Strategic Report (continued)

- Underwriting capacity – The Company is dependent upon third party and fellow group undertakings for its underwriting capacity. Business is placed on a normal arms-length basis with fellow group undertakings. As the Directors have made the decision that effective 1 July 2021 all of the new business and renewals will be undertaken by an affiliate, no underwriting capacity will be required after that date.

Approval

This strategic report was approved on behalf of the Board on 26 August 2021.

M.D. Williams

M Williams
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 page 1.

Results and dividends

The statement of comprehensive income is set out on page 10 and shows the profit for the year.

The directors do not recommend a dividend in 2020 (2019: £Nil).

Future developments

The Directors have made the decision that effective 1 July 2021 all of the new business and renewals will be undertaken by an affiliate. Until further decisions are made the Company will continue to run off the portfolio.

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 credit, liquidity and foreign currency risk for the financial instruments held by the company which is further discussed in the Strategic report.

Employee matters

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests. All employees are aware of the financial and economic performance of their business units and of the company as a whole, and are rewarded according to the results of both through an annual bonus scheme. Communication with all employees continues through the in-house newspaper and newsletters, briefing groups and the distribution of the annual report.

Independent auditors

The auditors, PKF Littlejohn LLP, have indicated their willingness to 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 Directors have made the decision that effective 1 July 2021 all of the new business and renewals will be undertaken by an affiliate. Until further decisions are made the Company will continue to run off the portfolio. The Directors have reviewed the forecast income, expenditure and cash flows for a period of at least 12 months from the date of approval of these financial statements which indicate that the company has adequate resources to continue in operational existence for the foreseeable future and thus meet its liabilities as they fall due. Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months and for the foreseeable future thereafter from the date of approval of the financial statements and have therefore prepared the financial statements on the going concern basis.

Directors' Report (continued)

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

M.D. Williams

M Williams
Director

26 August 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 Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 AMTRUST UNDERWRITING LIMITED

Opinion

We have audited the financial statements of AmTrust Underwriting Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the notes to the financial statements, 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 Financial Reporting Standard 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 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 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. 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, 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.

Emphasis of Matter

We draw your attention to note 2 (e) which explains that the Directors, having considered the impact of the Company being in run-off, believe its appropriate to adopt the going concern basis in preparing the Financial Statements.

Our opinion is not modified in this respect.

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 our 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 this 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMTRUST UNDERWRITING LIMITED (continued)

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

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

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and our application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from company's legislation and the financial reporting framework.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMTRUST UNDERWRITING LIMITED (continued)

  - Agreement of the financial statements disclosures to underlying supporting documentation;
  - Enquires of management and review of minutes of Board and management meetings throughout the period;
  - Understanding of the Company's policies and procedures in monitoring compliance with laws and regulations;
  - Review of compliance reports;
  - Review of legal expenses; and
  - Review of regulator correspondence
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the risk of material misstatement due to fraud related revenue recognition.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to, the testing of journals, reviewing material accounting estimates for evidence of bias and evaluating the business rationale of any significant transactions that were unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

Ian Cowan

Ian Cowan (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

6 September 2021

Income Statement
For the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	**867,041**	1,150,462
Cost of sales		**(20,258)**	(23,035)
Gross profit		**846,783**	1,127,427
Administrative expenses		**(777,969)**	(1,050,126)
Operating profit	**5**	**68,814**	77,301
Interest receivable	8	**2,245**	5,688
Profit before taxation		**71,059**	82,989
Tax on profit	9	**(16,496)**	-
Profit for the financial year		**54,563**	82,989

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

There were no other amounts recognised in comprehensive income, either in the current or preceding year, other than those included in the Income Statement, therefore no Statement of Comprehensive Income has been presented.

The notes on pages 13 to 21 form part of these financial statements.

Statement of Financial Position
As at 31 December 2020

	Note	2020	2019
		£	£
Fixed assets			
Tangible assets	10	3,171	4,831
Intangible assets	11	-	6,123
		3,171	**10,955**
Current assets			
Debtors	12	133,156	311,984
Deferred tax asset	14	5,687	-
Cash at bank and in hand		1,304,469	2,753,413
		1,443,312	**3,065,397**
Creditors: amounts falling due within one year	**13**	(928,417)	(2,612,850)
Net current assets		**514,895**	**452,547**
Total assets less current liabilities		**518,066**	**463,502**
Net assets		**518,066**	**463,502**
Capital and reserves			
Called up share capital	14	**102**	102
Share premium account	15	**4,998**	4,998
Profit and loss account	15	**512,966**	458,403
Total shareholder's funds – equity interests		**518,066**	**463,503**

The notes on pages 13 to 21 form part of these financial statements.
The financial statements were approved by the Board of Directors and authorised for issue on 26 August 2021.

M.D. Williams

M Williams
Director

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

	Called-up share capital	Share premium account	Profit and loss account	Shareholder's funds
	£	£	£	£
At 1 January 2020	102	4,998	458,403	463,503
Profit for the financial year			54,563	54,563
Total comprehensive income for the year			**54,563**	**54,563**
Dividends paid			-	-
Movement on employee share scheme			-	-
Total transactions with owners, recognised directly in equity			-	-
Balance as at 31 December 2020	**102**	**4,998**	**512,966**	**518,066**

	Called-up share capital	Share premium account	Profit and loss account	Shareholder's funds
	£	£	£	£
At 1 January 2019	102	4,998	375,414	380,514
Profit for the financial year			82,989	82,989
Total comprehensive income for the year			**82,989**	**82,989**
Dividends paid			-	-
Movement on employee share scheme			-	-
Total transactions with owners, recognised directly in equity			-	-
Balance as at 31 December 2019	**102**	**4,998**	**458,403**	**463,503**

The notes on pages 13 to 21 form part of these financial statements.

Notes to the Financial Statements

1 General information

The company is authorised and regulated by the Financial Conduct Authority, authorised Number 306674. The company is a private company limited by shares and is incorporated in England. The address of its registered office is Exchequer Court, 33 St Mary Axe, London, EC3A 8AA and its principal place of business is 18 Mansell Street, London E1 8FE.

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 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 Amendments to FRS 102 – Triennial Review 2017 in these financial statements effective 1 January 2019. 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 publicly 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 Directors have made the decision that effective 1 July 2021 all of the new business and renewals will be undertaken by an affiliate and until further decisions are made the Company will continue to run off the portfolio. Alongside this decision and having made enquiries and having reviewed the capital resources and cash available to the Company, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Hence, the Company therefore continues to adopt the going concern basis in preparing its financial statements.

Notes to the Financial Statements (continued)

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 the income receivable for services provided by the Company during the year. This includes net retained brokerage and fees which are recognised when the respective broking intermediary is charged with the premium. Over-rider income is recognised on a quarterly bordereau accruals basis. Profit share (profit commission) on underwriting transactions is accounted for when it can be measured reliably, which is usually 24 months after the relevant year upon confirmation from the insurer, and in accordance with the contract terms. Subsequent adjustments are made through turnover in the period they arise.

3.2 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	-	33% straight line basis
Fixtures, fittings and equipment	-	20% straight line basis

3.3 Intangible assets

Internally generated software is stated at cost less accumulated depreciation. It is depreciated by equal annual instalments over its estimated useful live. The principal rate used for this is as follows:

Internally generated software	-	55% straight line basis

3.4 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 substantively 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 probable that they will be recovered.

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 current 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.

Notes to the Financial Statements (continued)

3 Significant accounting policies (continued)

3.5 Financial assets (continued)

ii) Cash at bank and in hand

Cash at bank and in hand comprises cash balances and are carried at amortised cost in the statement of financial position. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

iii) 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 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 Defined contribution pension plans

AmTrust Management Services Limited ("AMSL") employs all individuals working for the Company. This company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

3.8 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.

3.9 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.

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 £	2019 £
Travel and Personal Accident		
Net retained brokerage and fees	860,242	1,068,245
Profit commission	6,799	82,217
	867,041	**1,150,462**

5 Operating profit

Operating profit is stated after charging / (crediting):

	2020 £	2019 £
Depreciation of Fixed assets	1,660	1,660
Amortization of Intangible assets	6,123	24,485
Recharged expenses from Group companies	652,320	603,594
Foreign exchange losses/(gains)	(1,113)	2,817
Remuneration for the audit of the financial statements	9,750	9,750

Notes to the Financial Statements (continued)

6 Employees

Staff costs consist of:

	2020	2019
	£	£
Salaries and bonuses	422,982	477,161
Social Security costs	65,447	56,235
Pension costs	25,946	22,034
Other staff costs	127,175	11,558
	641,550	**566,987**

All members of staff of the Company are employed by AMSL and their costs recharged to the Company. No staff costs are incurred directly by the Company.

7 Directors' remuneration

No costs were recharged to the company during the year for Directors' remuneration (2019: £20,953). The total value of company contributions paid to money purchase pension schemes amounts to £nil (2019: £281).

The number of directors who are accruing benefits under the defined contribution scheme is none (2019: one).

The aggregate emoluments of the highest paid director recharged to the Company were £nil (2019: £21,760). The value of Company contributions to money purchase schemes of the highest paid director amounts to £nil (2019: £281).

8 Interest receivable and similar income

	2020	2019
	£	£
Bank interest receivable	**2,245**	*5,688*
	2,245	*5,688*

9 Tax on profit from ordinary activities

a) Analysis of tax charge for the year

	2020	2019
	£	£
Current tax:		
UK corporation tax charge for the year	**12,436**	-
Adjustment in respect of prior years	**9,747**	-
Total current tax	**22,183**	-
Deferred tax:		
Origination and reversal of timing differences	**1,066**	-
Adjustment in respect of prior years	**(6,753)**	-
Total deferred tax	**(5,687)**	
Total tax charge per income statement	**16,496**	

Notes to the Financial Statements (continued)

9 Tax on profit from ordinary activities (continued)

b) Factors affecting the tax charge for the year
The current tax charge for the year is different to the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2020	2019
	£	£
Profit on ordinary activities before tax	**71,059**	82,989
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019 – 19%)	**13,502**	15,768
Effects of:		
Capital allowances in excess of depreciation	**-**	(1,368)
Group relief received at nil cost	**-**	(14,400)
Adjustment in respect of prior years	**2,994**	-
Total tax charge for period	**16,496**	-

Deferred taxation

	2020	2019
	£	£
Deferred taxation asset at 1 January 2020	**-**	-
Credit to the profit and loss account	**5,687**	-
Deferred taxation asset at 31 December 2020	**5,687**	-

	2020	2019
	£	£
Analysis of deferred taxation		
Capital allowances in excess of depreciation	**5,687**	-
	5,687	-

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporate tax rate from 19% to 17% and this was substantively enacted as part of Finance Bill 2020 (on 17 March 2020).

In addition to the above, in the budget 2020, it was announced that the UK corporation tax rate was to be increased to 25% from 1 April 2023 and was substantively enacted as part of the Finance Bill 2021.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates as at the balance sheet date and reflected in these financial statements.

Notes to the Financial Statements (continued)

10 Tangible assets

	Fixtures, fittings & equipment £	Computer hardware £	Total £
Cost			
At 1 January 2020	6,195	1,262	7,457
Additions/Disposals	-	-	-
At 31 December 2020	6,195	1,262	7,457
Depreciation			
At 1 January 2020	1,960	666	2,626
Charge in year	1,239	421	1,660
At 31 December 2020	3,199	1,087	4,286
Net book value			
At 31 December 2020	2,996	175	3,171
At 31 December 2019	4,235	596	4,831

11 Intangible assets

	Internally generated software £	Total £
Cost		
At 1 January 2020	44,888	44,888
Additions/Disposals	-	-
At 31 December 2020	44,888	44,888
Amortisation		
At 1 January 2020	38,765	38,765
Charge in year	6,123	6,123
At 31 December 2020	44,888	44,888
Net book value		
At 31 December 2019	6,123	6,123
At 31 December 2020	0	0

12 Debtors

	2020 £	2019 £
Trade debtors	94,861	-
Prepayments and accrued income	38,296	311,984
	133,156	**311,984**

Accrued income includes profit commissions owed by insurers of £38,296 (2019: £311,984).

Notes to the Financial Statements (continued)

13 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	-	567,403
Amounts owed to groups undertakings	893,354	2,035,698
Corporate tax payable	22,183	-
Accruals and deferred income	12,880	9,750
	928,417	**2,612,850**

14 Share capital

	Allotted, called up and fully paid			
	2020 Number	2019 Number	2020 £	2019 £
Ordinary of £1 each	100	100	100	100
Class 'B' Ordinary shares of £1 each	2	2	2	2
	102	**102**	**102**	**102**

15 Reserves

	Share premium £	Profit and loss account £
Balance at 1 January 2020	4,998	458,403
Profit/loss for the financial year	-	54,563
Balance at 31 December 2020	**4,998**	**512,966**

16 Dividends

No dividends were paid in 2020 (£nil – 2019)

18 Pensions

Staff working for the company are employed by AMSL. This company operates a defined contribution pension scheme. The assets of the scheme are held separately from the company in an independently administered fund.

The pension charge represents costs recharged to the company for its share of contributions payable to the pension fund and amounted to £25,946 (2019: £22,034).

19 Related party transactions

The Company is exempt from disclosing related party transactions with companies that are wholly owned within the AFSI Group.

Notes to the Financial Statements (continued)

20 Parent undertakings

The company's immediate parent undertaking is AMT Intermediaries Limited, a company registered in England. The company's intermediate parent company AmTrust International Insurance Ltd, a company registered in Bermuda is the smallest group in which the results of the company are included. The company's ultimate parent company and controlling party is Evergreen Parent GP LLC, a company registered in the USA and is the largest group in which the results of the company are consolidated. Copies of the group financial statements of Amtrust International Insurance Ltd are available from Washington Mall 7 Reid street Suite 400 Hamilton, HM 11, Bermuda. The address of the registered office of Evergreen Parent GP LLC is 59 Maiden Lane, 43rd floor, New York NY 10038.

21 Events after the Statement of Financial Position date

The Directors have made the decision that effective 1 July 2021 all of the new business and renewals will be undertaken by an affiliate. Until further decisions are made the Company will continue to run off the portfolio.

22 Restricted assets

Cash at bank and in hand includes £1,180,092 of restricted cash.