

**ALPHA INSURANCE ANALYSTS LTD.
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

ALPHA INSURANCE ANALYSTS LTD.

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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ALPHA INSURANCE ANALYSTS LTD.

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTORS:	Mrs E L Apple L J Dowley Mrs J S C Doyle ACII A D Hussey The Earl of Kinnoull D D Pattinson Mrs E L Royds ACII A J Sparrow ACII
SECRETARY:	Mrs J S C Doyle ACII
REGISTERED OFFICE:	107 Fenchurch Street London EC3M 5JF
REGISTERED NUMBER:	02915929 (England and Wales)
SENIOR STATUTORY AUDITOR:	Andrew Robinson
AUDITORS:	Humphrey & Co Audit Services Ltd 7 - 9 The Avenue Eastbourne East Sussex BN21 3YA

ALPHA INSURANCE ANALYSTS LTD.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their strategic report for the year ended 31 December 2022.

CHAIRMAN'S STATEMENT

I am pleased to be introducing Alpha's report and accounts for the first time and 2022 was another successful year for the company with capacity under management increasing from £572m to £829m for 2023 through the addition of new members, transfer members from other agencies, generally from recommendations, and existing members taking advantage of stronger trading conditions.

As James Sparrow in his report below explains in more detail, Alpha members have continued to out-perform significantly the Lloyd's market and also saw markedly better results than those who underwrite through other members' agencies; a trend which seems likely to be repeated when the 2021 year closes.

It has been a challenging few years with the COVID-19 pandemic immediately followed by the brutal war still taking place in Ukraine, after Russia's invasion on 24th February 2022. This has resulted in further uncertainty both for the insurance market and the world at large. 2022 saw the combination of large catastrophe losses with global economic conditions resulting in the tightening of the price of money and a squeeze on reinsurance capacity, particularly at the year end. This appears to have the makings of a sustainable hard market and whilst we are not counting our chickens too early, as in a risk business, we have a spring in our step for the first time in a number of years.

I am so pleased to welcome Charles Kinnoull to the board as a non-executive director who brings a wealth of knowledge and experience both from the insurance and wider worlds.

DocuSigned by:

JUSTIN DOWLEY

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L J Dowley - Chairman

Date: 25-05-2023 | 3:24:42 PM BST

ALPHA INSURANCE ANALYSTS LTD.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

MANAGING DIRECTOR'S REPORT

Introduction

It gives me great pleasure to present our fifteenth Annual Report, and my last as managing director, in a year when not only the prospects for the Lloyd's market look the most positive for two decades, but also more importantly our members are due to receive a positive return on the close of another difficult underwriting year of account which was impacted by the COVID-19 pandemic. Tragically the terrible war in Ukraine continues, an event which will inevitably produce claims on our market across the 2021 and 2022 years of account, particularly in respect of the aircraft detained in Russia and the ships trapped in Ukrainian ports, as well as the destruction of some of the largest steelworks in Europe and some onshore wind farms. We continue to pray for peace, whilst the Lloyd's market tries to provide suitable cover for those clients still trading with Ukraine.

I am very happy with our results for the 2020 year of account, producing a profit of 3.7% for the average Alpha member, when the Lloyd's market produced a result of just 0.9% which could not even cover expenses. I am pleased to say that this significant outperformance is currently forecast to continue for the 2021 year of account.

The 2022 annualised underwriting profit for Lloyd's as a whole at £2.6bn is clearly an improvement on the -£1.7bn loss for 2021. The year produced an even better combined ratio of 91.9% (as against 93.5% for 2021). Major claims were slightly up at 12.7% of premiums as against 11.2% in 2021, whilst a further reduction in the attritional loss ratio (ordinary claims), improved to 48.4% of premiums, as against 48.9% in 2021. At the same time, the expense ratio has continued to fall, from 35.5% of premiums in 2021 to 34.4% of premiums in 2022.

The big disappointment was the investment loss of -£3.1bn (2021 £0.9bn profit) which pushed the overall result into a loss of -£0.8bn. The great majority of the investment loss was unrealised "mark to market" and should, therefore, unwind over the next two to three years to the benefit of those years of account.

Patrick Tiernan, as Head of Markets at Lloyd's, continues to do an excellent job, with a continuing focus on underwriting performance above all else.

Following six consecutive years of "above average" catastrophe losses, considerable uncertainty remains both in the size and scope of the potential aviation exposures in Russia and claims arising out of Hurricane Ian, currently forecast to be the second most costly US hurricane after Katrina in 2005. However, both we at Alpha and the central management at Lloyd's believe that that our syndicates in particular, and the market as a whole, are as well-reserved as they ever have been, which suggests this uncertainty can be well-managed. There should also be scope for further reserve releases going forwards.

We have recently witnessed the twenty-second consecutive quarter of rate rises, the most significant of which was the dramatic transformation of the property reinsurance market as at 1 January 2023. We have consistently complained that reinsurers have been selling their products far too cheaply whilst the frequency and severity of major losses had clearly increased. This situation had been underpinned by a surplus of capital available to the reinsurance markets, although that surplus was beginning to reduce during 2022. By the third quarter, that surplus had turned into a deficit, culminating in the tightest market since Hurricane Katrina in 2005 at the January renewals. As in all markets, when change is heavily overdue, the reaction, when it finally happens, is eye catching. In the US "clean" renewals went up by 50% with loss affected programmes suffering greater rises. Every insurer saw their retentions, the financial amount they are liable for before their reinsurance comes into play, increase considerably, very often doubling or more. Most found that the lower layers of reinsurance, which had been picking up all the increased frequency of attritional losses, were no longer available and at the same time the cost of what they were able to buy soared. Most reinsurers had their risk appetites severely reduced by their boards, whilst others mandated a total withdrawal from the class. In April, Aon estimated that the capital available to the property reinsurance industry at the year end fell by 15% to \$575bn driven by substantial unrealised investment losses with very little new capital available, unlike in 2002 (post 9/11) and 2006 (post Katrina). The tightening of the property reinsurance market has given further impetus to the direct property markets, leading to typically a further 30% increase in premiums, arising from a combination of further rate rises and a final recognition that insured property values needed to be significantly updated to bring them in line with inflation. The tightening reinsurance capacity spread to other classes, particularly aviation, terrorism, war and political risks, and latterly marine risks. These final changes mean that we, as members, are probably in the best trading conditions for two decades.

ALPHA INSURANCE ANALYSTS LTD.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Business Review

With a much improved annual underwriting result for Lloyd's reported for 2022, a market attritional loss ratio below 50% for the first time for many years and significant pre-emptions on offer from our supported syndicates, equivalent to circa 19% for the average Alpha member, the board recommended support for many of these pre-emptions for 2023, to take advantage of the much improved market conditions. The signals coming out of the reinsurance market suggested much tighter terms, driven by continuing withdrawals. Our risk appetite started to grow as premium rate, terms and conditions all improved. The combination of these pre-emptions and new business, led to Alpha's capacity increasing from £572m to £829m for 2023. Once again we attracted a number of new members, who could see the increasingly improving market conditions. Also a number of existing members, previously looked after by other agents, were persuaded by our continuing superior results to transfer to Alpha. Lloyd's seemingly took "the foot off the brake", allowing most syndicates to pre-empt for 2023 to take advantage of the higher premiums, even though the actual growth in exposure was only 4%. In addition to the pre-emptions, some Alpha members participated in the auctions where turnover grew, as a result of the large pre-emptions, from £161m to £254m. The average price for capacity traded in the 2022 auction season increased marginally from 28.9p in the pound to 29.2p. The average value of capacity held by Alpha members is 45.1p (down from 50.9p), but the total value of Alpha members' portfolios has grown.

The Key Performance Indicators

The directors consider the following measures to be our key performance indicators:

For 2023, our business is made up of 241 members, up from 235 in 2022, split between 34 unlimited members (39 in 2022), 84 LLPs (79 in 2022) and 123 Namecos (117 in 2022).

Capacity under management increased from £572m for 2022 to £829m for 2023.

Alpha's turnover increased from £3,541,908 in 2021 to £3,934,021 in 2022, whilst our capacity increased from £505m in 2021 to £572m in 2022.

Our net profit increased from £587,723 in 2021 to £798,688 for 2022.

Fidentia, our joint venture with Duncan & Toplis, managed 196 vehicles in 2022 (84 LLPs and 112 Namecos) as against 179 vehicles in 2021 (77 LLPs and 102 Namecos), of which 187 (169 in 2021) underwrote through Alpha contributing a profit of £73,966 for 2022 similar to £73,949 for 2021.

Underwriting Results

As mentioned above, the 2020 year of account has closed with an average profit of 3.7% for an Alpha member, as against a market result of 0.9% for the same year. This result improved from a midpoint loss forecast for Alpha members of -1.7% this time last year. The 2020 year of account continues to hold substantial reserves for losses from the COVID-19 pandemic, as well as having experienced another above average incidence of major property losses, which included Hurricanes Laura and Sally in the US and Winter Storm Uri in Texas in February 2021, the majority of which fell back on the 2020 year of account. The total cost of all global insured losses is currently estimated at \$99bn (the fifth highest ever).

The 2021 year of account is currently forecast at 24 months to produce a midpoint profit of 3.5% for an average Alpha member, which is slightly less than the current market forecast of 4.1%. However the Alpha forecast continues to improve quarterly, whilst the market forecast has dipped in the latest quarter.

The positive premium rate momentum continued through 2021, with direct insurance rates running ahead of forecasts, whilst reinsurance rates were slightly behind budget; albeit still healthily positive. Winter Storm Uri (mentioned above) was the first major loss of the year, initially forecast to cost between \$10bn and \$20bn, but now thought to be nearer the lower end. Hurricane Ida was the most expensive US windstorm of the year, currently thought to be \$35bn, whilst the European floods, particularly in Germany, are likely to be the largest European loss ever. These were followed by the tornadoes in Kentucky to round off another above average year for global catastrophe losses, currently estimated to total \$130bn. Some of the likely losses arising out of the Russian invasion of Ukraine in February 2022 will also fall back on the 2021 year of account, particularly affecting the aviation and political risk books.

We expect the Alpha forecast result for 2021 to continue to improve, also benefitting from an improving investment income, as the "mark to market" losses as at 31 December 2022 begin to unwind and increased interest rates start to come through.

ALPHA INSURANCE ANALYSTS LTD.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

As ever we anticipate that the first forecasts for the 2022 year of account will be cautious, probably with a wide range initially, but we fully expect the year to develop into a good profit for our members, as the strong underlying rates earn out over the next twenty months. On top of the consequences of the war in Ukraine, affecting not only Russia and the Ukraine but also much of the rest of the world, 2022 suffered from Hurricane Ian, which swept across south west Florida in late September and on to the Carolinas, and which is currently thought to be the second most expensive US hurricane ever after Hurricane Katrina in 2005. The estimated cost of Ian is subject to an unusually wide range of \$45bn to \$70bn, with claims developing more slowly than one might have expected. The total cost of catastrophe losses for 2022 is expected to be \$132bn. Strong rate rises continued through 2022 and we began to see the reinsurance market react to the aggregation of losses, both natural and manmade, with shortfalls on reinsurance placements; something not seen for several years. Earlier in the year it had become evident in the largest US property reinsurance programmes, but now shortfalls have spread to the aviation, war and political risk markets.

Yet again, as we entered 2023, rate rises exceeded the levels anticipated in syndicates' business plans. Last year I referred to the paucity of detail in underwriters' Reports and Accounts, and sadly this has been repeated in 2023. I believe this reinforces the need for our regular series of "Conversations with an Underwriter", which give some insights into what our underwriters really think. This year I am only going to quote from two of our core syndicates, in the absence of the late Michael Meacock's wonderful pithy comments.

Starting with Rob Childs, chairman of Hiscox:

"The opportunities in our big ticket businesses are huge and the rating environment is with us in a way that you could argue we haven't seen for decades". Virtually all the "big ticket" Hiscox business is written in syndicate 33.

Richard Trubshaw in his final annual report as active underwriter for MAP syndicate 2791, who is always very realistic in his analysis:

"Here lies a warning: yes, prices are going up, but that is largely in response to a technical revaluation of the risk.... So what happens next?.... the odds have clearly got better - but there is always a possibility that you can lose. What is noticeable is that there has been little sign of any new entrants into the market...My sense is that those of us still operating in the reinsurance market have a breathing space - after all capital abhors a vacuum, and will doubtless come back, but only when it is clearly demonstrable that the rebased metrics are profitable. That will take time."

Developments at Alpha

As stated previously our board's policy over the "soft market" period has been to reduce members' exposure to catastrophe risk and other areas of risk where we believed the premium to take that risk was largely inadequate. Happily, this has led to consecutive years of outperformance of the market and the other members' agents, but only really in respect of protecting your capital, rather than generating decent underwriting profits, a situation that the relevant premium rates just did not allow. I am delighted that this patience has been rewarded and we now should see our members profit properly from our ongoing strategy. At last, the majority of the catastrophe exposures currently underwritten at Lloyd's look to be more realistically priced. The Alpha mantra has always been only to take the extra risk when we are being correctly paid for it.

I was very pleased that we continued to show significant growth for 2023, and we will continue to take full advantage of the much improved rates in most areas. Together with our ongoing outperformance we will maintain our efforts to grow the company further for 2024, whilst such favourable underwriting conditions persist.

Sadly Ronnie Gray resigned from the Board in March to join Beazley. I would like to thank him for his unstinting efforts over the past few years and wish him every success for the future.

On your behalf, I would like to thank all the members of the Alpha team for their tireless efforts, dedication and good humour over what has been another challenging but rewarding twelve months. The last sixteen years have been great fun and I feel that we have built an exceptional business. I was delighted that Charles Kinnoull agreed to join your board at the beginning of this year.

Finally I would also like to express my huge gratitude both to Justin Dowley, who has taken over from Johnny Scott as chairman, and to Emma, who succeeded me as managing director in December. I am convinced that your company remains in excellent hands, and I look forward to supporting them both in their endeavours going forwards.

Principal Risks

This agency's principal risk is that losses in the Lloyd's market, and in particular those syndicates supported by Alpha, could result in the resignation of those members represented and thereby reduce the income receivable by the company. If the results of the supported syndicates are not considered to be adequate by the members, this may also lead to members' resignations and thereby loss of income to the company.

The specific risks faced by the syndicates are managed and controlled by the respective managing agents and are outside the direct control of

ALPHA INSURANCE ANALYSTS LTD.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

the company and overseen by the Lloyd's Performance Management Directorate. The company manages the risk faced by the syndicates by monitoring the performance of the syndicates supported through vigilant analysis.

The company has no specific concentration of credit risk.

The company, as a members' agent, is subject to continuing approval by Lloyd's and the FCA. The company maintains systems and controls to ensure operational risks are minimised. There is close involvement of all the directors in the key decision making.

ON BEHALF OF THE BOARD:

DocuSigned by:

2798A2DE99B14B2.....
A J Sparrow ACII - Director

25-05-2023 | 3:19:34 PM BST

Date:

ALPHA INSURANCE ANALYSTS LTD.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a Lloyd's Members' Agent.

The company is authorised by Lloyd's and the Financial Conduct Authority ('FCA') and its registered number with the FCA is 467352.

DIVIDENDS

An interim dividend of 0.97 per share was paid on 24 March 2022. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2022 will be £485,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

Mrs E L Apple
Mrs J S C Doyle ACII
A D Hussey
Mrs E L Royds ACII
D D Pattinson
A J Sparrow ACII

Other changes in directors holding office are as follows:

J P H S Scott FCII - resigned 30 September 2022
L J Dowley - appointed 25 January 2022

R E J Gray ceased to be a director after 31 December 2022 but prior to the date of this report.

The Earl of Kinnoull was appointed as a director after 31 December 2022 but prior to the date of this report.

PRIOR YEAR ADJUSTMENT

The share based payments were reviewed and found that the brought forward reserve was understated by £46,500. This affected the profit and loss reserves brought forward, there were no other impacts.

INDEPENDENT AUDITORS

Humphrey & Co Audit Services Limited were appointed as the auditors during the year. Humphrey & Co Audit Services Limited are registered auditors and are registered by the Institute of Chartered Accountants in England and Wales.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

ALPHA INSURANCE ANALYSTS LTD.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

DocuSigned by:
James Sparrow
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A J Sparrow ACII - Director

25-05-2023 | 3:19:34 PM BST

Date:

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ALPHA INSURANCE ANALYSTS LTD.**

Opinion

We have audited the financial statements of Alpha Insurance Analysts Limited for the year ended 31 December 2022 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 company'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ALPHA INSURANCE ANALYSTS LTD.**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (UK) (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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the company and the laws and regulations that could reasonably be expected to have a direct effect on the financial statements through discussion with the directors and management and the application of our knowledge and experience. We discussed with management whether there were any known or suspected instances of fraud and/or non-compliance with relevant laws and regulations. We also obtained an understanding of the company's accounting systems and internal controls.

We audited the risk of management override of controls, by testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business. Our other audit procedures included, but were not limited to, carrying out detailed substantive testing of a sample of income and expenditure transactions arising in the year. We agreed wages records to wages costs in the accounts. We tested a sample of balance sheet items such as fixed assets, debtors and creditors. We also reviewed the financial statements and checked disclosures to supporting documentation to assess compliance with applicable law and regulation.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ALPHA INSURANCE ANALYSTS LTD.**

Use of the audit 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.

DocuSigned by:

Andrew Robinson

(B905DB4EA0FB45A... Statutory Auditor)

for and on behalf of Humphrey & Co Audit Services Ltd
7 - 9 The Avenue
Eastbourne
East Sussex
BN21 3YA

25-05-2023 | 4:19:40 PM BST

Date:

ALPHA INSURANCE ANALYSTS LTD.

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 as restated £
TURNOVER	3	3,916,823	3,541,908
Administrative expenses		<u>2,950,611</u>	<u>2,830,969</u>
OPERATING PROFIT	5	966,212	710,939
Interest receivable and similar income		<u>17,198</u>	<u>10,722</u>
PROFIT BEFORE TAXATION		983,410	721,661
Tax on profit	6	<u>184,722</u>	<u>133,938</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>798,688</u></u>	<u><u>587,723</u></u>

The notes form part of these financial statements

ALPHA INSURANCE ANALYSTS LTD.

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 as restated £
PROFIT FOR THE YEAR		798,688	587,723
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>798,688</u>	<u>587,723</u>

The notes form part of these financial statements

ALPHA INSURANCE ANALYSTS LTD. (REGISTERED NUMBER: 02915929)**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2022**

		2022		2021 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	9		41,024		39,067
Tangible assets	10		5,026		13,106
Investments	11		<u>285,492</u>		<u>254,154</u>
			331,542		306,327
CURRENT ASSETS					
Debtors	12	391,762		534,143	
Cash at bank		<u>2,102,725</u>		<u>1,719,818</u>	
		2,494,487		2,253,961	
CREDITORS					
Amounts falling due within one year	13	<u>552,951</u>		<u>601,569</u>	
NET CURRENT ASSETS					
			<u>1,941,536</u>		<u>1,652,392</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>2,273,078</u>		<u>1,958,719</u>
CAPITAL AND RESERVES					
Called up share capital	16		500,000		500,000
Other reserves	17		78,002		77,331
Retained earnings	17		<u>1,695,076</u>		<u>1,381,388</u>
SHAREHOLDERS' FUNDS					
			<u>2,273,078</u>		<u>1,958,719</u>

24/5/2023

The financial statements were approved by the Board of Directors and authorised for issue on and were signed on its behalf by:

DocuSigned by:

James Sparrow

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A J Sparrow ACII - Director

The notes form part of these financial statements

ALPHA INSURANCE ANALYSTS LTD.**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Retained earnings £	Other reserves £	Total equity £
Balance at 1 January 2021	500,000	1,088,665	74,204	1,662,869
Changes in equity				
Dividends	-	(295,000)	-	(295,000)
Share option movement	-	-	3,127	3,127
Total comprehensive income	-	587,723	-	587,723
Balance at 31 December 2021	<u>500,000</u>	<u>1,381,388</u>	<u>77,331</u>	<u>1,958,719</u>
Changes in equity				
Dividends	-	(485,000)	-	(485,000)
Share option movement	-	-	671	671
Total comprehensive income	-	798,688	-	798,688
Balance at 31 December 2022	<u>500,000</u>	<u>1,695,076</u>	<u>78,002</u>	<u>2,273,078</u>

The notes form part of these financial statements

ALPHA INSURANCE ANALYSTS LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. STATUTORY INFORMATION

Alpha Insurance Analysts Ltd. is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 33.7.

The company is a wholly owned subsidiary of Archimedes Partners Limited. Consolidated financial statements of Archimedes Partners Limited can be obtained from:

107 Fenchurch Street
London
EC3M 5JF

Preparation of consolidated financial statements

The financial statements contain information about Alpha Insurance Analysts Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the financial statements of its parent, Archimedes Partners Limited, whose registered office is 3 Castlegate, Grantham, Lincolnshire NG31 6SF.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover

Turnover comprises underwriting agency fees charged on the basis of Lloyd's members' underwriting capacity on a year of account and other fees for specific advice to Lloyd's members.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of three years.

Tangible fixed assets

Tangible fixed assets are held at amortised cost and depreciated on a straight line basis. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures, fittings and equipment - 33% on cost

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less impairment.

ALPHA INSURANCE ANALYSTS LTD.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Going concern

These financial statements are prepared on a going concern basis.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

ALPHA INSURANCE ANALYSTS LTD.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Listed investments

Investments are recorded at their fair value. Any movement in the fair value of the investments is shown in the income statement.

Share-based payments

From time to time the Company invites certain employees to invest in its share capital by transferring from own shares held. It does this by granting share options at exercise prices approved by HMRC. The granting of share options in this way is regarded by financial reporting standards as the making of "share-based payments".

The fair value of the options is calculated at the date the options are granted.

The fair value is charged to profit or loss equally over the vesting period, with adjustments made at each accounting date to reflect the best estimate of the number of options that will eventually vest.

Shareholders' equity is increased by an amount equal to the charge in profit or loss.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or 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. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Other income and expenses

Other income and expenses are dealt with on an accruals basis.

ALPHA INSURANCE ANALYSTS LTD.**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****2. ACCOUNTING POLICIES - continued****Operating leases**

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

Critical accounting judgements and estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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.

There are no critical accounting judgements that, in the opinion of the directors, will have a material effect on the financial statements. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Share options

The fair value of the share options are calculated under the assumption that the employees will remain with the company. Due to the susceptibility of fluctuations for leavers, there is a potential for material uncertainty over the figures. As at the 31 December 2022, the carrying value of the share options was £78,002 (2021: £77,331).

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

4. EMPLOYEES AND DIRECTORS

	2022	2021 as restated
	£	£
Wages and salaries	1,741,247	1,637,084
Social security costs	233,729	196,711
Other pension costs	<u>134,458</u>	<u>129,814</u>
	<u>2,109,434</u>	<u>1,963,609</u>

The average number of employees during the year was as follows:

	2022	2021 as restated
	<u>21</u>	<u>20</u>
	2022	2021 as restated
	£	£
Directors' remuneration	1,095,016	1,146,130
Directors' pension contributions to money purchase schemes	<u>56,117</u>	<u>50,315</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>3</u>
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ALPHA INSURANCE ANALYSTS LTD.**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****4. EMPLOYEES AND DIRECTORS - continued**

Information regarding the highest paid director is as follows:

	2022	2021 as restated
	£	£
Emoluments etc	<u>259,280</u>	<u>245,815</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2022	2021 as restated
	£	£
Depreciation - owned assets	11,460	23,107
Loss/(profit) on disposal of fixed assets	8,131	(15,757)
Computer software amortisation	18,253	-
Operating lease rentals - land and buildings	65,088	65,088
Operating lease rentals - other	400,764	223,172
Auditors' remuneration	<u>15,000</u>	<u>17,500</u>

6. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2022	2021 as restated
	£	£
Current tax:		
UK corporation tax	<u>184,722</u>	<u>133,938</u>
Tax on profit	<u>184,722</u>	<u>133,938</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021 as restated
	£	£
Profit before tax	<u>983,410</u>	<u>721,661</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	186,848	137,116
Effects of:		
Effects of depreciation	2,177	4,390
Disallowable income and expenses	1,950	379
Capital allowances	(835)	(618)
Group relief utilised	(5,260)	(7,329)
Under-provision of prior year	<u>(158)</u>	<u>-</u>
Total tax charge	<u>184,722</u>	<u>133,938</u>

ALPHA INSURANCE ANALYSTS LTD.**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****7. DIVIDENDS**

	2022	2021 as restated
	£	£
Ordinary shares of £1 each Interim	<u>485,000</u>	<u>295,000</u>

8. PRIOR YEAR ADJUSTMENT

The share based payments were reviewed and found that the brought forward reserve was understated by £46,500. This affected the profit and loss reserves brought forward, there were no other impacts.

9. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
At 1 January 2022	39,067
Additions	<u>20,210</u>
At 31 December 2022	<u>59,277</u>
AMORTISATION	
Amortisation for year	<u>18,253</u>
At 31 December 2022	<u>18,253</u>
NET BOOK VALUE	
At 31 December 2022	<u>41,024</u>
At 31 December 2021	<u>39,067</u>

10. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £
COST	
At 1 January 2022	199,523
Additions	<u>3,380</u>
At 31 December 2022	<u>202,903</u>
DEPRECIATION	
At 1 January 2022	186,417
Charge for year	<u>11,460</u>
At 31 December 2022	<u>197,877</u>
NET BOOK VALUE	
At 31 December 2022	<u>5,026</u>
At 31 December 2021	<u>13,106</u>

ALPHA INSURANCE ANALYSTS LTD.**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****11. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £	Listed investments £	Totals £
COST			
At 1 January 2022	2,575	251,579	254,154
Additions	-	39,469	39,469
Fair value adjustment	-	(8,131)	(8,131)
	<u>2,575</u>	<u>282,917</u>	<u>285,492</u>
At 31 December 2022	<u>2,575</u>	<u>282,917</u>	<u>285,492</u>
NET BOOK VALUE			
At 31 December 2022	<u>2,575</u>	<u>282,917</u>	<u>285,492</u>
At 31 December 2021	<u>2,575</u>	<u>251,579</u>	<u>254,154</u>

The historical cost of the above listed investments is £234,357 (2021: £194,887).

The shares in group undertakings represents the group's interest in Fidentia Services LLP, a limited liability partnership in which the company has a 50% interest in the capital but controls by virtue of the casting vote of the chairman of the partnership who is appointed by the company.

12. DEBTORS

	2022 £	2021 as restated £
Amounts falling due within one year:		
Trade debtors	2,800	1,600
Amounts owed by group undertakings	16,084	24,014
Other debtors	4,041	6,729
VAT	14,131	6,187
Prepayments and accrued income	<u>195,242</u>	<u>313,021</u>
	<u>232,298</u>	<u>351,551</u>
Amounts falling due after more than one year:		
Other debtors	<u>159,464</u>	<u>182,592</u>
Aggregate amounts	<u>391,762</u>	<u>534,143</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 as restated £
Trade creditors	30,688	55,725
Taxation	184,879	133,938
Other taxes and social security	183,748	176,936
Accruals and deferred income	<u>153,636</u>	<u>234,970</u>
	<u>552,951</u>	<u>601,569</u>

ALPHA INSURANCE ANALYSTS LTD.**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****14. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021 as restated
	£	£
Within one year	465,852	325,213
Between one and five years	<u>65,088</u>	<u>65,088</u>
	<u>530,940</u>	<u>390,301</u>

15. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

	2022 £	2021 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	2,800	1,600
Amounts owed by group undertakings	16,084	24,014
Other debtors	159,464	182,594
Financial liabilities measured at amortised cost		
Trade creditors	30,688	55,723
Amounts owed to group undertakings	-	-

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss was £Nil (2021 - £nil) and £Nil (2021 - £nil) respectively.

16. CALLED UP SHARE CAPITAL

	2022 £	2021 £
Allotted, called up and fully paid		
Ordinary £1 shares	<u>500,000</u>	<u>500,000</u>

17. RESERVES

The retained earnings reserve comprises the company's accumulated profits and losses since incorporation.

The other reserve is used to recognise the movement in the share option held by the parent company.

ALPHA INSURANCE ANALYSTS LTD.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

18. RELATED PARTY DISCLOSURES

A company in which a close family member of a director of the company was for the year in question a shareholder, was charged a fee of £218,061 for services provided (2021: £85,000).

The directors of the company were charged members' agency fees totalling £24,861 (2021: £52,629).

A LLP in which a director is a member was charged a members' agency fee of £10,165 (2021: £10,135).

A LLP in which a director, and the close family members of the director, are members was charged a members' agency fee of £8,019 (2021: £7,781).

A company in which a director is a shareholder was charged a members' agency fee of £20,868 (2021: £19,978).

The company received a profit share of £73,966 (2021: £74,699), and was charged £Nil (2021: Nil) in relation to new application fees by a LLP in which the company is a designated member.

19. ULTIMATE CONTROLLING PARTY

The company is a subsidiary undertaking of Archimedes Partners Limited, a company registered in England & Wales. The group in which the results of the company are consolidated is that headed by Archimedes Partners Limited. The consolidated financial statements of the group are available to the public from Companies House, Crown Way, Cardiff, CF14 3UZ.

ALPHA INSURANCE ANALYSTS LTD.**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****20. SHARE-BASED PAYMENT TRANSACTIONS**

Share options are granted to directors and selected employees. The share price on date of grant is agreed in advance with HMRC. Options are conditional on the employee's service with the company. Half the options are exercisable on the grant date with the remaining shares exercisable in equal instalments at three and six years from the grant date. The options will expire ten years from the grant date.

From time to time the company invites certain employees to invest in its share capital by transferring from own shares held. It does this by granting share options at exercise prices approved by HMRC. The granting of share options in this way is regarded by financial reporting standards as the making of "share-based payments".

	2022		2021	
	Number of options	Weighted average exercise price (£)	Number of options	Weighted average exercise price (£)
Balance at beginning of year	14,000	21.17	15,500	20.88
Granted during the year	-	-	-	-
Forfeited during the year	(3,500)	24.60	(1,500)	24.60
Exercised during the year	(2,500)	15.00	-	-
Expired during the year	-	-	-	-
Balance at the year end	<u>8,000</u>	<u>24.60</u>	<u>14,000</u>	<u>21.17</u>
Exercisable at the year end	4,750		7,000	
Outstanding at the year end	3,250		7,000	

Fair value is calculated using a Black Scholes model and the following assumptions:

	2022	2021
Share price on date of grant 2016	£5.75	£5.75
Share price on date of grant 2019	£7.40	£7.40
Share price on date of grant 2020	£7.40	£7.40
Weighted average exercise price	£24.60	£21.17
Expected volatility	30%	30%
Expected life	3 - 6 years	3 - 6 years
Risk free rate	0.32%	0.32%
Expected dividend yields	0%	0%
Share based payment charge for the year	£671	£3,127

Expected volatility was determined by reference to the volatility of similar listed entities. The expected life in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. At 31 December 2022, 2,500 shares (2021: nil) were exercised.

During the year no shares were exercised by the directors (2021: nil). At the year end, there were 7,000 shares (2021: 12,000) receivable by the directors.

The share options are granted by Archimedes Partners Limited however, the share-based payment expense is recognised within Alpha Insurance Analysts Limited. During the year a movement of £671 (2021: £3,127) was recognised as an expense in the profit and loss of the subsidiary.