

AmTrust Central Bureau of Services Limited

Report and Financial Statements

Year Ended

31 December 2020

Company Number 06902763





AmTrust Central Bureau of Services Limited
Annual Report and Financial Statements
For the Year ended 31 December 2020

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AmTrust Central Bureau of Services Limited
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Directors and Officers

Directors

J E Cadle
P Dewey

Registered office

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

Company number

06902763

Auditor

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

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Strategic Report

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

Principal activities, review of the business and future developments

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

The Company's principal client, AmTrust Syndicates Ltd ("ASL"), was the managing agent of Lloyd's Syndicates, 1861, 44, 1206, 5820. During 2019, ASL entered into a novation agreement with Fidentia Fortuna Holdings Ltd ("FFH") which saw all the Syndicates novated to Canopus Managing Agents Limited ("Canopus") on 2 October 2019. Since the novation, ASL's only remaining business activity is the management of broker funds related to the Syndicates that are held in separately designated bank accounts. It is the intention of ASL to negotiate the transfer of this activity to Canopus.

The CBS Spanish Branch continues to support Amtrust group companies based in Europe.

Future developments

Brexit

The UK departed from the European Union on 31 January 2020 and the transitional arrangements ended on 31 December 2020. Whilst the Company's principal client and place of the business is in the United Kingdom, the impact of Brexit is minimal to the Company's Spanish branch, on the basis that the Spanish branch is autonomous, incurs costs locally in Europe and earns in revenue from European entities within the AmTrust Group.

Covid-19

Coronavirus (or COVID-19) – The Company has taken steps to alter or reduce normal business activity to help control the spread of the outbreak so as to minimise the impact to the Company and the fellow AmTrust International Limited Group companies to which the Company provides management services. Some of the steps which the Company has taken involve:

- The implementation of business continuity plans which include the temporary closure of the Company's offices and strong encouragement of employees to work from home;
- Increased communication and coordination with the Company's stakeholders and shared service partners; and
- Enhanced IT controls to mitigate cyber risk.

Management has conducted a review of the Company's business risks with a deep dive analysis of areas that are potentially exposed. This analysis did not identify any areas that would be likely to represent a substantial challenge to the Company's business model sustainability. However, given the nature of the Company's business the greatest risk to the Company is that fellow group companies may not be able to settle intercompany balances when due. The Company is heavily reliant on the performance of other group companies. Consequently, the Directors anticipate that there may be some near- to mid-term impacts on the financial and liquidity positions from delayed cash settlements from Group. This could lead to an increase in bad debt from certain Group companies experiencing liquidity issues.

The Directors have performed a sensitivity test to assess the impact on the Company's resources including the following key stresses. Based on the impact of COVID-19 on the 2020 results, the stress assumptions applied below are considered prudent and conservative:

- delayed collection of debtors from counterparties;
- zero growth in 2021 compared to 2020.

The Directors believe the coronavirus pandemic will not materially impact the operations of the Company in the short term however due to the quickly evolving nature of this event, its unknown length and ultimate scope, the Directors are currently unable to assess the potential long-term impact it may have on the Company's strategy or financial results.

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Strategic Report (continued)

Key performance indicators

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

	2020	2019
	£	£
Loss before tax	(248,977)	(837,210)
Management fees and sublicensing fees	1,409,010	2,392,330
Net assets	2,682,954	3,680,747

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 related to AmTrust Syndicates Limited and its managed syndicates until 2 October 2019. 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 until 2 October 2019. 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.

Section 172 disclosures

A section 172 disclosure has not been included in the Strategic report on the basis that the Company meets the size exemption requirements.

Approval

This strategic report was approved on behalf of the Board on 30 September 2021.



J E Cadle
Director

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Directors' Report

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

Directors

The current directors of the company are shown on page 1. Since 1 January 2020 until the date of this report, there have been no changes to the board of directors:

Results and dividends

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

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

Foreign branches

The Company has a branch in Spain.

Future developments

The company is no longer the main service company for the Amtrust International group entities but continues to trade through its Spanish branch.

Political donations

The company did not make any political donations during the year under review (2019 - £nil).

Financial risk management and objectives

The Directors' have considered the exposure to credit, liquidity and foreign currency risk for the financial instruments held by the company which is further discussed in the Strategic report.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006 KPMG LLP will be re-appointed as auditor.

Qualifying third party indemnity provisions

Directors' and officers' liability insurance in respect of the company has been maintained throughout the year.

Going concern

The Directors have reviewed the forecast income, expenditure and cash flows for a period of at least 12 months from the date of approval of these financial statements which indicate, taking account of reasonably possible downsides, that the company has adequate resources to continue at least 12 months from the date of signing of these financial statements and meet its liabilities as they fall due. Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on the going concern basis.

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Directors' Report (continued)

Disclosure of information to auditor

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

On behalf of the Board



**J E Cadle
Director**

30 September 2021

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Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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

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

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

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

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

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Independent Auditor's Report to the Member 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 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss 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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit, the legal, risk and compliance functions and inspection of policy documentation Company's high-level policies and procedures to prevent and detect fraud and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and other relevant committee meeting minutes.
- Using analytical procedures to identify any usual or unexpected relationships.

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Independent Auditor's Report to the Member of AmTrust Central Bureau of Services Limited (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is recharged expenses to other group entities.

We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by unauthorized user, identification of journals that have key words included within its description and duplicate entries.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and other management as required by auditing standards, and from inspection of the Company's regulatory and legal correspondence. We discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: anti-bribery, fraud, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

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Independent Auditor's Report to the Member of AmTrust Central Bureau of Services Limited (continued)

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

Directors' responsibilities

As explained more fully in their statement set out on page 6, 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.

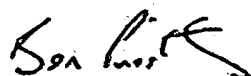
Auditor's responsibilities

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.



Ben Priestley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London
E14 5GL

30 September 2021

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Income Statement
For the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	1,409,010	2,392,330
Administrative expenses		(2,563,642)	(4,080,147)
Operating (loss)		(1,154,632)	(1,687,817)
Other income		905,655	850,607
Loss before taxation		(248,977)	(837,210)
Taxation on loss	8	(811,367)	-
Loss for the financial year		(1,060,344)	(837,210)

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

The notes on pages 13 to 20 form part of these financial statements.

Statement of Comprehensive Income
For the year ended 31 December 2020

	2020 £	2019 £
Loss for the financial year	(1,060,344)	(837,210)
Currency translation differences on foreign currency net investments	210,048	344,948
Total comprehensive income/(loss) for the year	(850,296)	(492,262)

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Statement of Financial Position
As at 31 December 2020

	Note	2020 £	2019 £
Non-current assets			
Tangible assets	9	147,497	373,712
Current assets			
Debtors	10	16,669,905	18,642,024
Cash at bank and in hand		1,149,311	330,478
Other assets		216,052	383,446
		18,035,268	19,355,948
Creditors: amounts falling due within one year	11	(15,352,314)	(16,048,913)
Net current assets		2,682,954	3,307,035
Net assets		2,830,451	3,680,747
Capital and reserves			
Called up share capital	12	2	2
Capital reserve		6,127,430	6,127,430
Exercise of share-base payments		18,619,848	18,619,848
Profit and loss account		(22,762,429)	(21,702,085)
Revaluation reserve	13	845,600	635,552
Total shareholder's funds		2,830,451	3,680,747

The notes on pages 13 to 20 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2021.



J E Cadle
Director

AmTrust Central Bureau of Services Limited
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Statement of Changes in Equity
For the year ended 31 December 2020

	Share Capital	Capital Contribution	Share- based payment incentives	Revaluatio n reserve	Profit and loss account	Total
	£	£	£	£	£	£
Balance as at 1 January 2019	2	6,127,430	18,619,848	290,604	(20,864,875)	4,173,009
Loss for the financial year					(837,210)	(837,210)
Exchange differences on translation of foreign operations		-	-	344,948	-	344,948
Total comprehensive income for the year		-	-	344,948	(837,210)	(492,262)
At 31 December 2019	2	6,127,430	18,619,848	635,552	(21,702,085)	3,680,747
Loss for the year					(1,060,344)	(1,060,344)
Exchange differences on translation of foreign operations		-	-	210,048	-	210,048
Total comprehensive income for the year		-	-	210,048	(1,060,344)	(850,296)
At 31 December 2020	2	6,127,430	18,619,848	845,600	(22,762,429)	2,830,451

The notes on pages 13 to 20 form part of these financial statements.

AmTrust Central Bureau of Services Limited
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Notes to the Financial Statements

1 General information

The company is a private company limited by shares and is incorporated in England. The company's registration number is 06902763 and the address of its registered office is Exchequer Court, 33 St Mary Axe, London, EC3A 8AA.

2 Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and in compliance with the Large and Medium sized companies and groups (Accounts and Reports) Regulation 2008 ("SI 2008/410") and other requirements of the Companies Act 2006.

The financial statements have been prepared on the going concern basis under the historical cost accounting rules.

The Company has adopted all the amendments to FRS 102 that are effective from 1 January 2020 during the year. These did not impact the Company.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

a) Exemption from preparing a cash flow statement

The company has taken advantage of the exemption under FRS 102, paragraph 1.12(b), from preparing a cash flow statement on the grounds that it is a wholly owned subsidiary, whose intermediate parent company, AILL, prepares a group consolidated cash flow statement in its group consolidated financial statements, that are publicly available.

b) Exemption from disclosing related party transactions

As the company is a wholly owned subsidiary, it has taken advantage of the exemption contained in FRS 102 paragraph 33.1A from disclosing related party transactions with entities that are wholly owned within the Evergreen Parent GP LLC group.

c) Exemption from certain financial instruments disclosures

The company has taken advantage of the exemption under FRS 102, paragraph 1.12(c) from making certain financial instruments disclosures on the grounds that equivalent disclosures are included in the consolidated financial statements of AILL.

d) Use of estimates and judgements

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements have been disclosed as appropriate within the principal accounting policies and relevant notes below

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Notes to the Financial Statements (continued)

2 Basis of preparation (continued)

e) Going concern

After making enquiries and having reviewed the capital resources and cash available to the Company, along with budget and capital forecasts for future periods, the directors have a reasonable expectation that the Company has adequate resources to continue for at least 12 months from the date of signing of these financial statements to meet its liabilities as they fall due. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

In preparing these financial statements, the directors have considered the uncertainty created by COVID-19. The evolving COVID-19 pandemic has caused significant disruption to the economy and financial markets globally, and the full extent of the potential impacts of COVID-19 are not yet known. Whilst there are many unknowns and the future impact of the pandemic is difficult to predict, the Company is taking proactive action in line with the wider Group and successfully implemented its Business Continuity Plan with all staff working from home with minimal disruption to its day-to-day operations.

In light of the COVID-19 global pandemic, the directors have considered the Company's forecast income, financial position and potential impact of COVID-19. Taking account of the Company's current position and the potential impacts to the Company, the current assessment relating to COVID-19 does not change the directors' view that these financial statements should be prepared on a going concern basis.

3 Significant accounting policies

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

3.1 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 are rendered.

3.2 Tangible fixed assets and depreciation

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

Furniture, fixtures and fittings	-	10% per annum straight line basis
Computer and office equipment	-	15% - 33% per annum straight line basis
Software	-	33% per annum straight line basis

3.3. 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 straight line basis
Internally generated software	-	17% - 33% per annum straight line basis

3.4 Operating leases

Rentals payable under operating leases (after taking into account incentives received from the lessor) are charged to the income statement on a straight-line basis over the term of the lease. The Company incurs lease costs on behalf of other group companies in which the provisions are held.

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Notes to the Financial Statements (continued)

3.5 Taxation

Tax on ordinary activities comprises current and deferred tax.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

ii) Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and substantially enacted tax law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those included in the financial statements. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation assets and liabilities are not discounted.

3.6 Financial assets

The company classifies all of its financial assets as basic financial instruments under Section 11 FRS 102. Management determines the classification of its investments at initial recognition. All current financial assets are carried at amortised cost.

i) Debtors

Debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

When these assets are initially recognised, they are valued at the transaction price and subsequently measured at amortised cost using the effective interest method. This basis of valuation is viewed by the directors as being appropriately prudent having regard to the likely realisable value.

ii) Cash at bank and in hand

Cash at bank and in hand comprises cash balances and are carried at amortised cost in the statement of financial position.

iii) Impairment of financial assets

A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the assets and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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Notes to the Financial Statements (continued)

3 Significant accounting policies (continued)

3.6 Financial assets (continued)

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement for the period. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the company's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed through the profit and loss account for the period.

3.7 Financial liabilities

Financial liabilities are recognised when contractual commitments arise.

Creditors are financial liabilities and are recognised initially at fair value, net of directly attributable transaction costs. Creditors are subsequently stated at amortised cost, using the effective interest method.

3.8 Defined contribution pension plans

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

3.9 Foreign currencies

The company's financial statements are presented in pound sterling, which is the company's functional currency. The functional currency of its Spanish Branch is Euros (EUR).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date.

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

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 income statement.

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Notes to the Financial Statements (continued)

3 Significant accounting policies (continued)

3.10 Prepayments and accrued income

Prepayments relate to amounts paid up front to third parties in respect of certain contractual obligations. The related expense is recognised on a straight-line basis over the contract period. Accrued income relates to services performed by the company under contractual obligations which have yet to be invoiced.

4 Turnover

The total turnover of the company for the year has been derived from its principal activity undertaken in the United Kingdom and its other activities as follows:

	2020 £	2019 £
Class of business		
Services	1,409,010	2,392,330
	1,409,010	2,392,330

At 31 December 2020, the Company has £1.4m of turnover arising in Spain (2019: £1.6m), the remainder arises in the United Kingdom.

5 Operating profit

Operating profit is stated after charging / (crediting):

	2020 £	2019 £
Depreciation of tangible fixed assets	247,753	571,474
Operating lease rentals	136,541	103,991
Amortisation of intangible assets	4,188	1,651,004
Assets written off	-	3,653,039
Loss on disposal of tangible fixed assets	-	133,270
Fees payable to the Company's auditor for the audit of the annual accounts KPMG LLP	23,221	19,096
Foreign exchange (gains)	(295,572)	(234,685)

6 Employees

Staff costs consist of:

	2020 £	2019 £
Wages and salaries	846,117	1,421,354
Bonuses and accrued bonuses	122,128	14,139
Social Security costs	278,704	341,939
Pension costs	54,833	73,721
Other staff costs	165,993	172,745
	1,467,775	2,023,898

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

	2020	2019
Employees in the UK	1	5
Employees in the Spanish Branch	24	27
	25	32

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Notes to the Financial Statements (continued)

6 Employees (continued)

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.

Whilst the majority of the employment contracts were transferred to AMSL in 2018, the resultant expense was recharged to the Company, who further recharged the cost to other AmTrust group entities.

7 Directors' remuneration

The directors do not receive any remuneration for their services as directors of the Company. Details of their emoluments are disclosed in the accounts of AMSL, the Evergreen group company through which they are paid.

8 Tax on loss from ordinary activities

	2020 £	2019 £
Current tax		
UK corporation tax credit on loss for the year	(216,052)	-
Foreign corporation tax charge for the year	1,579	-
Adjustment in respect of prior years	1,025,840	-
Total current tax credit	811,367	-

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:

	2020 £	2019 £
Loss on ordinary activities before tax	(248,977)	(837,210)
Current tax at 19% (2019 – 19%)	(47,305)	(159,070)
Effects of:		
Fixed asset timing differences not recognised	(168,747)	339,072
Group relief at nil cost	-	(180,002)
Other (overseas taxes at a higher rate)	1,579	-
Adjustment in respect of prior years	1,025,840	-
Total tax on loss on ordinary activities	811,367	-

Change of tax rate

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

In addition to the above, in the budget 2020, it was announced that the UK corporation tax rate was to be increased to 25% from 1 April 2023 and was substantively enacted as part of the Finance Bill 2021 (on 24 May 2021).

Deferred tax

At 31 December 2020 the Company has tax losses carried forward of £12.6m, (2019: £12.6m) where no deferred taxation has been provided in the financial statements as there is no expectation of the future reversal of the asset.

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Notes to the Financial Statements (continued)

9 Tangible assets

2020	Fixtures, fittings & equipment £	Lease deposits £	Total £
Cost			
At 1 January 2020	2,394,295	46,904	2,441,199
Exchange differences	121,844	2,651	124,495
At 31 December 2020	2,516,139	49,555	2,565,694
Depreciation			
At 1 January 2020	2,067,487	-	2,067,487
Charged in year	251,941	-	251,941
Exchange differences	98,769	-	98,769
At 31 December 2020	2,418,197	-	2,418,197
Net book value			
At 1 January 2020	326,808	46,904	373,712
At 31 December 2020	97,942	49,555	147,497

10 Debtors: amounts falling due within one year

	2020 £	2019 £
Amounts owed by group undertakings	16,633,797	17,551,320
Other debtors	36,108	1,086,809
Prepayments and accrued income	-	3,895
	16,669,905	18,642,024

11 Creditors: amounts falling due within one year

	2020 £	2019 £
Accrued bonuses	164,833	96,274
Other creditors	22,344	339,451
Accrued other	-	1,642,282
Taxation and social security	1,088,825	60,484
Trade creditors	31,736	(1,634,198)
Amounts owed to group undertakings	14,044,576	15,544,620
	15,352,314	16,048,913

12 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Class A ordinary share of £0.1 each	2	2	0.2	0.2
Class B ordinary share of £0.1 each	18	18	1.8	1.8

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Notes to the Financial Statements (continued)

13 Reserves

Share based payment incentive

This reserve records amounts recognised in equity relating to equity settled share based payments transactions. In 2016 the AFSI group acquired ANV Holdings B.V. and its affiliates 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.

Revaluation reserve

This reserve records the cumulative exchange differences on the translation of foreign operations.

14 Operating leases

The Company has no operating leases. All operating lease costs recorded in these accounts are a recharge from AMSL.

15 Related party transactions

The Company is exempt from disclosing related party transactions with other companies that are wholly owned within the Evergreen group.

16 Parent undertakings

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