

Company Registration No. 06489797 (England and Wales)

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

CONTENTS

	Pages
Company information	2
Strategic report	3-14
Directors' report	15-16
<u>Independent auditor's report</u>	17-19
Consolidated statement of comprehensive income	20
Consolidated and company statement of financial position	21
Consolidated and company statement of changes in equity	22
Consolidated statement of cash flows	23
Notes to the consolidated financial statements	24-39

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

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FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Strategic report has been prepared for the First Central Insurance Management Limited ("FCIM" or the "Company") consolidated group as a whole and therefore gives a greater emphasis to those matters which are significant to the Company and its subsidiary undertakings when viewed as a whole. The Company and 1st CENTRAL Law Limited are included within the consolidated results for FCIM (the "Group").

Review of the business

The Company, which is a wholly owned subsidiary of First Central Group Limited ("FCGL" or "the Parent Company", a holding company incorporated in Guernsey), provides insurance and administrative services to fellow wholly owned subsidiaries of FCGL ("FCGL Group"), First Central Services (Guernsey) Limited ("FCS Gsy", a payment solutions provider and technology service company based in Guernsey). FCS Gsy also provides development services for IT systems utilised by FCIM, Skyfire Insurance Company Limited ("SICL", an insurer based in Gibraltar) and Skyfire Reinsurance Company Limited ("SkyRe", a reinsurance Company based in Guernsey).

The Company is authorised by the Financial Conduct Authority ("FCA") to trade as a general insurance intermediary and sells private car insurance policies and related motor insurance products sourced from various providers direct to UK customers. The Company also provides the day-to-day administration of the products, including claims handling services and offering a premium finance facility.

The Company owns 75% of the issued share capital of 1st CENTRAL Law Limited ("1CL"), trading as "1st CENTRAL Law", which provides specialist solicitor services in relation to personal injury claims.

The Company is headquartered in Haywards Heath, West Sussex and has grown considerably since it was launched at the end of 2008, expanding from an employee base of 60 at the turn of its first year to a total headcount of 483 as at 31 December 2020. Due to the expansion, a second office based in Manchester was opened in 2016 with Company staff providing claims and counter fraud services. The Company is now providing intermediary, administration and customer service facilities to approximately 800,000 individual UK policyholders.

The Company previously owned First Central Services (UK) Limited ("FCS (UK)"), which was established in 2006 to provide motorcycle and commercial vehicle insurance aggregation services. On 1 August 2018 the Company transferred ownership of FCS (UK) to FCGL. On 1 September 2018, as part of the restructure, FCIM entered into a service agreement with FCS (UK) for non-regulated activities including IT support, maintenance services and professional consultancy services (including Finance & HR).

The results for the year are set out on page 20. Group Revenue for the year increased to £147.1m from £114.8m in the previous year mainly as a result of increased policy sales. Profit before tax for the year was £13.6m, compared to £9.0m in the previous year.

At the year end the Group Total Shareholder's equity was £29.7m (2019: £20.7m) as set out on page 21 which represents an increase of £9.0m compared to the previous year.

FCIM declared an interim dividend of £1.5m and no final dividend (2019: £nil) to FCGL on 18 November 2020.

Following a very strong year in 2019 in which FCIM secured a number of awards, the positive recognition across the industry continued in 2020 with achievements secured as follows:

- Money Age: Insurance Provider of the Year;
- Trust Pilot rating of 4.5 stars achieved;
- Fairer Finance: Gold Ribbon for Customer Experience; and
- The Institute of Customer Service ServiceMark (2021). The ServiceMark is awarded on a three-year term and is subject to annual review.

In addition, the Company's "1ST CENTRAL Standard", "1ST CENTRAL Plus", "1st CENTRAL Premier" and "1ST CENTRAL Legal" car insurance products have been rated 5 Star by independent rating company Defaqto. A Defaqto rating reflects the quality of a financial product; 5 stars being the highest rating a product can attain. The "1ST CENTRAL Value" product has a 3 Star rating from Defaqto as it doesn't include as many features as the other products.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

In 2020 the Group refreshed the 5-year plan targeting increased market penetration with a market share rising from 1.9% at the end of 2019 to 5% by the end of 2024, which remains on target with market share having reached 2.4% by the end of 2020. Underpinning this growth is a focus on pricing and distribution excellence with significant investment in our data and analytical capabilities across both pricing and claims coupled with the development of a broader product range to meet the varying needs of customers shopping on price comparison websites.

On the service side we continue our programme of digitalisation which has already seen over 90% of customers complete their purchase online, whilst simultaneously focusing on cost efficiency throughout our contact centre services.

All this is founded on our '4Cs' culture; each company creating a great environment for our Colleagues to deliver quality service for our Customers which enables Corporate profit and in turn allows us to invest back into the Communities we serve.

Key performance indicators ("KPIs")

The Board monitors the progress and performance of the Group by reference to the following KPIs:

	2020 £m	2019 £m	Change %
Profit before taxation	13.6	9.0	51%

The increase in profit before taxation was driven by an increase in intermediary fees and ancillary commission income driven by an increase in policy sales as well as an increase in Solicitors service income.

	2020 000's	2019 000's	Change %
Policies in Force	800	529	51%

The increase in Policies in Force was driven by improvements in the Group's competitive position in the market.

	2020 £m	2019 £m	Change %
Group Revenue	147.1	114.8	28%

The increase of Group Revenue in 2020 was mainly as a result of increased policy sales.

Principal risks and uncertainties

The FCIM Board has established an Audit and Risk Committee that meets quarterly and examines and reports on the level of assurance provided by FCIM's risk, internal audit and control environment. The principal risks and uncertainties facing the Group are broadly defined as; competitive; regulatory and solvency; liquidity and credit risk.

General risk

Through the course of 2020, the Covid-19 Pandemic swept across the world and created uncertainty across almost every economy, industry and sector. FCIM responded proactively to the pandemic, implementing new, robust processes and business continuity plans. Colleagues were requested to work from home for their safety and given extended dependents leave to provide flexibility as part of FCIM's Wellbeing initiative. The Directors continue to monitor commercial, legal and regulatory developments relating to Covid-19 but given the impact to date no longer consider it a principal risk to the Group.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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.

Due to changes in public transportation usage that will continue through 2021, customers are likely to require motor insurance to allow for more flexible travel which will result in a broadly stable market size. The ongoing monitoring and reaction to developments related to the Covid-19 Pandemic remain a crucial factor that is managed daily at the management level and for the Board.

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. The Company has been preparing for different outcomes as a result of the Brexit negotiations and will ensure policyholders are kept appropriately informed should any of these outcomes impact their cover, or the documentation they are required to carry, when travelling to the European Union.

The Directors are of the view that the Company's ability to leverage advanced technological capabilities, robust business continuity plans and experienced senior leadership demonstrates the strength and agility of the business.

Collaboration across the Company and all FCGL entities has been paramount to the prompt and effective adherence to the evolving landscape driven by Covid-19. We would like to take this opportunity to thank all colleagues, suppliers and partners for their continued efforts and achievements, which have contributed to the success of the business and will underpin the future plans for the Company, seeing us through these challenging circumstances.

Competitive risk

Competitive pressure in the UK is a continuing risk for the Group, which could result in it losing sales to its key competitors.

The Group, in conjunction with SICL (the sole underwriter), constantly reviews margins to ensure competitive premiums are maintained and also manages this risk through its advanced analytical capabilities and continual investment in technology to enhance these capabilities.

Daily and weekly monitoring of competitive position amongst our major price comparison websites as well as benchmarking against the market identifies any emerging risks and opportunities and the Company reviews and iterates its products and services to meet the evolving needs of customers.

Regulatory and Solvency risk

The Group actively monitors its compliance with the regulatory and solvency requirements of the FCA ("Financial Conduct Authority") and is proactive in establishing robust policies and procedures to ensure effective compliance.

Liquidity risk

The Group manages its cash requirements in order to maximise interest income, whilst ensuring the Company has sufficient liquid resources to meet the needs of the business.

Credit risk

The Group is exposed to credit risk on cash and cash equivalents held by credit institutions and on instalment sales from customers who pay monthly. These balances are monitored regularly.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Vision Statement

FCIM's Vision, in alignment with FCGL Group is to be part of a progressive, forward-thinking insurance group that creates value for our colleagues, customers and communities. This Vision requires that our stakeholders be central to our Board's decision-making and strategic formation at all times.

While the importance of giving due consideration to our stakeholders is not new, this Statement sets out how the Board engages with our customers, colleagues and stakeholders, considering potential changes and implications of decisions of our stakeholder base.

The Company's stakeholders comprise of our colleagues (employees), customers, partners (suppliers), regulators, communities and shareholders. It is accepted that effective engagement with stakeholders (not only at Board level) throughout our business is crucial to fulfilling our vision and purpose, to provide the products and services that meet our customers' needs.

Strategy and Governance

A key consideration going forward into 2021 will be how the Board ensures that stakeholder considerations are taken into account, particularly of our customers. Through oversight and challenge, the Board seeks to hold management and the business to account with an emphasis on gaining assurance that the diverse dynamics of stakeholders are considered in the day-to-day management of the business and in delivering the plan and good customer outcomes. The Section 172 statement (section C) provides a more detailed view of FCIM's focus on our customers and the processes/practices utilised to meet their needs.

The corporate governance structure, processes and controls in place mandate regular and detailed reporting to the Board and its sub-committees from the management team that include information on the consideration of stakeholders to the business.

The Board and its sub-committees are the key decision-making bodies in the business, providing clear strategic direction, oversight and leadership. The Board also delegates authority to the management team for the day-to-day delivery of the strategic plan and management of the business.

The Board is responsible for organising and directing the affairs of the business in a manner that is most likely to promote its success for the benefit of its members as a whole, including customers, colleagues, partners and the communities in which FCIM serves.

The Board is accountable for setting and achieving FCIM's strategic objectives and vision; standing out in the motor insurance industry as a progressive, forward-thinking company that creates value for our colleagues, customers and communities.

FCIM is regulated by the FCA. As such, the Board provides oversight and guidance in regard to FCIM meeting the requirements of the legal and regulatory landscapes. The Board also reviews the Company's Risk Appetite statements and Compliance Framework to ensure a robust management of FCIM's risk profile.

The Board has adopted a formal schedule of matters reserved for the Board's consideration. This is monitored by the Executive Office and Company Secretary and reviewed by the Board on an annual basis to ensure the responsibilities of the Board remain relevant to the main considerations of the business.

Matters Reserved for FCIM Board

The Matters Reserved for FCIM Board include, but are not limited to, the following:

- FCIM's long-term objectives and corporate strategy;
- Operating and capital budgets, financial results, and any significant changes to accounting practices or policies;
- Results, financial reporting and any formal reforecast of the budget;
- The Risk Appetite of FCIM as well as internal control environment and risk management framework;
- Succession plans for the Board and senior management;
- Dividend policy and proposals for dividend payments;
- The annual review of its own performance and that of the sub-committees,
- Annual review of the Company policies; and
- The review of the Company's corporate governance arrangements and adherence to regulatory requirements.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

S172(1) Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision-making and how best to promote the collective long-term success of the Company and its stakeholders. We are complying with the requirement to include a statement setting out how our Directors have discharged this duty.

(a) The likely consequences of any decision in the long-term

The business has developed a strategic 5-year plan that is updated on an annual basis to ensure the direction and core initiatives of the Company remain relevant in promoting the long-term success on behalf of the Company, its colleagues, customers and communities.

Key management information, industry-wide benchmarking and trends, emerging assumptions and internal reporting are utilised when forming the strategic direction of FCIM.

To ensure the decision-making incorporates varied perspectives, the management team engage with colleagues, partners and wider stakeholders to establish a broad and representative view of the opportunities, risks and market-wide trends that inform the process of FCIM decision making.

In providing assurance that a variety of views have been considered, the Board requires that due consideration is afforded to matters relating to customers, colleagues and partners when determining the direction of the Company.

The governance and review process in place ensures that the details of the plan are proactively shared with the FCIM Board and shareholders, leading to the development of a cohesive strategic direction that seeks to promote the long-term success of the Company.

The successful delivery of the plan relies on strong and positive relationships with a wide variety of stakeholders, as detailed in the remaining relevant sections of this report.

The Board considered a number of key strategic and operational matters during 2020. As an example, the Board made the decision to review and produce a product diversification strategy to increase the range of offerings we are able to make to our customers.

Key to the decision was the acknowledgment that in order to meet the continually evolving needs of customers, it was important to adapt and create new products to enable customers to have multiple options when selecting the products. The financial implications to FCIM's shareholder and in turn the shareholders of FCIM's parent company were also a consideration as it was acknowledged there would be an impact on the Company's financial position by creating new product lines that require investment in the initial years, with volumes and written premiums taking time to build.

Furthermore, in determining the strategic plan, the prioritisation of initiatives and the overall spend on transformational change, the Board considered market research, industry benchmarking and detailed, bottom-up cost-benefit analysis to consider all pertinent information that facilitated well-informed decision making.

The Board utilises the Compliance Framework which sets out the Policies and Procedures that are fundamental in providing a robust control environment that allows for structured monitoring of risk management in the business. The Policies are reviewed by Internal Audit on a frequent basis to determine the relevance and efficacy of the documents and the adherence of the business to the criteria detailed within.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

S172(1) Statement (continued)

(b) The interest of the Company's employees

Employees of FCIM (our colleagues) are looking for a great career experience and a positive environment in which they can thrive. The Board are passionate in reinforcing our desired culture and the creation of dynamic and diverse teams, helping our colleagues to learn and grow and providing training and development opportunities at every stage of their career.

Our colleagues are one of our fundamental assets in developing the long-term success and aspirations of our business and engagement and satisfaction is gauged on a regular basis with a company-wide engagement survey undertaken annually with frequent 'pulse' surveys also utilised throughout the year.

Inclusion, equal pay, flexible working and good communications are central to our offer, and we provide a wide range of support for colleagues' physical and mental wellbeing. This focus increased significantly through 2020 to ensure colleagues were supported to assist with the challenges of Covid-19 and working from home.

In responding to Covid-19, FCGL achieved 94% of colleagues working from home within a week of the first national lockdown. The business did not have to make any colleague redundant and was able to continue to grow and recruit above initial budgetary forecasts. As a gesture of goodwill and recognition of colleagues' agility, dedication and hard work, FCGL paid a £500 bonus to every colleague in the business in August 2020.

As a business we truly value our colleagues' views and ideas, and our senior leadership team and Board therefore use a variety of ways to engage with them. We utilise a group-wide Employee Consultative Committee ("ECC") with representatives from across the business (of which, one colleague is appointed as the Chair), two management representatives and at least one Director is always present.

Feedback from ECC is cascaded up to the Board through the Chief People Officer (FCS (UK)). Two appointed Non-Executive Directors, one from FCIM and one from FCGL have involvement in the ECC process including reviewing matters discussed and agreed as well as reviewing minutes from each meeting.

Through our comprehensive series of People initiatives, we established the 'YouFirst' Programme. 'You First' brings together social, environment, wellbeing, colleague recognition and community / charity under one framework. This framework includes a number of working groups, with a key focus being placed on Diversity & Inclusion, as well as supporting our colleagues' wellbeing through Covid-19. By focusing on these key components we highlight and reinforce current best practices and initiate new processes and partnerships that will benefit our company and our communities.

In Q1 2020, the management team introduced a bi-weekly conference call in which all colleagues can attend and submit questions to the management team and hear directly from them on a regular basis. Our colleagues also have the opportunity to express their opinions through our annual colleague survey, as well as numerous pulse surveys during the year. Results from these surveys play a key part when devising future business plans and initiatives, and results are presented to the Executive Committee and Board along with the proposed resulting action plan.

Colleague engagement is core to the ethos of the Company and there are regular activities and opportunities for colleagues to engage with one both formally and informally at events across the business.

In early 2020 we launched our new Values:

Ambition: We are energised and motivated to succeed for our customers and our colleagues;

Agility: We evolve, adapt and learn to keep pace with customer expectations and the changing world;

Collaboration: We support each other and our customers, share ideas and experiences to build strong teams, achieving more together; and

Ownership: We take the initiative to deliver positive results, care about the outcome, and are trusted to do the right thing.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

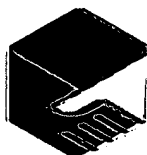
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

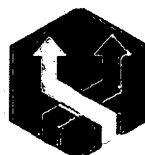
S172(1) Statement (continued)



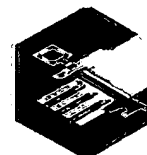
Ambition



Collaboration



Agility



Ownership

Through colleague feedback, it has been clear that the Values resonate with our colleagues and have become embedded in everyday behaviour.

In addition, the Chief People Officer (FCS (UK)) regularly feeds into the Board (both through attendance at Board meetings and regular discussions with Non-Executive Directors) to provide updates on morale within the business, feedback from colleagues, and updates on the People Programme initiatives.

We also utilise a variety of communication methods to keep our colleagues informed regarding company performance and business plans including email communications, a weekly and monthly newsletter, quarterly Town Hall sessions delivered by our Group and FCIM CEOs to all colleagues, Managers briefings to cascade in team meetings, and regular Leadership Lounges which see a senior leader hosting an informal discussion on a particular topic of interest.

The Directors ensure that those colleagues identified as key talent for succession are managed through the talent/succession planning framework, ensuring a provision for significant training costs and additional benefits to retain our talent.

All colleagues have access to an accredited (Institute of Leadership and Management) development and training programme, forming a core part of our business plan.

To further engage colleagues in our business performance and priorities, our annual bonus scheme is linked to both company performance and individual performance. We utilise a 4C's approach to setting objectives to ensure that all colleagues objectives reflect our key stakeholders – customers, colleagues, community and company.

In 2020 we introduced a Phantom Share Scheme which provides a long-term incentive scheme for all colleagues linked to our five-year business plan. The Company also recently increased employer pension contributions for all colleagues.

(c) The need to foster the Company's business relationships with suppliers, customers and others

We continue to foster and strengthen the partnerships we have with our key suppliers to ultimately ensure our customers receive the best service possible and employ a strict procurement screening process to ensure suppliers and partners are of the highest possible calibre and cultural fit with the organisation.

Partnerships

We have introduced new partners across our supply and value chains that have enabled us to improve how we service our customers without affecting quality; working collaboratively to map and improve processes that benefit all stakeholders

We continue to work closely with our technology partners to ensure provision of the latest technology solutions are secure, well-controlled and best in class.

Customers

All of our opted-in customers receive a monthly Newsletter, providing relevant updates relating to 1ST CENTRAL and the insurance industry more broadly. We measure Grade of Service, complaints data, online feedback and other sources of customer feedback with great detail on a daily, weekly and monthly basis to monitor and mitigate potential customer issues.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

S172(1) Statement (continued)

Our NPS (Net Promoter Score – calculated monthly) measures the industry standard metrics to determine how we perform in serving customers. These are then compared with the industry data to ensure that we are in line and/or ahead of industry standards. We also have a significant focus on other customer satisfaction measures such as TrustPilot and Google Reviews. At the end of 2020, our TrustPilot score was 4.5, placing us third in our peer group.

We undertake detailed quality assurance on our complaints and customer interactions and seek to identify patterns through a rigorous root cause analysis process. In addition to our meticulous tracking of Grade of Service, we also produce a quarterly survey on customers' satisfaction to measure how satisfied our customers are.

Customers want us to understand their changing requirements and provide efficient, responsive services, providing assurance they have value for money and their policy is right for their needs. Our front-line colleagues utilise our EVP (Easy, Value and Peace of Mind) methodology to provide consistent and positive customer interactions.

Through the 'Voice of the Customer' programme, systems and processes in place, FCIM ensures there is a number of direct communication channels to receive feedback on the issues that are important to our customers.

Management committees review this feedback regularly and seek to mitigate any issues that may arise, providing the Board and its sub-committees with detailed action plans when appropriate.

In order to further enhance rigour and governance of good customer outcomes, FCIM has established a Conduct Risk Committee during 2021 to oversee the approach to ensuring the Company meets the needs of customers with positive conduct outcomes.

(d) The impact of the Company's operations on the community and the environment

Community

We are passionate about having a positive impact on the communities where we work. We have implemented a number of partnerships to reinforce our connections with community initiatives which offer engaging opportunities for colleague participation.

Our communities are those who live in areas where we work, such as local residents, businesses and charities. Working in collaboration with our charity partners, our community support is wide-ranging across the geographical locations where FCIM functions are based.

Examples of initiatives include:

- Fundraising for our colleague-chosen charities as well as supporting local events, sports teams and initiatives;
- Encouraging colleagues to engage with community projects and fundraising activities including a volunteering scheme providing colleagues the opportunity to volunteer during the year; and
- Providing work experience, apprenticeships, and routes to employment.

Charity

Whilst charity and community events were unprecedentedly challenged due to Covid-19, colleagues took part in numerous charitable challenges such as the 'Mighty Move', (based on teams of colleagues competing to achieve the greatest collective distance travelled through cycling, running, walking and other means),

We continued to set ourselves ambitious fundraising targets to support the four charities nominated by our colleagues. Our colleagues participate in fundraising events or by completing their own challenges and the business matches every pound they raise through our matching scheme.

In 2020 we raised a total of £36k for our charities and donated £100k to local NHS Trusts in the communities we serve to support the response to Covid-19.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

S172(1) Statement (continued)

Environment

FCIM takes due consideration and care for the environment and works across the business to reduce waste, limit non-essential travel and support local green initiatives that aim to help reduce our carbon footprint. FCIM reports on our carbon emissions under Streamlined Energy and Carbon Reporting ("SECR") and uses the information to better understand and tackle our carbon emissions and use of natural resources.

SECR Carbon Reporting

It is now a requirement of large organisations to include energy and carbon data in their Annual Reports, under the SECR Regulations. We have reviewed the relevant activities, relating to buildings and business travel, and made the calculations, as shown below.

Our SECR carbon emissions for our financial reporting year 2020 amounted to **258 tCO₂e** (tonnes of Carbon Dioxide Equivalent), with 68% arising from electricity.

This is the first year of reporting our emissions. In subsequent years, we will be able to monitor historical data and track emissions reductions.

Energy & Carbon Data

Table 2 – SECR Energy & Carbon Emissions (tCO₂e) 2020

Emissions Scope / Activity: 2020	Energy Equivalent (kWh)	Carbon Emissions (tCO ₂ e)
Scope 1 - Direct Emissions		83.5
Gas Consumption	452,647	83.5
Company Vehicles	-	-
Scope 2 - Energy Indirect Emissions		160.9
Electricity Consumption	690,043	160.9
Scope 3 - Other Indirect Emissions		13.8
Electricity - T&D		13.8
Grey Fleet	-	-
Hire Cars	-	-
Total Energy, kWh	1,142,690	
Total Emissions, tCO₂e		258.2
Relative Emissions, normalised by GWP, tCO₂e/£m		0.8

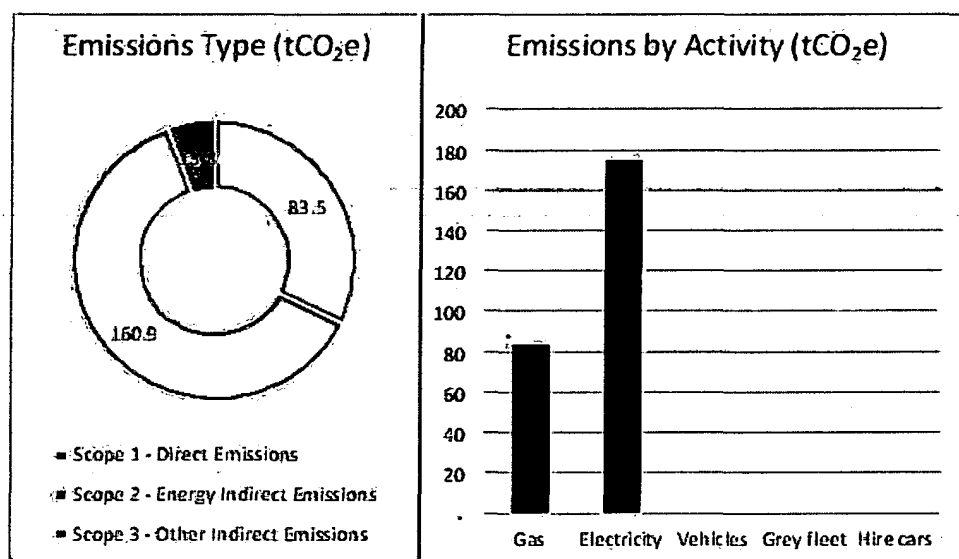
Figures 1 and 2 – SECR Emissions by Type & Activity (tCO₂e)

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

S172(1) Statement (continued)



Energy Efficiency Projects

In addition to managing our offices during the Covid-19 pandemic to ensure they are safe for our colleagues, we have been able to initiate some energy efficiency projects.

The company moved to new offices, Capital House, and have undertaken to replace the lighting throughout with more efficient LED lamps – this should reduce electricity consumption for lighting by 40%. Central House has been vacated, with electricity and gas use now minimal as frost protection.

The business is developing our YOUNG Environmental strategy, to reduce carbon emissions and advise on environmental initiatives.

SECR Emissions Calculations – Methodology

We have reported on all of the emission sources required by SECR, under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. These sources fall within our consolidated financial statement.

We have followed the methodology of ISO 14064-1 (Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals) and emission factors from UK Government GHG Conversion Factors for Company Reporting 2020.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

S172(1) Statement (continued)

(e) The desirability of the Company maintaining a reputation for high standards of business conduct

Maintaining High Standards

As an FCA-regulated entity, FCIM seeks to adhere to the principles of the UK Corporate Governance Code in a manner and to an extent that is appropriate to the Group's size, risk profile, internal organisation and the nature, scope and complexity of its activities.

From 9th December 2019, FCIM has been subject to the industry-wide Senior Managers and Certification Regime ("SM&CR") which seeks to provide enhanced rigour and oversight of the application of FCA regulation with an emphasis on ensuring clearly defined responsibilities and the implementation of reasonable steps to provide assurance to the regulator that sufficient controls and processes are in place across the business to protect customer interests.

In addition, FCIM has put in place a framework that requires consistently high standards of conduct, in financial and non-financial matters, taking the UK requirements as the baseline.

This approach is reinforced by ensuring relevant and sufficiently detailed mandatory training modules on crucial conduct and risk management matters such as anti-bribery, anti-money laundering and SM&CR are undertaken by colleagues.

As demonstrated in the minutes and formal records of all Board meetings, Directors act in accordance the legislation set down in The Companies Act 2006.

In assuring the efficacy of the Board and sub-committees, bi-annual effectiveness reviews are undertaken to critically analyse the performance of the Board.

The Board Evaluations conducted in 2019 provided evidence that the desired culture was consistently promoted, as was the long-term success of the Company. In 2021, an external, Group-wide Board Effectiveness Review will be undertaken to provide external expertise to validate and assure the results of our internal evaluations.

As a result of Covid-19, and the need to work from home, Executive Directors have found new ways to remain visible to colleagues across the business. By attending virtual team huddles, business-area wide meetings, Town Halls and Town Calls, management actively reinforce the values through their behaviour.

Where a Director is a Director of more than one company with differing objectives, the Director must demonstrate he/she has completed a conflict of interest register that is maintained by the Company Secretary.

The Board recognises that values and behaviours underpin the effectiveness of the Company's risk management, and the operation of an effective control environment. The Company's values and behaviours set out how our strategy should be executed.

Our Code of Conduct, and refreshed Company Values and Vision Statement, reinforce these behaviours and sets clear expectations across the business for compliance with ethical standards.

Behaviour forms a significant part of our colleague performance management process and is managed closely. The Board, through its Audit & Risk Committee receives regular assurance of regulatory development and changes, and seeks to embed a sound governance framework through adoption of the Corporate Governance Code principles.

In addition to regulators' expectations, establishment of an appropriate and proportionate risk management framework and audit structure using the well-recognised three lines of defence ("LOD") model provides assurance that business objectives are being fulfilled across the Group companies as shown below:

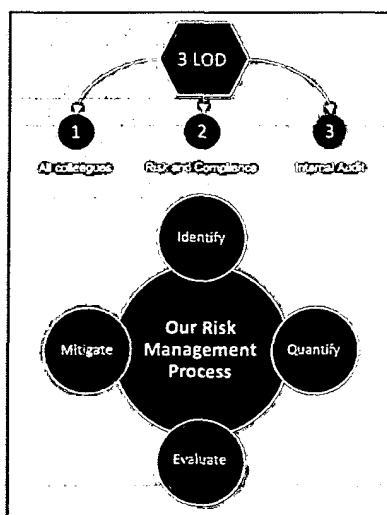
FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

S172(1) Statement (continued)

Risk and Compliance Management (continued)



(f) The need to act fairly between members of the Company

The shareholders of FCIM's parent company, First Central Group, have entered into a Shareholders Agreement signed by all of the shareholders.

Any strategic decisions made by FCIM Board conform with this agreement. Moreover, a shareholder can always raise any concern with the management through the frameworks and governance processes in place. No such concerns were recorded in 2020.

The FCIM Chairman and Directors meet regularly with the Group's Board and shareholders and, during 2020, the Shareholders were able to contribute to the development of the 2021-2025 Strategic Planning process at two meetings, one held in Q3 and the final held in Q4 2020.

The Board provides value for its shareholder, guiding FCIM as a business to deliver in what is a challenging time for the insurance market, in addition to increasing policies in force by 51% and profit before tax by 51% from 2019. FCIM, as a broker, represents significant value for the First Central Group whilst recognising and adapting to the rates provided by the insurer.

Furthermore, the Board determines and maintains its goals to provide success, based on the ambitions of the 5-year plan. The FCIM Board promotes the long-term sustainable success and contribution to a wider society.


J Kennedy
Director

Date: 20 May 2021

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Results

The Consolidated Statement of Comprehensive Income for the year is set out on page 20.

Directors

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

J S Guy

J Kennedy

M J Leonard

S A Meadows

R L Sampson

B Tomasetti

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 its Employee Consultative Committee ("ECC"), 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 and its trading subsidiary companies have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the consolidated financial statements. 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 policy 1.3 in the financial statements.

Financial risk management objectives and policies

The financial risk management policies have been disclosed in the Strategic Report under "Principal risks and uncertainties".

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of Directors' responsibilities (continued)

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 Group 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 Group 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 the Group 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 the Group 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 s418 of the Companies Act 2006.

Auditor

Deloitte LLP are continuing in office and are therefore deemed to be re-appointed in accordance with Section 487 of the Companies Act 2006.

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



J Kennedy
Director

Date: 20 May 2021

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of First Central Insurance Management Limited (the 'parent company') and its subsidiary (the 'group'):

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2020 and of its group's 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 which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statement of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including the Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 group and parent 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 INSURANCE MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FIRST CENTRAL INSURANCE MANAGEMENT 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 Financial Reporting Council'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. These included the company's operating licence and regulatory solvency requirements.

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 has been deemed as a significant risk due to fraud. Our risk of fraud has been pinpointed to disaggregated balances within the revenue balance, including disaggregated line items within the intermediary fee & commission income, the instalment plan income and the solicitors fee income as these areas require significant management judgement and therefore there is the potential for management bias. To mitigate this risk, we obtained an understanding of the relevant controls over the recognition of revenue. Furthermore, we have performed tests of details, supported by substantive analytical reviews, on the revenue balances deemed to be a significant risk and challenged management's revenue recognition policies.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

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.

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
Date 20 May 2021

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

CONSOLIDATED 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	3	147,120	114,812
Cost of sales		(72,047)	(59,823)
Gross profit		75,073	54,989
Administrative expenses		(61,491)	(46,046)
Operating profit	4	13,582	8,943
Bank interest		5	13
Profit before taxation		13,587	8,956
Tax	7	(2,473)	(1,691)
Profit for the financial year after taxation		11,114	7,265
Profit for the year attributable to:			
Non-controlling interest		603	656
Equity shareholders of the Company		10,511	6,609
Profit for the financial year		11,114	7,265

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

All results derive from continuing operations.

As permitted by section 408 of the Companies Act 2006, the Company Statement of Comprehensive Income has not been included in these financial statements. See note 8 for more details.

The notes on pages 24 - 39 form part of these financial statements.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		Group		Company	
		As at 31 Dec 2020	As at 31 Dec 2019	As at 31 Dec 2020	As at 31 Dec 2019
	Notes	£000	£000	£000	£000
Non-current assets					
Intangible assets	9	4,761	3,759	4,492	3,619
Property, plant and equipment	10	1,377	2,609	1,341	2,574
Investments	11	-	-	-	-
		<u>6,138</u>	<u>6,368</u>	<u>5,833</u>	<u>6,193</u>
Current assets					
Debtors	12	236,884	153,448	235,747	152,517
Deferred tax asset	14	323	94	323	95
Cash and cash equivalents	21	24,856	16,840	24,410	16,433
		<u>262,063</u>	<u>170,382</u>	<u>260,480</u>	<u>169,045</u>
Total assets		<u>268,201</u>	<u>176,750</u>	<u>266,313</u>	<u>175,238</u>
Capital and reserves					
Called up share capital	16	4,005	4,005	4,005	4,005
Profit and loss reserve		25,469	16,458	24,852	15,918
Shareholders' funds		<u>29,474</u>	<u>20,463</u>	<u>28,857</u>	<u>19,923</u>
Non-controlling interest	17	264	231	-	-
Total Shareholders' equity		<u>29,738</u>	<u>20,694</u>	<u>28,857</u>	<u>19,923</u>
Non-current liabilities					
Provisions	14	445	336	445	336
Current liabilities					
Creditors	13	238,018	155,720	237,011	154,979
Total equity and liabilities		<u>268,201</u>	<u>176,750</u>	<u>266,313</u>	<u>175,238</u>

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



R L Sampson
Director



J Kennedy
Director

Company Registration No. 06489797

The notes on pages 24 - 39 form part of these financial statements.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED
CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

Group					
	Called up share capital £000	Profit and loss reserve £000	Total £000	Non- controlling interest £000	Total £000
At 31 December 2018	4,005	9,849	13,854	145	13,999
Profit for the financial year	-	6,609	6,609	656	7,265
Total comprehensive income	-	6,609	6,609	656	7,265
Dividends paid to non- controlling interest	-	-	-	(570)	(570)
At 31 December 2019	4,005	16,458	20,463	231	20,694
Profit for the financial year	-	10,511	10,511	603	11,114
Total comprehensive income	-	10,511	10,511	603	11,114
Dividends paid on equity shares	-	(1,500)	(1,500)	-	(1,500)
Dividends paid to non- controlling interest	-	-	-	(570)	(570)
At 31 December 2020	4,005	25,469	29,474	264	29,738

Company			
	Note	Called up share capital £000	Profit and loss reserve £000
At 31 December 2018		4,005	9,510
Profit for the financial year		-	6,408
Total comprehensive income		-	6,408
At 31 December 2019		4,005	15,918
Profit for the financial year		-	10,434
Total comprehensive income	8	-	10,434
Dividends paid		-	(1,500)
At 31 December 2020		4,005	24,852

The notes on pages 24 - 39 form part of these financial statements.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 Dec 2020		Year ended 31 Dec 2019	
		£000	£000	£000	£000
Net cash generated from operating activities	21a		13,369		14,310
Investing activities					
Interest received		5		13	
Payments to acquire property, plant and equipment	10	(953)		(261)	
Payments made on intangible assets	9	(3,685)		(1,537)	
Net cash used in investing activities			(4,633)		(1,785)
Financing activities					
Dividends paid to equity shareholders		(1,500)		-	
Dividends paid to Minority Interest		(570)		(570)	
Net cash used in financing activities			(2,070)		(570)
Net movement in cash and cash equivalents			6,666		11,955
Cash and cash equivalents at beginning of year			16,595		4,640
Cash and cash equivalents at end of year	21b		<u>23,261</u>		<u>16,595</u>

The Company has taken advantage of the exemption to not include its own cash flow statement in these consolidated financial statements.

The notes on pages 24 - 39 form part of these financial statements.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

1.1 General information and basis of accounting

FCIM is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 2. The nature of the Group's operations and its principal activities are set out in the Strategic Report on page 3.

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 FCIM is considered to be pounds sterling because that it is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

The Company, as an insurance intermediary, is also subject to a minimum capital requirement under Financial Conduct Authority rules. The Company exceeded the minimum capital requirement at all times during the year.

1.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

1.3 Going concern

The Group'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 Group and its exposure to regulatory and solvency risk, credit risk and liquidity risk.

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

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

1.4 Property, plant and equipment and depreciation

Property, plant and equipment, consisting of leasehold improvements, computer equipment and fixtures & 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:

Leasehold improvements	15 years (or lease term, whichever is shorter)
Computer equipment	3 years
Fixtures and fittings	4 years

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.5 Intangible assets

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 Company in which case such expenditure is capitalised and amortised over 3 years.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using a straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives.

Amortisation is charged to administrative expenses. Where factors such as technological advancement or changes in market price indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

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

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

1.6 Investments

Non-current asset investments are stated at cost less provision for impairment.

1.7 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.

1.8 Insurance debtors and creditors and funds held on behalf of insurers

In its capacity as a general insurance intermediary, the Company collects premiums from its insureds and, after deducting its commissions, remits the premiums to the respective insurers. It is also responsible for paying claims to the policyholders on behalf of the insurers. Generally speaking, the Company is not liable as a principal for these amounts but notwithstanding the legal relationship with policyholders and insurers, the Company has followed generally accepted accounting practice for insurance intermediaries by showing debtors, creditors and cash balances relating to insurance business as assets and liabilities of the Company and these are shown gross within these financial statements.

Under Section 2 of FRS 102, assets and liabilities may not be offset unless net settlement is legally enforceable, therefore insurance broking debtors and creditors are shown gross within these financial statements.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.9 Bad debt provision

A bad debt provision is provided on 100% of overdue debt aged over 90 days, including amounts due to insurers.

1.10 Trade and other payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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.

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

1.11 Taxation

For the Group, 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 taxation income/expense is the change in deferred income tax assets and liabilities between the reporting periods.

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.

1.12 Revenue

All revenue has been recognised in accordance with the earning pattern of the underlying services provided and all revenue has been appropriately recognised with FRS 102 and FCIM's critical accounting judgements as included in Note 2 where relevant.

1.13 Instalment plan income and default fees

Interest within the instalment plan income is recognised over the period of the underlying agreement using the effective interest rate, which is being estimated using the sum of digits methodology.

Default fees are charges made to customers who default on their monthly direct debits. These fees are recognised in the consolidated Statement of Comprehensive Income when due from the customer.

1.14 Price Comparison Website costs

Insurance policies and other products of the Company are predominantly sold through price comparison web sites ("PCW"), although customers can also buy direct. The Company pays a one-off fee to a PCW in the first year an insurance policy is sold to a policyholder; thereafter the Company controls the policyholder relationship and is able to sell directly to the policy holder without paying further fees to the PCW. PCW costs are recognised up to four years which is the maximum assumed length of the customer relationship.

1.15 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 Group in an independently administered fund. All contributions to the scheme are charged directly to the Consolidated Statement of Comprehensive Income in the year they are payable.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies continued

1.16 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 Group'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.

1.17 Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Group at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Statement of Financial Position date. Foreign exchange differences arising on translation are recognised in the consolidated Statement of Comprehensive Income.

1.18 Leasing

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

1.19 Expenses

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

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Income from solicitor services in relation to personal injury claims is recognised when a right to receive consideration has been obtained through performance under a contract, having regard to the stage of completion of the contract and the uncertainty of predicting its ultimate profitability. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

All other income is credited to the consolidated Statement of Comprehensive Income as it arises.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Instalment plan income

Interest within the instalment plan is recognised over the period of the underlying agreement using the effective interest rate, which is estimated using the sum of digits methodology.

Deferred aggregator costs

To recognise the lifetime value of the policyholder and the potential future sales that can be made to them, the aggregator costs are deferred in line with the expected future income. This deferral is calculated and phased over four years using renewal, cancellation and premium earning rates to determine the expected future lifetime income which will be generated.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are noted below.

Unallocated loss adjustment expenses ("ULAE")

The Company makes a provision for ULAE to cover internal, external and administrative claims handling expenses that are deemed not included in the claims provisions and related recoveries. This is estimated using an actuarial method calculated based on a historical performance assessment to inform expectations of future expenses.

Provisions

Provisions related to income not expected to be recoverable is provided on 100% of overdue debt aged over 90 days, including amounts due to insurers.

3 Segmental analysis by class of business and jurisdiction

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

Revenue	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
Class of business		
Intermediary fee & commission income	105,105	79,229
Instalment plan income	35,849	29,438
Solicitors service income	6,166	6,145
	147,120	114,812

All revenue is based on a contractual source of revenue.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Operating profit	Year ended 31 Dec 2020	Year ended 31 Dec 2019
	£000	£000
Operating profit is stated after charging:		
Depreciation of property, plant and equipment	659	651
Loss on disposal of property, plant and equipment	1,526	18
Amortisation of intangible assets - software development costs	2,683	2,285
Operating lease rentals	1,310	1,119
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	53	42
Audit of the Company's subsidiaries	10	10
Total audit fees	63	52

5 Staff numbers and costs

Number of employees

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

	Year ended 31 Dec 2020	Year ended 31 Dec 2019
	Number	Number
Directors and senior management	5	3
Claims and policy Support	304	329
Administration	132	114
	441	446

There are 3 (2019: 3) Director employed by the Company and the remaining Directors are employed by FCGL.

Employment costs	Year ended 31 Dec 2020	Year ended 31 Dec 2019
	£000	£000
Wages and salaries	16,424	14,154
Social security costs	1,427	1,091
Share-based expenses – 'Phantom share'	399	-
Other pension costs	686	536
	18,936	15,781

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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, 2,061k awards were granted to Company employees of which 207k awards were forfeited with 1,854k awards in issue at 31 December 2020 (2019: nil).

6 Directors' remuneration	Year ended 31 Dec 2020	Year ended 31 Dec 2019
	£000	£000
Remuneration for qualifying services	494	568
Group pension contributions to defined contribution schemes	7	14
	501	582

The number of Directors employed by the Company for whom retirement benefits at the balance sheet date are accruing under defined contribution schemes amounted to 1 (2019: 2). Remuneration disclosed above include the following amounts paid to the highest paid director:

	Year ended 31 Dec 2020	Year ended 31 Dec 2019
	£000	£000
Remuneration for qualifying services	401	467
Company pension contributions to defined contribution schemes	-	-

7 Tax	Year ended 31 Dec 2020	Year ended 31 Dec 2019
	£000	£000
Domestic current year tax		
U.K. corporation tax	2,650	1,713
Adjustment in respect of prior year	-	(8)
Total current tax	2,650	1,705
Deferred tax		
Deferred tax credit	(177)	(14)
Total deferred tax	(177)	(14)
Total tax on profit	2,473	1,691

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Factors affecting the tax charge for the year		
Profit before taxation	13,587	8,956
	<hr/>	<hr/>
Profit before taxation multiplied by standard rate of UK corporation tax of 19.00% (2019: 19.00%)	2,582	1,702
	<hr/>	<hr/>
Effects of:		
Non-deductible expenses	34	(18)
Depreciation	125	124
Capital allowances	(381)	(103)
Change in deferred tax assets	(177)	(14)
Loss on sale of property, plant and equipment	290	-
	<hr/>	<hr/>
	(109)	(11)
	<hr/>	<hr/>
Total tax charge for the year	2,473	1,691
	<hr/>	<hr/>

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

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.

8 Profit for the financial year

As permitted by section 408 of the Companies Act 2006, the Company Statement of Comprehensive Income has not been included in these financial statements. The profit for the financial year is made up as follows:

	Year ended 31 Dec 2020	Year ended 31 Dec 2019
	£000	£000
Company profit for the financial year	10,434	6,408
	<hr/>	<hr/>

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Intangible assets

	Group		Company	
	Development costs	Total	Development costs	Total
	£000	£000	£000	£000
Cost				
At 1 January 2020	7,928	7,928	7,788	7,788
Additions	3,685	3,685	3,531	3,531
At 31 December 2020	11,613	11,613	11,319	11,319
Amortisation				
At 1 January 2020	4,169	4,169	4,169	4,169
Charge for the year	2,683	2,683	2,658	2,658
At 31 December 2020	6,852	6,852	6,827	6,827
Net book value				
At 31 December 2020	4,761	4,761	4,492	4,492
At 31 December 2019	3,759	3,759	3,619	3,619

Development costs have been capitalised in accordance with the requirements of FRS 102 and are therefore not treated, for dividend purposes, as a realised loss.

10 Property, plant and equipment

Group	Leasehold improvement	Computer equipment	Fixtures & fittings	Total
	£000	£000	£000	£000
Cost				
At 1 January 2020	3,074	973	600	4,647
Additions	874	46	33	953
Disposals	(2,286)	(774)	(309)	(3,369)
At 31 December 2020	1,662	245	324	2,231
Depreciation				
At 1 January 2020	901	671	466	2,038
Charge for the year	363	210	86	659
Disposals	(815)	(726)	(302)	(1,843)
At 31 December 2020	449	155	250	854
Net book value				
At 31 December 2020	1,213	90	74	1,377
At 31 December 2019	2,173	302	134	2,609

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Company	Leasehold improvement	Computer equipment	Fixtures & fittings	Total
	£000	£000	£000	£000
Cost				
At 1 January 2020	3,074	917	552	4,543
Additions	874	30	33	937
Disposals	(2,286)	(774)	(309)	(3,369)
At 31 December 2020	1,662	173	276	2,111
Depreciation				
At 1 January 2020	901	649	419	1,969
Charge for the year	363	196	85	644
Disposals	(815)	(726)	(302)	(1,843)
At 31 December 2020	449	119	202	770
Net book value				
At 31 December 2020	1,213	54	74	1,341
At 31 December 2019	2,173	268	133	2,574

During the period, a loss on disposal on leasehold improvements and computer equipment amounting to around £1.5 million was recognised as a result of the fire at Central House and the termination of the related lease in 2020.

11 Non-current asset investments

Company	Shares in group undertakings
	£
Cost	
At 1 January 2020	75
At 31 December 2020	75
Provision for diminution in value	
At 1 January 2020	-
At 31 December 2020	-
Net book value	
At 31 December 2020	75
At 31 December 2019	75

In the opinion of the Directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Non-current asset investments (continued)

The Company holds more than 20% of the share capital of the following companies:

Subsidiary undertaking	Country of registration or incorporation	Shares held		
		Class	No of shares	Ownership%
1 ST CENTRAL Law Ltd	Castlefield House Liverpool Road Manchester M3 4SB England & Wales	Ordinary	75	75.00

The principal activity of these undertakings for the last relevant financial year was as follows:

1 ST CENTRAL Law Ltd	Legal services
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12 Debtors

	Group		Company	
	As at 31 Dec 2020	As at 31 Dec 2019	As at 31 Dec 2020	As at 31 Dec 2019
	£000	£000	£000	£000
Trade debtors	7,202	8,639	7,202	7,790
Amounts owed by FCGL Group undertakings	3,367	1,831	3,367	1,831
Insurance debtors	1,582	244	1,582	244
Debtors due from policyholders on behalf of insurers	194,656	124,589	194,656	124,589
Bad debt provision	(3,382)	(2,826)	(3,382)	(2,826)
Other debtors	2,027	1,371	979	1,371
Aggregator costs	31,056	19,083	31,056	19,083
Prepayments and accrued income	376	517	287	435
	236,884	153,448	235,747	152,517

At 31 December 2020 the amounts owed by FCGL Group undertakings of £3,367k (2019: £1,831k) were comprised of amounts owing to the Company by fellow subsidiaries of FCGL Group. These amounts were payable on demand and accrued no interest.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Creditors

	Group		Company	
	As at 31 Dec 2020	As at 31 Dec 2019	As at 31 Dec 2020	As at 31 Dec 2019
	£000	£000	£000	£000
Bank loans and overdrafts	1,595	245	1,595	245
Trade creditors	6,859	1,954	6,859	1,921
Amounts owed to FCGL Group undertakings	6,936	5,441	6,936	5,441
Premium due to Insurers	194,656	124,589	194,656	124,589
Corporation tax	1,441	691	1,202	483
Taxes and social security costs	1,973	1,180	1,490	913
Insurance creditors	12,299	10,675	12,299	10,675
Other creditors	2,921	2,492	2,636	2,373
Accruals and deferred income	9,338	8,453	9,338	8,339
	238,018	155,720	237,011	154,979

Accruals and deferred income includes £5,473k (2019: £6,378k) of deferred income relating to ULAE that are being held by the Company as a result of claims handling services it provides for insurers.

As at 31 December 2020 the amounts owed to FCGL Group undertakings of £6,936k (2019: £5,441k) were comprised of amounts owed to fellow subsidiaries of FCGL Group. These amounts were payable on demand and accrued no interest.

14 Provisions and deferred tax assets

Group	Dilapidations provision £000
Balance at 1 January 2020	336
Charged to Consolidated Statement of Comprehensive Income	359
Utilisation of provision	(250)
Balance at 31 December 2020	445
Company	
Balance at 1 January 2020	336
Charged to Consolidated Statement of Comprehensive Income	359
Utilisation of provision	(250)
Balance at 31 December 2020	445

A dilapidation provision has been created to cover the costs for redecoration and returning buildings to their agreed state which the Company is liable for under the terms of their leases.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

14 Provisions and deferred tax assets (continued)

The deferred tax asset is made up as follows:

	Group		Company	
	As at 31 Dec 2020 £000	As at 31 Dec 2019 £000	As at 31 Dec 2020 £000	As at 31 Dec 2019 £000
Decelerated capital allowances	-	(1)	-	-
Other timing differences	323	95	323	95
	<u>323</u>	<u>94</u>	<u>323</u>	<u>95</u>

Deferred tax balances have been measured at 19.00% (2019: 19.00%) as this is the rate at which they are expected to realise.

15 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. Total contributions paid by the Company for the year are as follows:

	As at 31 Dec 2020 £000	As at 31 Dec 2019 £000
Contributions by the Company for the year	686	536
Contributions payable to the fund at the year end and included in creditors	<u>(123)</u>	<u>(98)</u>

16 Share capital

	As at 31 Dec 2020 £000	As at 31 Dec 2019 £000
Allotted, called up and fully paid		
4,005,001 Ordinary Shares of £1 each	4,005	4,005

17 Non-controlling interests

	As at 31 Dec 2020 £000	As at 31 Dec 2019 £000
Non-controlling interests' share of net assets and liabilities in subsidiary undertakings	<u>264</u>	<u>231</u>

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	As at 31 Dec 2020 £000	As at 31 Dec 2019 £000
Group		
Within one year	754	1,520
Between one and five years	3,498	5,913
After five years	1,820	3,992
	6,072	11,425
	Land and buildings	
	As at 31 Dec 2020 £000	As at 31 Dec 2019 £000
Company		
Within one year	748	1,514
Between one and five years	3,493	5,899
After five years	1,820	3,992
	6,061	11,405

Included in the above Group and Company tables are commitments in excess of a contractual break clause. The total beyond the break clause totals £2,600k (2019: £7,498k) and is split between one and five years of £520k (2019: £3,506k) and after five years of £1,820k (2019: £3,992k).

Included in 2019 is the amount of £475k per annum related to Central House under the lease agreement with Skyfire Property Holdings PCC Limited ("SPHPCC"). During 2018 because of a fire, the building was deemed to be uninhabitable and therefore FCIM served a suspension of rent payment notice with effect from May 2018 to Skyfire Property Holdings PCC Limited until the property is fully restored and usable.

At 31 December 2020, the suspension of rent notice is still in place and given there are no plans to restore the property, rent payment is not expected to resume. As such no lease commitment has been recognised in at 31 December 2020.

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

19 Immediate and ultimate parent company and related party disclosure exemption

At year end the Company's immediate and ultimate parent company was FCGL, a company incorporated in Guernsey.

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.

20 Related party transactions

Company

First Central Management Limited received Claims Handling Income of £nil (2019: £23k) from Evolution Insurance Company Limited. Evolution Insurance Company Limited is a subsidiary of Evolution Holdings Limited, a company in which Messrs K Acott and P Tilley are majority shareholders. Both Mr K Acott and Mr P Tilley are shareholders of and, since February 2019, Directors of FCGL, the ultimate parent company of the Company.

Other related party transactions

The total remuneration (including pension contributions) for key management personnel for the year totalled £501k (2019: £582k). This excludes compensation that three of the Directors receive in respect of their services provided to First Central Group Limited.

21a Reconciliation of operating profit to cash generated by operating activities

	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
Operating profit	13,582	8,944
Adjustment for:		
Depreciation of property, plant and equipment	659	651
Amortisation of intangible assets – software development costs	2,683	2,285
Loss on disposal of property, plant and equipment	1,526	18
Operating cash flow before movement in working capital	18,450	11,898
(Increase)/decrease in debtors	(83,665)	10,761
Increase/(decrease) in creditors	80,198	(6,791)
Increase/(decrease) in provisions	109	(24)
Corporation tax paid	(1,723)	(1,534)
Cash generated by operating activities	13,369	14,310

21b 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	24,856	16,840
Bank overdrafts (included within Creditors) (note 13)	(1,595)	(245)
Cash and cash equivalents	23,261	16,595

FIRST CENTRAL INSURANCE MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

21c Restrictions on cash and cash equivalents

£16,483k (2019: £16,840k) of cash and cash equivalents and £1,595k (2019: £245k) of bank overdrafts are monies held in trust in an Insurance Broking Account and represents insurers' funds which once allocated will be paid to Evolution Insurance Company Limited and SICL.

22 Post balance sheet events

On 13 May 2021 the Group 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.