AmTrust Central Bureau of Services Limited (formerly ANV Central Bureau of Services Limited)

Directors' report and financial statements

31 December 2017

Registered number 6902763

Contents

Directors and advisers

Directors	J E Cadle M G Caviet L J Cross P Dewey J Hamilton (resigned 28 March 2018)
Registered office	1 Minster Court Mincing Lane London EC3R 7AA
Registered Number	6902763
Independent auditors	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Bankers	Lloyds Bank plc Banco de Sabadell

Strategic report

The directors present their Strategic report for the Amtrust Central Bureau of Services Limited ("the Company") for the year ended 31 December 2017.

The company changed its name from ANV Central Bureau of Services Limited to AmTrust Central Bureau of Services Limited on 19 September 2017.

Overview

The principal activity of the Company is that of providing support services for certain companies within the AmTrust group.

Business review and future developments

The Company's key performance indicators during the year were as follows:

	2017	*2016*
	£	*£*
Operating profit/(loss)	**2,835,813**	*(3,513,265)*
Management fees and sublicensing fees	**62,163,489**	*49,466,650*
Net liabilities	**(226,869)**	*(2,104,886)*

The Company's principal client, AmTrust Syndicates Ltd ("ASL") became, in 2016, the managing agent of three additional Lloyd's of London Syndicates, 1206, 44 and 2526, and it continues to manage syndicates 1861, 5820 and 779. The increased client base together with a transfer of service company operations to the Company from another AmTrust group company, has resulted in an increase in turnover during the year.

The Company's US subsidiary, ANV Services US Inc., became dormant during 2017 due to its operations being performed by other AmTrust US companies. The investment in the company has been impaired accordingly. The Company's immediate parent is ANV Holding BV, incorporated in the Netherlands.

During 2018, a portion of the Company's service company operations, including staff employment contracts, have been transferred to AmTrust Management Services Ltd, a fellow AmTrust group company. The Company will continue as a service company for the foreseeable future providing services to ASL and its managed syndicates.

The Company's ultimate holding company is AmTrust Financial Services, Inc. (AFSI) a company incorporated in Delaware, USA and listed on the NASDAQ Stock Market.

On 1 March AFSI has entered into a definitive agreement with Evergreen Parent, L.P., an entity formed by private equity funds managed by Stone Point Capital LLC, together with Barry D. Zyskind, Chairman and CEO of AFSI, George Karfunkel and Leah Karfunkel (collectively, the "Karfunkel-Zyskind Family"), in which Evergreen Parent will acquire the approximately 45% of the company's issued and outstanding common shares that the Karfunkel-Zyskind Family and certain of its affiliates and related parties do not presently own or control. The proposed transaction as contemplated by the definitive agreement was approved by AFSI's stockholders on 21 June 2018. The proposed transaction is anticipated to close during the second half of 2018, subject to the satisfaction of customary closing conditions, including approval by regulatory authorities.

Strategic report *(continued)*

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are as follows:

Liquidity risk

This is the risk that the Company will not be able to meet its liabilities as they fall due, owing to a shortfall in liquid funds. To mitigate this risk, minimum levels of cash are maintained and cash flow is monitored. Cash advances may be received from group companies for management fees to meet related liabilities.

Operational risk

The Company's income stream is largely dependent upon management fees and sublicensing fees from other group companies, making its risks and uncertainties intrinsically linked to those companies. A significant majority of the revenue for the year relates to AmTrust Syndicates Limited and its managed syndicates. There are relatively few transactions undertaken by the Company which are not recharged to other group companies, and these transactions are usually recharged to third parties, so there are only limited systems and staffing requirements. Therefore, on a standalone basis the Company has limited operational risks and what risks remain are mitigated by close involvement of all directors in key decision making.

Credit risk

The key aspect of credit risk is the risk of default by one or more of the group companies, mainly the AmTrust managed syndicates. Credit risk for these entities is the risk of default by one or more of the syndicates' reinsurers. The Directors of the Company have access to the syndicates' reinsurers' credit risk and investment portfolio and are able to manage this risk.

Market risk

The key aspect of market risk is that the Company may incur losses on foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. The majority of assets and liabilities are denominated in GBP and US dollars; the Company's Finance department monitors mismatches and seeks to invoice fees in the currency in which the related cost was incurred.

Brexit risk

The implications of the exit of the UK from the European Union in March 2019 is a key uncertainty facing the business. The company has been looking at possible ways of minimising the impact by reviewing various strategic options.

Staff Matters

The Company considers its staff to be a key resource and the retention of staff is also fundamental to the success of the business. The strategy adopted by the Company is designed to ensure that the terms and conditions offered to employees, as part of their overall remuneration package, remain competitive with the rest of the London market insurance industry. The Company seeks to provide a good working environment for its staff that is safe and complies with appropriate legislation. During the year there has been no significant injury to staff in the workplace or any significant actions taken by any regulatory bodies with regard to staff matters.

By order of the Board

P Dewey
Director

1 Minster Court
Mincing Lane
London
EC3R 7AA
9 October 2018

Directors' report

The directors present their report together with the audited financial statements of the Company for the year ended 31 December 2017.

Results and dividends

The result for the year, after taxation, amounted to a profit of £2.8m (2016: loss of £22.8m).

The directors do not recommend the payment of a dividend for the year ended 31 December 2017 (2016 £nil).

Going concern

The Company has a deficit in shareholders' funds of £227k (2016: deficit £2,105k). The Company, due to its service company operations, is reliant on the support of AmTrust group companies and managed syndicates to ensure it can meet its ongoing liabilities. The directors have a reasonable expectation that the Company has adequate resources to continue operations for the foreseeable future due to the continued support provided by the AmTrust group. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Foreign branches

The Company has a branch in Spain ("the Spanish Branch").

Directors

The names of the directors who served during the year and as at the date of this report are listed on page 1.

Political donations

The company made no political donations during the year (2016: £nil).

Auditors

During 2017 Deloitte LLP resigned as auditors of the Company and were replaced by KPMG LLP. In accordance with Section 487 of the Companies Act 2006, the auditors will be deemed reappointed and KPMG LLP will therefore continue in office.

Disclosure of information to the auditor

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

By order of the Board

P Dewey
Director

1 Minster Court
Mincing Lane
London
EC3R 7AA
9 October 2018

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and financial statements in accordance with applicable law and regulations.

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Independent auditor's report to the members of AmTrust Central Bureau of Services Limited

Opinion

We have audited the financial statements of AmTrust Central Bureau of Services Limited ("the Company") for the year ended 31 December 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements.

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit. We have nothing to report in these respects.

Independent auditor's report to the members of AmTrust Central Bureau of Services Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Mark Taylor (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
9 October 2018

Statement of comprehensive income
for the year ended 31 December 2017

	Note	2017 £	*2016* *£*
Turnover	3	**62,163,489**	*49,466,650*
Administrative expenses		**(59,327,676)**	*(52,979,915)*
Operating profit/(loss)		**2,835,813**	*(3,513,265)*
Share based payment expense		**-**	*(15,762,963)*
Expenses in relation to acquisition of AHBV		**-**	*(3,155,169)*
Profit/(loss) on ordinary activities before taxation	4	**2,835,813**	*(22,431,397)*
Taxation on profit/(loss) on ordinary activities	7	**(1,012)**	*(360,270)*
Profit/(loss) for the financial year		**2,834,801**	*(22,791,667)*
Other comprehensive income			
Exchange differences on translation of foreign operations	15	**(956,784)**	*369,407*
Total comprehensive profit/(loss) for the financial year		**1,878,017**	*(22,422,260)*

The Company's turnover and expenses all relate to continuing operations.

The notes on pages 11 to 21 form part of these financial statements.

Statement of financial position

as at 31 December 2017

	Note	2017 £	2017 £	2016 £	2016 £
Non-current assets					
Fixed Assets					
Tangible assets	8	**1,662,114**		*2,215,925*	
Intangible assets	9	**6,773,411**		*7,030,017*	
Investments	10	-		*60,166*	
		8,435,525		*9,306,108*	
Deferred tax asset		-		*1,012*	
			8,435,525		*9,307,120*
Current assets					
Debtors	11	**17,267,314**		*11,710,563*	
Cash at bank and in hand		**5,047,414**		*2,359,002*	
		22,314,728		*14,069,565*	
Creditors: amounts falling due within one year	12	**(30,977,122)**		*(23,255,643)*	
Net current liabilities			**(8,662,394)**		*(9,186,078)*
Total assets less current Liabilities			**(226,869)**		*121,042*
Creditors: amounts falling due after more than one year	13		**-**		*(2,225,928)*
Net liabilities			**(226,869)**		*(2,104,886)*
Capital and reserves					
Called up share capital	14		**2**		*2*
Capital reserve	15		**6,127,430**		*6,127,430*
Exercise of share-based payments	15		**18,619,848**		*18,619,848*
Profit and Loss account	15		**(24,359,808)**		*(27,194,609)*
Revaluation reserve	15		**(614,341)**		*342,443*
Total shareholder's funds - equity interests			**(226,869)**		*(2,104,886)*

These financial statements were approved by the board of directors on 9 October 2018 and signed on its behalf by:

P Dewey
Director

The notes on pages 11 to 21 form part of these financial statements.

Statement of Changes in Equity

as at 31 December 2017

	Note	Share capital	Capital Contribution	Share-based payment reserve	Share-based payment incentives	Revaluation reserve	Profit and loss account	Total
		£	£	£	£	£	£	£
At 1 January 2016		**2**	**6,127,430**	**3,135,898**	**-**	**(26,964)**	**(4,402,942)**	**4,833,424**
Loss for the year		-	-	-	-	-	(22,791,667)	(22,791,667)
Exchange differences on translation of foreign operations		-	-	-	-	369,407	-	369,407
Total comprehensive income for the year		-	-	-	-	369,407	(22,791,667)	(22,422,260)
Exercise of share-based payments	5	-	-		18,619,848			18,619,848
Credit to equity for equity-settled share-based payments		-	-	(3,135,898)	-	-	-	(3,135,898)
At 31 December 2016		**2**	**6,127,430**	**-**	**18,619,848**	**342,443**	**(27,194,609)**	**(2,104,886)**
Profit for the year		-	-	-	-	-	2,834,801	2,834,791
Exchange differences on translation of foreign operations		-	-	-	-	(956,784)	-	(956,774)
Total comprehensive income for the year		-	-	-	-	(956,784)	2,834,801	1,878,017
At 31 December 2017		**2**	**6,127,430**	**-**	**18,619,848**	**(614,341)**	**(24,359,808)**	**(226,869)**

The notes on pages 11 to 21 form part of these financial statements.

Notes

1 Company information

Amtrust Central Bureau of Services Limited is a company domiciled in England and Wales, registration number 6902763. The registered office is 1 Minster Court, Mincing Lane, 4th Floor, London, EC3R 7AA.

2 Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102, *The Financial Reporting Standard Applicable to the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied.

The financial statements are prepared under the historical cost convention.

The financial statements are presented in Pounds Sterling (GBP), which is the Company's functional currency. The functional currency of its Spanish Branch is Euros (EUR).

The directors have determined that it is appropriate for the accounts to be prepared on a going concern basis having reviewed the annual budget and forecasts as well as taking into account the support that the company continues to receive from other AFSI group companies including the confirmation received from AmTrust Equity Solutions that it will continue to provide financial support to the Company for at least 12 months from the date of approval of these financial statements for the year ended 31 December 2017 and thereafter for the foreseeable future to enable the Company to continue to trade.

The Company's ultimate parent undertaking is AmTrust Financial services, Inc. ("AFSI"). AFSI includes the Company in its consolidated financial statements. The consolidated financial statements of AFSI are prepared in accordance with US GAAP and are available to the public and may be obtained from the company's registered office, see note 18. In these financial statements the Company is considered to be a qualifying entity under FRS 102 and is therefore taking advantage of the exemption to prepare a cash flow statement, disclose related party transactions with other wholly owned entities within the group, a share-based payment note and information relating to financial instruments. In addition in accordance with the provisions of S400 of the Companies Act 2006, the company is exempt from the obligations to prepare and deliver consolidated financial statements on the same basis that the company is included in the consolidated financial statements of AFSI.

Critical judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities within the next financial year related to fair value measurements and valuation processes. In estimating the fair value of the financial assets the Company uses market-observable data to the extent it is available. The carrying amount of the investment in the subsidiary at the reporting date is £nil (2016: £60,166).

Turnover

Turnover comprises management fees, sublicensing fees, and other fees receivable from group companies for the provision of technology, finance and administration, actuarial, human resources, legal advice, underwriting, claims and marketing. Revenue is recorded when the services is rendered.

Notes (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation/amortisation and any provision for impairment. Cost incurred in the development phase are capitalised as they meet the conditions required under FRS102.

Depreciation/amortisation is provided on tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Furniture, fixtures and fittings	10% per annum
Computer and office equipment	15% to 33% per annum

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any provision for impairment. Amortisation is provided on all intangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Software	33% per annum
Internally generated software	17% to 33% per annum

Financial fixed assets

Fixed asset investments are stated at cost less provision for impairment.

Leases

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the periods of the lease. The Company incurs lease costs on behalf of other group companies in which the provisions are held.

Pension Costs

The Company operates defined contribution schemes. The pension costs are recognised in the profit and loss account in the period in which they become payable.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the reporting date. Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction.

The results of overseas operations are translated at the average rates of exchange during the period. Monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on translation of the opening net assets and results of overseas operations are recorded as other comprehensive income. All other exchange differences are included in the statement of comprehensive income.

Notes (continued)

Share-based payments

The Employees (including senior executives or "Managers") of the Group receive remuneration in the form of share-based payments through the Management Incentive Plan ("MIP"), which is comprised of three performance reward schemes, the Long Term Incentive Plan (LTIP), the Restricted Stock Unit (RSU) Plan, and the Co-Investment Plan (COIP). Under these plans, employees render services as consideration for equity instruments (equity-settled transactions). The plan was discontinued in November 2016 and a new AmTrust plan granted to some employees in 2017.

The fair value of equity-settled transactions is measured at the grant date and expensed over the vesting period. The cost is recognised in staff costs, together with a corresponding increase in share-based payment reserves in equity. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in staff costs.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are not discounted.

Basic financial instruments – trade and other debtors/creditors/cash at bank

Trade and other debtors are recognised at fair value. These are mainly in relation to recharges with the relevant group entities and subsidiaries. Trade and other creditors, mainly relating to expenses incurred, are also recognised at fair value. Cash at hand and in bank comprise of cash balances, which are measured at fair value and are subject to an insignificant risk of change.

3 Turnover

	2017	*2016*
	£	*£*
Services	**54,958,371**	*45,127,978*
Commissions	**7,205,118**	*4,338,672*
	62,163,489	*49,466,650*

At 31 December 2017, the Company has £2.2m of turnover arising in Spain (2016: £3.9m), the remaining arises in the United Kingdom.

Notes (continued)

4 Profit/(loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation is stated after charging the following:

	2017	*2016*
	£	*£*
Share-based payments	-	*15,762,963*
Expenses in relation to acquisition of AHBV	-	*3,155,169*
Impairment of investment in subsidiary	60,166	*1,357,579*
Depreciation of tangible fixed assets	677,004	*1,036,383*
Operating lease rentals	1,045,480	*841,016*
Amortisation of intangible assets	1,557,734	*295,014*
Fees payable to the Company's auditor for the audit of the annual accounts KPMG LLP (2016: Deloitte LLP)	18,000	*16,860*
Foreign exchange (gains)/losses	400,568	*(676,142)*

5 Staff costs and numbers

The aggregate payroll costs of the Company were as follows:

	2017	*2016*
	£	*£*
Wages and salaries	24,848,002	*23,197,677*
Bonuses and accrued bonuses	5,641,602	*7,627,396*
Social Security costs	3,814,011	*5,046,251*
Share-based payments	-	*15,762,963*
Pension costs	1,716,265	*1,600,475*
Other Staff costs	4,732,936	*1,831,480*
	40,752,816	*55,066,242*

The Company operates three defined contribution pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic calculations.

In October 2014, ANV Holdings BV implemented the ANV Incentive Scheme which included the distribution of Restricted Stock Units and Long-Term Incentive Plan to the vast majority of the Company's employees. Details of the scheme can be found in the ultimate parent's accounts. The acquisition of the Company by AFSI in November 2016 qualified as a monetisation event for purposes of share based payment scheme.

Notes (continued)

5 Staff costs and numbers (continued)

The average number of persons employed by the Company during the year, analysed by country, was as follows:

	2017	2016
Employees in the UK	145	187
Employees in the Spanish Branch	26	31
	171	218

6 Directors' emoluments

The total emoluments paid to directors during the year, before recharges, amounted to £195,628 (2016: £6,635,756). The total value of Company contributions made to money purchase pension schemes amounts to £8,583 (2016: £28,763). The total number of directors who were members of money purchase pension schemes was 3 (2016: 3). All amounts paid were in respect of management services.

The aggregate emoluments to the highest paid director, before recharges, were £118,647 (2016: £3,106,617). The value of Company contributions to money purchase pension schemes in respect of the highest paid director was £7,396 (2016: £17,577).

7 Taxation

a) Analysis of tax charge for the year:

	2017 £	2016 £
UK corporation tax		
Current tax on profits for the period	-	-
Tax on loss on ordinary activities	-	-
Deferred tax:		
Adjustment in respect of prior periods	(1,012)	(360,270)
Total deferred tax	(1,012)	(360,270)
Tax (charge) for the period	(1,012)	(360,270)

Notes (continued)

7 Taxation (continued)

b) Factors affecting the tax charge for the year

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

	2017	*2016*
	£	£
Profit / (loss) on ordinary activities before tax	**2,835,813**	*(22,431,397)*
Current tax at 19.25% (2016: 20.00%)	**545,894**	*(4,486,279)*
Effects of:		
- Expenses not deductible for tax purposes	**(121,403)**	*215,747*
- Losses	**(424,491)**	*4,270,532*
- Adjustment in respect of prior periods	**(1,012)**	*(360,270)*
Total tax charge for period	**(1,012)**	*(360,270)*

c) Deferred Tax

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the group.

At 31 December 2017 the Company has tax losses carried forward of £13.0m (2016: £15.3m) where no deferred taxation has been provided in the financial statements as there is no expectation of the future reversal of the asset.

d) Change of tax rate

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

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

Notes (continued)

8 Tangible assets

	Fixtures, fittings & equipment	Lease deposits	Software	Total
	£	£	£	£
Cost				
At 1 January 2017	4,447,574	47,650	2,066,829	6,562,053
Additions	88,413	-	-	88,413
Disposals	-	(420)	-	(420)
Exchange differences	90,536	2,016	-	92,552
At 31 December 2017	**4,626,523**	**49,246**	**2,066,829**	**6,742,598**
Depreciation				
At 1 January 2017	2,380,755	-	1,965,373	4,346,128
Charge for the year	578,090	-	98,914	677,004
Disposals	-	-	-	-
Exchange differences	54,812	-	2,542	57,354
At 31 December 2017	**3,013,657**	**-**	**2,066,829**	**5,080,486**
Net book value				
At 1 January 2017	2,066,819	47,650	101,456	2,215,925
At 31 December 2017	**1,612,868**	**49,246**	**-**	**1,662,114**

Notes (continued)

9 Intangible assets

	Software £	Internally generated software £	Total £
Cost			
At 1 January 2017	1,675,148	7,019,553	8,694,701
Additions	837	1,298,462	1,299,299
Disposals	-	-	-
Exchange differences	27,415	-	27,415
At 31 December 2017	**1,703,400**	**8,318,015**	**10,021,415**
Amortisation			
At 1 January 2017	1,527,505	137,179	1,664,684
Charge for the year	98,951	1,458,783	1,557,734
Disposals	-	-	-
Exchange differences	25,586	-	25,586
At 31 December 2017	**1,652,042**	**1,595,962**	**3,248,004**
Net book value			
1 January 2017	147,643	6,882,374	7,030,017
31 December 2017	**51,358**	**6,722,053**	**6,773,411**

Internally generated software represents the capitalisation of development costs related to the Financial and Actuarial data repository and reporting project that meet the conditions required under FRS102.

10 Investments

The movement of the investment in the subsidiary is as follows:

	£
At 1 January 2017	**60,166**
Impairment	**(60,166)**
At 31 December 2017	**-**

The Company's subsidiary has discontinued its operations and the value of the investment has been impaired to £nil.

Name	Country of incorporation	%	Class of shares	Registered address
ANV Services US Inc.	US	100	1,000 shares of common stock (no value)	101 Hudson Street, Suite 3606 Jersey City, NJ 07302

Notes (continued)

11 Debtors: amounts falling due within one year

	2017	2016
	£	£
Amounts owed from group undertakings	14,760,904	10,386,869
Other debtors	628,251	857,823
Prepayments and accrued income	1,878,159	465,871
	17,267,314	11,710,563

12 Creditors: amounts falling due within one year

	2017	2016
	£	£
Accrued bonuses	5,931,311	5,709,879
Other creditors	6,043,341	7,389,492
Accrued other	3,082,986	1,629,844
Taxation and social security	1,012,067	1,109,102
Trade creditors	995,743	473,328
Amounts owed to group undertakings	13,911,674	6,943,998
	30,977,122	23,255,643

13 Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Accrued bonuses	-	2,225,928
	-	2,225,928

14 Called up share capital

	2017	2016
Allotted and fully paid	£	£
2 class A ordinary share of £0.1 each	0.2	0.2
18 class B ordinary shares of £0.1 each	1.8	1.8
	2	2

Notes (continued)

15 Reserves

	Capital reserve £	Share-based payment incentives £	Revaluation reserve £	Profit and loss account £	**Total £**
At 1 January 2017	6,127,430	18,619,848	342,443	(27,194,609)	**(2,104,886)**
Profit for the financial year	-	-	-	2,834,801	**2,834,801**
Exchange differences	-	-	(956,784)	-	**(956,784)**
At 31 December 2017	**6,127,430**	**18,619,848**	**(614,341)**	**(24,359,808)**	**(226,869)**

In the prior year the AFSI group acquired ANV Holdings B.V. and its affilitates including this company. As part of the transaction a number of restricted stock and long term incentive plans were settled by the company. As part of the payment of the share based incentives, the company received £18,619,848 from ANV Holdings B.V.

16 Financial commitments and guarantees

In September 2010, another group company, ANV Global Services Inc., entered into a seven year property lease in New York, USA which was previously guaranteed by ANV Syndicate Management Ltd. From 17 December 2016 the guarantee along with its obligations and liabilities were transferred to the Company.

The outstanding lease commitment at 31 December 2017 is £nil (2016:£139k).

17 Related party transactions

As the Company is a wholly owned subsidiary of AmTrust International Limited and is included in the consolidated financial statements of AmTrust Financial Services, Inc. (AFSI), which are publicly available, it has taken advantage of the exemptions available not to disclose transactions with entities that are part of the AFSI group.

18 Parent undertaking

The Company's immediate parent is ANV Holding BV, incorporated in the Netherlands. The Company's ultimate holding company is AmTrust Financial services, Inc. ("AFSI") a company incorporated in Delaware, USA and listed on the NASDAQ Stock Market. A copy of AFS's consolidated accounts can be obtained from that company's registered office, which is located at 59 Maiden Lane, 43rd Floor, New York, USA.

Notes (continued)

19 *Post balance sheet events*

On 1 March AFSI has entered into a definitive agreement with Evergreen Parent, L.P., an entity formed by private equity funds managed by Stone Point Capital LLC, together with Barry D. Zyskind, Chairman and CEO of AFSI, George Karfunkel and Leah Karfunkel (collectively, the "Karfunkel-Zyskind Family"), in which Evergreen Parent will acquire the approximately 45% of the Company's issued and outstanding common shares that the Karfunkel-Zyskind Family and certain of its affiliates and related parties do not presently own or control. The proposed transaction as contemplated by the definitive agreement was approved by AFSI's stockholders on 21 June 2018. The proposed transaction is anticipated to close during the second half of 2018, subject to the satisfaction of customary closing conditions, including approval by regulatory authorities.