

Company Registration No. 05894069 (England and Wales)

FIRST CENTRAL SERVICES (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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FIRST CENTRAL SERVICES (UK) LIMITED

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FIRST CENTRAL SERVICES (UK) LIMITED

COMPANY INFORMATION

Directors

S L Clark
A B Cowland
J P Davison
J Kennedy
J S McGowan
R L Sampson

Secretary

Mrs S Debaes

Company number

05894069

Registered office

Central House
1-5 Perrymount Road
Haywards Heath
West Sussex
RH16 3SY

Registered auditor

Deloitte LLP
Regency Court
Gategny Esplanade
St Peter Port
Guernsey
GY1 3HW

Business address

Central House
1-5 Perrymount Road
Haywards Heath
West Sussex
RH16 3SY

Bankers

Royal Bank of Scotland
Level 8
280 Bishopsgate
London
EC2M 4RB

FIRST CENTRAL SERVICES (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their strategic report and the audited financial statements of First Central Services (UK) Limited ("FCS UK" or the "Company") for the year ended 31 December 2020.

Review of the business

The Company is a wholly owned subsidiary of First Central Group Limited ("FCGL" or "the Parent Company"), a holding company incorporated in Guernsey. FCGL's business model focuses on providing Motor Insurance products to customers in the UK, owning the relationship with the customer and underwriting motor insurance policies that deliver an overall profit for the Group. The Company provides non regulated UK based activities including IT support, maintenance services and professional consultancy services (including Finance and HR) across FCGL and its subsidiaries' ("the Group"). The additional services performed by the Company are carried out in accordance with service agreements between the Company and the other Group companies.

Given the nature of the Company's operations, the Directors are of the opinion that reporting upon Key Performance Indicators is not necessary for an understanding of the development, performance or position of the business.

Revenue for the year increased to £22,394k from £13,968k mainly as a result of growth across the Group. The Company made a profit before tax for the year of £864k (2019: £463k) and there were no dividends paid during the year ended 31 December 2020 (2019: £nil).

Brexit

The UK and EU signed a trade agreement prior to the end of the Brexit transition period. Whilst this removes some key economic uncertainties, the practical challenges for financial services in general and the Company specifically are unchanged and so the preparations previously put in place mean that the Company could continue to operate despite the loss of passporting rights. As such, no changes to the structures and processes put in place by the Company are necessary following the trade deal.

Covid-19

Through the course of 2020, the Covid-19 Pandemic swept across the world and created material uncertainty across almost every economy, industry and sector. The Group responded proactively to the pandemic, implementing new, robust processes and business continuity plans.

FCS UK's principle focus was on supporting the Business Continuity Plan across the Group to facilitate the ability of all colleagues to work remotely at pace, with 94% of colleagues working from home within 7 days of the first lockdown. Critical to this was FCS UK's role in supporting the role out of critical IT and equipment for colleagues who did not have the ability to work remotely at the outset of the pandemic.

In addition to the mass transition of colleagues working remotely, the Directors and executive management have provided enhanced support to all colleagues, with particular emphasis on affording greater flexibility in carrying out their roles and remaining as safe as possible. The Directors monitored (and continue to monitor) commercial, legal and regulatory developments relating to Covid-19.

The Directors, based on data available at the time of this publication, are of the view that the Motor Insurance sector has been reasonably well-shielded from a significant downturn in comparison to sectors such as Travel, Leisure and Hospitality. The reduction in vehicles on the roads has resulted in a lower claims frequency. Fewer motorway and long-distance journeys have also reduced claim severity during the periods in 2020 where freedom of movement restrictions were in effect.

FCS UK was able to operate robustly and with agility throughout the pandemic, with little impact on the services provided to other Group entities.

FIRST CENTRAL SERVICES (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are liquidity risk and credit risk.

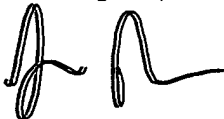
Liquidity risk

The Company manages its cash requirements ensuring sufficient liquid resources to meet the needs of the business.

Credit risk

The Company manages its credit requirements by ensuring that the Group settles its attributable expenses with the Company on a monthly basis.

The Strategic Report has been approved by the Board of Directors and signed on its behalf by:



.....
J P Davison
Director

FIRST CENTRAL SERVICES (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and financial statements for the year ended 31 December 2020.

Results

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

Dividends

There were no dividends paid during the year ended 31 December 2020 (2019: nil).

Directors

The Directors who served during the year, and up to the date of signing this report are listed below:

T D Acott (resigned 13 May 2021)
S L Clark (appointed 13 May 2021)
A B Cowland
J P Davison
J Kennedy
J S McGowan
R L Sampson

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Employee involvement

The Company's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern or interest to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the 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 that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies 1.2 in the financial statements.

Financial risk management objectives and policies

The applicable liquidity risk management policy has been disclosed in the Strategic Report under "Principal risks and uncertainties".

FIRST CENTRAL SERVICES (UK) LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Directors' responsibilities statement

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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

Deloitte LLP has indicated its willingness and are therefore deemed to be re-appointed in accordance with section 485 (3) of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by:



J P Davison
Director

Date: 20 May 2021

FIRST CENTRAL SERVICES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FIRST CENTRAL SERVICES UK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of First Central Services (UK) Limited (the 'Company'):

- 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 including Financial Reporting Standard 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.

We have audited the financial statements of the Company which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 15.

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).

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 Financial Reporting Council's (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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 respect of these matters.

FIRST CENTRAL SERVICES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

TO THE MEMBERS OF FIRST CENTRAL SERVICES UK LIMITED

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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006 and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, IT, and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for in the following areas, and our specific procedures performed to address it are described below:

Revenue recognition in connection to service management fee has been deemed a significant risk due to potential for fraud. To mitigate this risk, we tested the completeness and accuracy of the inputs, specifically the underlying services provided to First Central Insurance Management Limited and the agreed service fee rates. In addition, we reviewed the Master Service Agreement between the Company and First Central Insurance Management Limited to confirm that the revenue balance had been calculated in line with this agreement.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

FIRST CENTRAL SERVICES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

TO THE MEMBERS OF FIRST CENTRAL SERVICES UK LIMITED

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

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.



David Becker (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St. Peter Port, Guernsey
20 May 2021

FIRST CENTRAL SERVICES (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
Revenue	2	22,394	13,968
Gross profit		22,394	13,968
Administrative expenses	3	(21,530)	(13,505)
Operating profit		864	463
Profit before taxation		864	463
Tax	6	(190)	(47)
Profit for the financial year after taxation		674	416

The Company has no other comprehensive income that should be reflected in the Statement of Comprehensive Income.

All results derive from continuing operations.

The notes on pages 14 - 20 form part of these financial statements.

FIRST CENTRAL SERVICES (UK) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		As at 31 Dec 2020 £000	As at 31 Dec 2019 £000
	Notes		
Non-current assets			
Work in progress - intangibles	7	272	-
Property, plant and equipment	8	682	94
		<u>954</u>	<u>94</u>
Current assets			
Debtors	9	3,447	2,136
Deferred tax asset		23	29
Cash and cash equivalents	14	2,068	658
		<u>5,538</u>	<u>2,823</u>
Total assets		<u>6,492</u>	<u>2,917</u>
Capital and reserves			
Called up share capital	12	295	295
Profit and loss reserve		913	239
Total Shareholders' equity		<u>1,208</u>	<u>534</u>
Current liabilities			
Creditors	10	5,284	2,383
		<u></u>	<u></u>
Total equity and liabilities		<u>6,492</u>	<u>2,917</u>

Approved by the Board and authorised for issue on 20 May 2021.



J P Davison
Director



J Kennedy
Director

Company Registration No. 05894069

The notes on pages 14 - 20 form part of these financial statements.

FIRST CENTRAL SERVICES (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2020

	Called up share capital £000	Profit and loss reserve £000	Total £000
At 31 December 2018	295	(177)	118
Profit for the financial year	-	416	416
At 31 December 2019	295	239	534
Profit for the financial year	-	674	674
At 31 December 2020	295	913	1,208

The notes on pages 14 - 20 form part of these financial statements.

FIRST CENTRAL SERVICES (UK) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	£000	2020 £000	£000	2019 £000
Net cash generated from operating activities	14		2,442		751
Investing activities					
Purchase of work in progress - intangibles	7	272		-	
Purchase of property, plant and equipment	8	760		123	
Net cash used in investing activities			(1,032)		(123)
Net movement in cash and cash equivalents			1,410		628
Cash and cash equivalents at beginning of year			658		30
Cash and cash equivalents at end of year			2,068		658

The notes on pages 14 - 20 form part of these financial statements.

FIRST CENTRAL SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

1.1 General information and basis of accounting

First Central Services (UK) Limited ("the Company") is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council.

The functional currency of the Company is considered to be Pounds Sterling because that it is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in Pounds Sterling.

There are no critical accounting judgements or key sources of estimation uncertainty included in these financial statements.

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report and Directors' Report further describes the financial position of the Company and liquidity risk.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate at the current level of profitability and liquidity.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Property, plant and equipment and depreciation

Property, plant and equipment, consisting of leasehold improvements, computer equipment and fixtures and fittings 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	3 years
Fixtures and fittings	4 years

1.4 Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less and bank overdrafts that can be withdrawn at any time without penalty.

1.5 Debtors

Debtors represent amounts outstanding in the ordinary course of business from customers. Debtors are classified as current assets if receipt is due within one year or less. If not, they are presented as non-current assets.

1.6 Creditors

Creditors are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Creditors are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method.

FIRST CENTRAL SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.7 Taxation

For the Company, current tax, including UK Corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax in the future or the right to pay less tax in the future have occurred at the Statement of Financial Position date. Deferred taxation expense is the change in deferred income tax on assets and liabilities between the reporting periods.

1.8 Revenue

The Company receives, through the Group's transfer pricing process, revenue from First Central Insurance Management Limited to cover its expenses plus a 5% margin. This revenue is earned by the Company in recognition of the services provided to First Central Insurance Management Limited and is accounted for on an accruals basis.

1.9 Employee Benefits

The Company operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. All contributions made by the Company to the scheme are charged directly to the Statement of Comprehensive Income in the year.

1.10 Share-based payment expenses – 'Phantom share'

The Group calculates the share-based payments initially at fair value based on earnings multiples and this is expensed over the estimated vesting period. Earning multiples are used to derive the fair value since this is a reasonable estimate of its value with the accounting treatment depending on the type of share-based payment arrangement. This share-based payment arrangement vests in the event of a sale or partial sale of the business occurring within ten years of issue and will be cash-settled.

The Company's share-based payments expenses are measured at each reporting date at fair value with changes in fair value recognised in the Statement of Comprehensive Income together with the corresponding change in the financial liability.

1.11 Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

1.12 Work in progress - intangibles

Expenditure on software and development is written off except where the Directors are satisfied that certain identifiable expenditure is of long term value to the Group in which case such expenditure is capitalised as an intangible asset.

Work in progress comprises intangible assets in the course of development which are considered to be eligible for capitalisation but which have not yet reached the state where they are ready for their intended use. As such no amortisation has yet been charged on these assets.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

FIRST CENTRAL SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Revenue

The analysis by class of business of the Company's revenue is set out as below:

	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
Service management fee	22,394	13,968
	22,394	13,968

All revenue originates in the United Kingdom.

3 Administration Expenses

	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
Staff costs	15,025	9,816
Audit and taxation fees	16	16
Other costs	6,489	3,673
	21,530	13,505

Included in audit and taxation fees is £16k (2019: £16k) payable to the Company's auditor for the audit of the Company's annual accounts.

4 Staff numbers and costs

Number of employees

The average monthly number of employees (including Directors) during the year was:

	Year ended 31 Dec 2020 Number	Year ended 31 Dec 2019 Number
Directors	2	2
Administration	199	150
	201	152

Employment costs

	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
Wages and salaries	12,856	7,401
Social security costs	1,302	751
Share-based expenses – 'Phantom share'	338	-
Other pension costs	529	392
	15,025	8,544

FIRST CENTRAL SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Staff numbers and costs (continued)

Share-based expenses – 'Phantom share'

In 2020 FCGL, the ultimate parent company, implemented a share-based payment based incentive scheme, in which 'Phantom shares' are granted with no exercise price. This share-based payment arrangement vests in the event of a sale or partial sale of the business occurring within ten years of issue and will be cash-settled.

During the period, 1,707,000 awards were granted to Company employees of which 131,000 awards were forfeited, with 1,576,000 awards in issue at 31 December 2020 (2019: nil).

5 Directors' remuneration

	Year ended 31 Dec 2020	Year ended 31 Dec 2019
	£000	£000
Remuneration for qualifying services	179	117
Pension contributions to defined contribution schemes	20	16
	<u>199</u>	<u>133</u>

The number of Directors for whom retirement benefits at the balance sheet date are accruing under defined contribution schemes amounted to 2 (2019: 2). The Directors represent key management personnel. Consequently, key management personnel costs for the year amount to £199k (2019: £133k).

6 Tax

	Year ended 31 Dec 2020	Year ended 31 Dec 2019
	£000	£000
Domestic current year tax		
U.K. corporation tax	184	69
Total current tax	<u>184</u>	<u>69</u>
Deferred tax		
Deferred tax movement related to temporary differences	6	(22)
Total deferred tax	<u>6</u>	<u>(22)</u>
Total tax on profit on ordinary activities	<u>190</u>	<u>47</u>

FIRST CENTRAL SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Tax (continued)

Factors affecting the tax charge for the year

Profit on ordinary activities before taxation

864

463

Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2019: 19.00%)

164

88

Effects of:

Non-deductible expenses

34

16

Depreciation

33

6

Capital allowances

(47)

(41)

Change in deferred tax assets

6

(22)

26

(41)

Total tax charge for the year

190

47

There is no expiry date on timing differences, unused tax losses or tax credits.

The UK Government has announced that the corporation tax main rate remains at 19% for the financial year beginning 1st April 2021.

The charge to corporation tax and the main rate will also be set at 19.00% for the financial year beginning 1st April 2022. The UK Government has recently announced an increase in the corporation tax rate to 25%. This is likely to be substantively enacted in May 2021 when the Bill is passed by the House of Commons

7 Work in progress – intangibles

The Company incurred software development costs for the period amounting to £272k (2019: £nil) that have been capitalised and recognised as work in progress - intangibles as they have not yet reached the state where they are ready for their intended use. As such, amortisation has not been charged for the period.

8 Property, plant and equipment

	Computer equipment	Fixtures and fittings	Total
	£000	£000	£000
Cost			
At 1 January 2020	124	9	133
Additions	756	4	760
At 31 December 2020	880	13	893
Depreciation			
At 1 January 2020	33	6	39
Charge for the year	170	2	172
At 31 December 2020	203	8	211
Net book value			
At 31 December 2020	677	5	682
At 31 December 2019	91	3	94

FIRST CENTRAL SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Debtors

	As at 31 Dec 2020	As at 31 Dec 2019
	£000	£000
Related party	2,793	1,479
Other debtors	2	9
Prepayments and accrued income	652	648
	<u>3,447</u>	<u>2,136</u>

The related party balance of £2,793k (2019: £1,479k) are comprised of amounts owing to the Company by First Central Insurance Management Limited of £2,202k (2019: £1,427k), First Central Group Limited of £272k (2019: £14k), First Central Services (Guernsey) Limited of £69k (2019: £7k), Skyfire Insurance Company Limited of £137k (2019: £23k) and Skyfire Reinsurance Company Limited of £113k (2019: £8k) which were incurred during the year. These amounts are unsecured, payable on demand and accrue no interest.

10 Creditors

	As at 31 Dec 2020	As at 31 Dec 2019
	£000	£000
Related party	964	847
Trade creditors	554	90
Corporation tax	139	69
Taxes and social security costs	357	219
Other creditors	82	48
Accruals and deferred income	3,188	1,110
	<u>5,284</u>	<u>2,383</u>

The related party balance of £964k (2019: £847k) were comprised of amounts owed to First Central Management Limited and First Central Group Limited which were incurred during the year. These amounts are unsecured, payable on demand and accrue no interest.

11 Retirement Benefits

Defined contribution scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund.

	As at 31 Dec 2020	As at 31 Dec 2019
	£000	£000
Contributions by the Company for the year	529	392
Contributions payable at the year end and included in creditors	(83)	(48)
	<u>446</u>	<u>344</u>

12 Share capital

	As at 31 Dec 2020	As at 31 Dec 2019
	£000	£000
Allotted, called up and fully paid		
295,000 Ordinary Shares of £1 each	295	295

FIRST CENTRAL SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Immediate and ultimate parent company and related party disclosures

The Company is controlled by its immediate and ultimate parent company, First Central Group Limited ("FCGL").

The Company has taken advantage of the exemption in 'FRS 102' from the requirement to disclose transactions and balances with other group companies headed by FCGL.

14	Reconciliation of operating profit to cash generated by operating activities	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
	Operating profit	864	463
	Gain on disposal of property, plant and equipment	-	(1)
	Depreciation of property, plant and equipment	172	29
	Operating cash flow before movement in working capital	1,036	491
	Increase in debtors	(1,312)	(941)
	Increase in creditors	2,833	1,235
	Corporation tax paid	(115)	(34)
	Cash generated by operating activities	2,442	751
	Reconciliation of cash and cash equivalents	As at 31 Dec 2020 £000	As at 31 Dec 2019 £000
	Cash and cash equivalents in statement of financial position	2,068	658
	Cash and cash equivalents	2,068	658

15 Post balance sheet events

On 13 May 2021 the Company changed its registered address, moving from Central House, 25-27 Perrymount Road, Haywards Heath, West Sussex, RH16 3TP to Capital House, 1-5 Perrymount Road, Haywards Heath, West Sussex, RH16 3SY.