ALPHA INSURANCE ANALYSTS LTD.

STRATEGIC REPORT,

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

ALPHA INSURANCE ANALYSTS LTD.

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for the Year Ended 31 December 2018

ALPHA INSURANCE ANALYSTS LTD.

COMPANY INFORMATION
for the Year Ended 31 December 2018

DIRECTORS:	Mrs E L Apple Mrs J S C Doyle ACII W M C Henderson ACII A D Hussey M J Meacock D D Pattinson Mrs E L Royds ACII J P H S Scott FCII 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:	Amanda Barker
AUDITORS:	Mazars LLP Chartered Accountants and Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD

ALPHA INSURANCE ANALYSTS LTD.

STRATEGIC REPORT
for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

CHAIRMAN'S STATEMENT

Perhaps the best that can be said about the 2018 underwriting year is that it was not as bad as its predecessor, but there is no disguising the fact that the year is forecast to produce a loss for most members of Lloyd's. Within that bald statement there are for Alpha's members two mitigating points which I would like you to note: that Alpha's results in both 2017 and 2018 were significantly better than those for Lloyd's as a whole, showing the benefits of the conservative underwriting approach which we adopt; and, secondly, that the trend of results would appear to be going strongly in the right direction, with cautious optimism for 2019. The latter point is being driven, in part, by the hardening of rates which has been needed for some time, and by the determination of the new top team at Lloyd's to drive down costs and remove inefficiencies.

In his report James Sparrow refers to the current moves to modernise Lloyd's, which is now in a consultation period; in the main these are developments of which we are very supportive and are aimed at making the Lloyd's market more relevant and streamlined, while at the same time returning it to the levels of profitability which members enjoyed between the years 2002 - 2016. We are working, in conjunction with other market participants, to ensure that third party capital remains central to Lloyd's as an institution, and to make membership of Lloyd's attractive, accessible and understandable to a new generation of potential members.

All of our members will be aware that our outsourcing arrangements with Chatham came to an end in the middle of 2018, necessitating an expansion of the home team, all 14 of whom are now in our new office on the 2nd floor of 107 Fenchurch Street. There are considerable advantages to being under one roof, but there was an extended period of transition while we negotiated with our somewhat unresponsive landlord to move into the larger, vacant space downstairs, when it felt that we had squeezed a quart into a pint pot. I am happy to say that our new premises on the second floor are now fully functional and I express my thanks to everyone who coped uncomplainingly with what were undoubtedly crowded conditions for much longer than should have been the case.

In the world of fund management, one of the first lessons I learned was to view with suspicion any investment manager who tries to focus his clients' attention on relative performance, as a means of disguising the fact that he has lost them money in absolute terms. "The index dropped 10%, but I did brilliantly by losing you only 8%..." is not the pathway to riches. I am acutely conscious that there is some of this in what I am saying about the outcome for Alpha members in the past two years, but at the same time I think there is an important difference. The insurance business, as all participants know, is a cyclical one and loss-making years come with the territory and will presumably occur again at some point in the future. Alpha sees a large part of its mandate being to manage the downside at these points in the cycle, and I consider that we have done exactly that. Alpha on its own cannot return the Lloyd's market to profitability, but we do see it as our job to construct portfolios for our clients which are relevant to their particular circumstances and appropriate to prevailing market conditions.

In this, I hope we have succeeded, and I would like to express my appreciation to James and his team for the consistency and quality of the advice which they have provided during what is proving to be a particularly testing period for Lloyd's.

JPHS Scott FCII - Chairman

Date: 29 May 2019

ALPHA INSURANCE ANALYSTS LTD.

STRATEGIC REPORT
for the Year Ended 31 December 2018

MANAGING DIRECTOR'S REPORT

Introduction

In presenting our eleventh Annual Report, it is disappointing to have as a background that the Lloyd's market has recorded for 2018 a second year of loss in succession on an annualised basis, in the amount of £1bn, as against £2bn for 2017. This should not surprise anyone given that the insurance industry has suffered the two worst consecutive years for major losses at $224bn, whilst rating levels on both insurance and reinsurance business have been close to an all time low. Lloyd's is not an island and, as a market, has always been heavily involved in catastrophe insurance and reinsurance. However, we at Alpha have deliberately, over recent years, reduced our exposure to these classes of business in light of the consistent reductions in rates, which is proving to benefit our members in both the 2017 and 2018 underwriting accounts.

After a record year for losses in 2017, the anticipated increases in premium rates did not materialise to any meaningful extent, on account of the remaining surplus capital available to the insurance industry. Whilst the annualised loss for 2018 was half of that of 2017 and the combined ratio improved from 114% to 104.5%, the investment income fell from £1.8bn to £504m, representing a return of 0.7% as opposed to 2.7% in 2017. Prior year releases of £976m (2017 £706m) helped to reduce the combined ratio by 3.9% (2017 2.9%), whilst the impact of foreign exchange, a loss of -£54m as opposed to a loss of -£62m in 2017, was negligible.

Last year our comment on 2017 included: "There are simply too many second and third rate businesses masquerading as Lloyd's underwriters, who continue to underwrite substandard business at uneconomic prices. Much more is needed to recover from a combined ratio of 114% ... Lloyd's should make it clear that doing more of the same is not an option." As it turned out, Lloyd's decided that "doing more of the same is not an option", but not in time to save the 2018 year of account. However, it should and is having a significant effect on 2019, with probably even more so on 2020.

Business Review

During 2018 we continued our policy of giving the benefit of any doubt in our syndicate selection to our members rather than the underwriters. We recommended withdrawal from Apollo 1969, reducing our capacity thereon from £11.4m to £1.85m, a reduction in some of our biggest lines on Tokio Marine Kiln 510, thereby reducing our support by £6m, reduced support for Dale 1729 from £4.5m to £2.8m and a further reduction on ERS Motor 218 by £1.5m. There was also a de-emption in capacity of 12.5% on Hiscox 33, which amounted to £9.1m for Alpha. In total our members' capacity shrunk from £405m to £384m for 2019.

Possibly for members the single most important thing to happen in 2018 was the announcement by Jon Hancock, the Performance Management Director, that Lloyd's was going to interfere with market forces (through the syndicate planning process) for the first time since the establishment of the Franchise Board after 9/11. We were warned that the syndicate business planning process was going to get tougher in the following ways:

1. If a syndicate had lost money over the past three consecutive years, it was going to need to produce a credible business plan that would bring it back into profit for 2019, or else it might not receive approval for any business plan allowing it to trade into 2019.

2. Lloyd's identified seven major underperforming classes of business with premiums totalling £6.4bn, which had been consistently losing money and were a major cause of the poor performance of the market in recent years. Any syndicate wishing to continue to underwrite any of these classes for 2019 would be required to produce a credible plan for 2019 to demonstrate the ability to return that class to profit for 2019. Failure to do so would result in Lloyd's requiring the syndicate to put that class, or those classes, into run-off for 2019.

3. Each syndicate had its least profitable class/area highlighted as its 'Decile 10'. If a syndicate could not demonstrate improved profitability for that class for 2019, it would be required to cease underwriting that class.

Initially many syndicates assumed that these restrictions would not apply to them, but slowly the message dawned upon them that it was going to apply to all syndicates with the result that £3bn of underperforming business was cut out of the 2019 business plans. The considerable reduction in capacity available to underwrite these classes of business meant that premium rates started to rise as renewal dates approached.

With the challenging business plan season as a background and, therefore, much reduced pre-emption activity, the turnover in the 2018 auction season fell from £181m to £117.3m, whilst the average price rose by 36% from 17.5p to 21.6p. We were surprised by the significant surge in auction prices, when premium rates were still at an uneconomic level and the majority of syndicates were a long way from being profitable.

For 2019 our business is made up of 204 members (2018 206), split between 48 unlimited members, 66 LLPs and 90 Namecos.

Alpha's turnover increased from £2.8m for 2017 to £2.85m for 2018, following a rise in our capacity from £380m in 2017 to £405m in 2018, whilst our profit reduced from £570,878 to £424,989.

Cash and investments at the end of the year reduced from £1,855,713 in 2017 to £1,484,544.

Fidentia, our joint operation with Duncan & Toplis, now manages 170 LLPs and Namecos (of which 158 underwrite through Alpha) and has contributed a profit of £57,000 for 2018 (£49,236 in 2017).

Underwriting Results

The 2016 Year of Account has closed with an average profit of 4.8% for an Alpha member as against a market loss of -3% for the same year. The final result improved significantly over the last four quarters from an estimated profit of 0.7% this time last year. The 2016 account suffered from a greater frequency and severity of loss than the previous three years, with a share of the direct exposure to the three 2017 Hurricanes Harvey, Irma and Maria also falling back onto the year.

This time last year we expected all Alpha members to suffer their first loss for fifteen years in the range of -5% to -10% on the 2017 Year of Account. The current forecast is a loss of -6.2% for an average member, as against a market forecast loss of -10.4%. The current Alpha forecast outperformance is very much as a result of the cautious approach we have taken over recent years and the continued cutting back of our involvement on marginal capacity. Hurricane Irma in particular continued to deteriorate as a loss into 2018 with the Californian wildfires rounding off a difficult year. 2017 is now the worst year on record for catastrophe losses at $144bn according to Munich Re.

How often over the years has one difficult year followed another? 2018 suffered from Hurricanes Florence and Michael, some Mexican earthquakes, Typhoons Jebi and Trami and even more severe Californian wildfires. In insured loss terms 2017 and 2018 were the worst consecutive years on record for catastrophes with a total value of $224bn. Like Hurricane Irma continuing to deteriorate into 2018, Typhoon Jebi has done the same into 2019 catching even some of our most cautious reservers by surprise. We fully expect 2018 to be a third consecutive year of Lloyd's market loss, with a first forecast loss of -3.8%, although an average Alpha member's forecast is slightly better at -3.4%. We do believe these first forecasts have been prepared on a cautious basis given that there is a considerable amount of business still on risk.

Going into 2019 the combination of a reduced risk appetite from AIG, FM Global, Zurich and other US players, together with the clear need for several syndicates at Lloyd's to improve their results following Hancock's tougher planning regime, rates started to rise in all the more difficult underperforming classes. These included Marine Hull and Cargo, Property Direct and Facultative, Aviation, International Liability, Yachts, Power and Overseas Motor. As the year has progressed the upward surge has got stronger as underwriters realised that there were less players in a class and, therefore, less or no pressure to restrict the necessary price corrections. It certainly looks as if a turning point has been reached.

Toby Drysdale, underwriter of Atrium 609 commented in his annual report: "This time last year I felt that whilst the soft market was over we were not in an attractive market. We are still not there, but have made significant strides forward.... Overall I look forward to 2019 with more excitement and optimism than I have felt in a number of years."

Similarly Michael Meacock of syndicate 727 in his report declared: "For a syndicate such as ourselves, disruption is often good. Some further re-rating and tightening of terms on fundamentally good business is at last taking place....One year on since I last reported to you and, for the first time since 2014, I see some reason for a sense of cautious optimism".

Another experienced underwriter, John Hamblin of Blenheim syndicate 5886, concluded in his report: "Whilst we continue to trade in a challenging environment there are signs of real improvement as an increasing number of our competitors are now pulling in their horns. This is by no means an universally hard market, but there are significant areas of opportunity now evident for the selective underwriter".

And finally from the Lloyd's point of view, Richard Watson of Hiscox at our members' meeting in April volunteered: "Whilst we are not in a properly hard market yet, we are at a level that we can make a decent return".

Outside London, Evan Greenberg, CEO of Chubb, described the property and casualty pricing environment in the US commercial lines and the London wholesale markets as "the best it has been for five years with the rate of momentum accelerating as the year has progressed."

After several years of rather dull and cautious advice to our members, most of which has related to capital preservation, we are now looking forward to 2020 with similar optimism to our key underwriters, who have also shared our conservative outlook over recent years.

The Future of Lloyd's

Bruce Carnegie-Brown's choice of CEO in John Neal has been widely praised. If you add the newly appointed and well regarded CFO, Burkhard Keese, the Executive at Lloyd's looks to be transformed from where we were 12 months ago. After a period of poor press reporting during 2018, the coverage of Lloyd's this year has been much more positive, reflecting the strong start made by John Neal. Under their leadership a prospectus entitled the Future of Lloyd's has been produced, which is a consultative document on modernising the Lloyd's market. It sets out Lloyd's aims, which are "to be nimbler and faster, offering our customers outstanding products, services and insight, supported by technology, innovation and flexible, responsive capital". Equally important, it is investigating ways to reduce our cost base. It is very ambitious and seeks to put Lloyd's back at the forefront of the insurance industry. It has marketwide support, including all of us at Alpha. We warmly welcome the opportunity to support the Executive in its aim to build further third party capital for the Lloyd's market, whether private or institutional.

Developments at Alpha

We have now moved down to the second floor of 107 Fenchurch Street, which has given us extra space to house our enhanced administrative team, following the end of our outsourcing contract with Lloyd's during 2018. We have certainly found it very beneficial to have all the team together under one roof and we are hopeful that this will result in a continually improved service for our members. The fruits of our conservatism and demanding analysis are showing through in the 2017 forecasts, where we are outperforming strongly both our immediate competitors and the overall market. We expect this outperformance to continue with the 2018 results as the figures develop further.

I am very pleased to welcome Jenny Doyle to our Board after many years as our trusted Company Secretary and Compliance Officer.

Once again (on your behalf) I would like to thank all the members of the Alpha Team for all their efforts over the past twelve months and I am delighted to report that the enlarged team do fully feel to be an enhanced team with all the extra skills and dedication that they have brought to the table.

Principal Risks

The 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. Also, if the results of the supported syndicates are not considered to be adequate by the members, this may also lead to the 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 the company. 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.

Brexit

Brexit talks continue with Parliament debating the EU Withdraw Agreement Bill. At present the insurance sector still needs certainty on the UK's future trading relationship with the EU. The priority is to ensure mutual insurance and reinsurance market access once the UK leaves the EU. Lloyd's has established a subsidiary, Lloyd's Brussels, which opened for business on 13 November 2018 and provides certainty for the market and Lloyd's clients. All legacy European Economic Area business will be moving to Lloyd's Brussels before the end of 2020 via a part VII transfer. The Directors are monitoring the Lloyd's market's preparations along with general market conditions to identify if it is appropriate to make any changes to the current strategy of the Group.

ON BEHALF OF THE BOARD:

A J Sparrow ACII - Director

29 May 2019

ALPHA INSURANCE ANALYSTS LTD.

REPORT OF THE DIRECTORS
for the Year Ended 31 December 2018

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

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
Interim dividends per share were paid as follows:

80.0	pence per share	- 22 March 2018
42.0	pence per share	- 12 December 2018
122.0	pence per share	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2018 will be £610,000.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

Mrs E L Apple
W M C Henderson ACII
A D Hussey
M J Meacock
D D Pattinson
Mrs E L Royds ACII
J P H S Scott FCII
A J Sparrow ACII

Other changes in directors holding office are as follows:

Mrs J S C Doyle ACII - appointed 25 September 2018

INDEPENDENT AUDITORS
Mazars LLP have expressed their willingness to continue in office. Mazars LLP are registered auditors and are registered by the Institute of Chartered Accountants in England and Wales.

ALPHA INSURANCE ANALYSTS LTD.

REPORT OF THE DIRECTORS
for the Year Ended 31 December 2018

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 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:

A. J. Sparrow

A J Sparrow ACII - Director

29 May 2019

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 (the 'company') for the year ended 31 December 2018 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 a summary of 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 the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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.

The impact of uncertainties due to the United Kingdom exiting the European Union on our audit

The directors' view on the impact of Brexit is disclosed on page 3. The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report, Report of the Directors and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in 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 Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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.

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 specific 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 8, 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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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.

Amanda Barker (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

30 May 2019

ALPHA INSURANCE ANALYSTS LTD.

INCOME STATEMENT
for the Year Ended 31 December 2018

	Notes	2018 £	2017 £
TURNOVER	3	2,853,202	2,792,279
Administrative expenses		2,446,174	2,239,639
OPERATING PROFIT	5	407,028	552,640
Interest receivable and similar income		17,961	18,238
PROFIT BEFORE TAXATION		424,989	570,878
Tax on profit	6	76,426	106,359
PROFIT FOR THE FINANCIAL YEAR		348,563	464,519

The notes form part of these financial statements

ALPHA INSURANCE ANALYSTS LTD.

OTHER COMPREHENSIVE INCOME
for the Year Ended 31 December 2018

	Notes	2018	2017
		£	£
PROFIT FOR THE YEAR		348,563	464,519
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		348,563	464,519

The notes form part of these financial statements

ALPHA INSURANCE ANALYSTS LTD. (REGISTERED NUMBER: 02915929)

STATEMENT OF FINANCIAL POSITION
31 December 2018

		2018		2017	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	8		18,319		6,980
Investments	9		287,480		537,199
			305,799		544,179
CURRENT ASSETS					
Debtors	10	436,056		519,984	
Cash at bank		1,197,064		1,318,514	
		1,633,120		1,838,498	
CREDITORS					
Amounts falling due within one year	11	435,939		618,260	
NET CURRENT ASSETS			1,197,181		1,220,238
TOTAL ASSETS LESS CURRENT LIABILITIES			1,502,980		1,764,417
CAPITAL AND RESERVES					
Called up share capital	14		500,000		500,000
Retained earnings			1,002,980		1,264,417
SHAREHOLDERS' FUNDS			1,502,980		1,764,417

The financial statements were approved by the Board of Directors on 29 May 2019 and were signed on its behalf by:

A. J. Sparrow

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 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2017	500,000	949,898	1,449,898
Changes in equity			
Dividends	-	(150,000)	(150,000)
Total comprehensive income	-	464,519	464,519
Balance at 31 December 2017	500,000	1,264,417	1,764,417
Changes in equity			
Dividends	-	(610,000)	(610,000)
Total comprehensive income	-	348,563	348,563
Balance at 31 December 2018	500,000	1,002,980	1,502,980

The notes form part of these financial statements

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 Section 33 Related Party Disclosures 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.

Tangible fixed assets
Tangible fixed assets are held at amortised cost and depreciated on a straight line basis. Depreciation is provided at the following 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.

continued...

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.

continued...

2. **ACCOUNTING POLICIES - continued**

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

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 method.

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

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.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

There are no critical accounting judgements or estimation uncertainty that, in the opinion of the directors, will have a material effect on the financial statements.

3. ***TURNOVER***

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

continued...

4. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	1,434,464	1,281,829
Social security costs	178,485	158,043
Other pension costs	98,936	77,731
	1,711,885	1,517,603

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

	2018	2017
	17	12

	2018	2017
	£	£
Directors' remuneration	830,626	795,791
Directors' pension contributions to money purchase schemes	23,128	21,621

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

Money purchase schemes	1	3

Information regarding the highest paid director is as follows:

	2018	2017
	£	£
Emoluments etc	266,505	271,449

5. OPERATING PROFIT

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

	2018	2017
	£	£
Depreciation - owned assets	8,596	9,322
Profit on disposal of fixed assets	(3,015)	(64,100)
Foreign exchange differences	1	54
Operating lease rentals - land and buildings	67,837	35,318
Operating lease rentals - other	229,715	330,880
Auditors' remuneration	12,500	8,500

continued...

6. TAXATION

Analysis of the tax charge

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

	2018	2017
	£	£
Current tax:		
UK corporation tax	74,179	107,349
Adjustment re previous years	2,247	(990)
Tax on profit	76,426	106,359

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:

	2018	2017
	£	£
Profit before tax	424,989	570,878
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	80,748	109,894
Effects of:		
Effects of depreciation	1,633	1,795
Disallowable income and expenses	3,690	2,628
Capital allowances	(3,843)	(68)
Group relief utilised	(8,049)	(6,900)
marginal relief		
Under-provision of prior year	2,247	(990)
Total tax charge	76,426	106,359

7. DIVIDENDS

	2018	2017
	£	£
Ordinary shares of £1 each		
Interim 1	400,000	150,000
Interim 2	210,00	-

continued...

8. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £
COST	
At 1 January 2018	115,910
Additions	19,935
At 31 December 2018	135,845
DEPRECIATION	
At 1 January 2018	108,930
Charge for year	8,596
At 31 December 2018	117,526
NET BOOK VALUE	
At 31 December 2018	18,319
At 31 December 2017	6,980

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Listed investments £	Totals £
COST			
At 1 January 2018	2,575	534,624	537,199
Additions	-	38,413	38,413
Disposals	-	(291,147)	(291,147)
Share of profit/(loss)	-	12,776	12,776
Fair value adjustment	-	(9,761)	(9,761)
At 31 December 2018	2,575	284,905	287,480
NET BOOK VALUE			
At 31 December 2018	2,575	284,905	287,480
At 31 December 2017	2,575	534,624	537,199

The historic cost of the above listed investments is £254,020 (2017: £433,873)

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.

continued...

10. DEBTORS

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	22,487	26,682
Amounts owed by group undertakings	2,423	-
Other debtors	24,487	21,995
VAT	1,176	27,965
Prepayments and accrued income	212,496	227,452
	263,069	304,094
Amounts falling due after more than one year:		
Other debtors	172,987	215,890
Aggregate amounts	436,056	519,984

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	9,060	137,235
Amounts owed to group undertakings	-	101,077
Taxation	74,179	107,349
Other taxes and social security	125,064	136,135
Accruals and deferred income	227,636	136,464
	435,939	618,260

12. LEASING AGREEMENTS

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

	2018	2017
	£	£
Within one year	118,323	336,715

A 3.5 year lease for rent was signed in March 2019 at a cost of £65,088 per annum.

continued...

13. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

	2018	2017
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	22,487	26,682
Amounts owed by group undertakings	2,423	-
Other debtors	197,474	237,885
Financial liabilities measured at amortised cost		
Trade creditors	9,060	137,236
Amounts owed to group undertakings	-	101,077

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 (2017 - £nil) and £Nil (2017 - £nil) respectively.

14. CALLED UP SHARE CAPITAL

	2018	2017
	£	£
Allotted, called up and fully paid		
Ordinary £1 shares	500,000	500,000

15. RELATED PARTY DISCLOSURES

A company in which a close family member of a director of the company was for the year in question a director, was charged a fee of £78,000 for services provided (2017: £78,000).

The directors of the company were charged members' agency fees totalling £45,578 (2017: £46,244).

A close family member of a director was charged a members' agency fee of £12,755 (2017: £12,347).

A LLP in which a director is a member of was charged a members' agency fee of £8,883 (2017: £9,368).

A LLP in which a director, and the close family members of the director, are members was charged a members' agency fee of £6,942 (2017: £6,933).

A company in which a director, and a close family member of the director, are directors of was charged a members' agency fee of £6,845 (2017: £6,787).

The company received a profit share of £24,236 (2017: £24,636), and was charged £Nil (2017: £1,920) in relation to new application fees by a LLP in which the company is a designated member.

16. ULTIMATE CONTROLLING PARTY

The company is a subsidiary undertaking of Archimedes Partners Limited. 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.