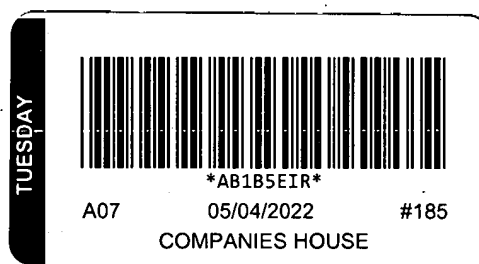


**Company No: 5993519**

**ATRIUM INSURANCE AGENCY LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
31 DECEMBER 2021**



## **ATRIUM INSURANCE AGENCY LIMITED**

### **DIRECTORS**

PJ Hargrave  
RdWW Harries  
JRF Lee  
DI Wade  
KH Steward

### **SECRETARY**

M Bruce  
Bruce Wallace Associates Limited  
118 Pall Mall  
London SW1Y 5ED

### **AUDITOR**

KPMG LLP  
15 Canada Square  
London E14 5GL

### **BANKERS**

Barclays Bank PLC  
Level 11  
1 Churchill Place  
London E14 5HP

Royal Bank of Canada  
Main Branch, Toronto  
200 Bay Street, Main Floor  
Toronto  
Ontario  
Canada M5J 2J5

### **REGISTERED OFFICE**

Room 790, Lloyd's  
1 Lime Street  
London EC3M 7DQ

# ATRIUM INSURANCE AGENCY LIMITED

## STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2021.

### Results

The loss for the year, after taxation was \$72,623 (2020: profit \$764,663).

### Principal activities and review of the business

Atrium Insurance Agency Limited (AIAL or the Company) is a wholly owned subsidiary of Atrium Underwriting Group Limited (AUGL) and is authorised and regulated by the Financial Conduct Authority (FCA). AIAL is also an approved Lloyd's United Kingdom (UK) Coverholder and manages the Atrium Space Insurance Consortium (ASIC). All consortium members delegate authority to AIAL to write space risks on their behalf.

The Consortium comprises nine Lloyd's syndicates with Syndicate 609 being the leading Consortium member. The Consortium benefits from a line of \$45.0m (2021: \$45.0m) for any one satellite or satellite launches with Syndicate 609 taking a \$12.8m line for 2022 (2021: \$11.8m).

The Board assesses performance using a number of KPIs as shown below.

	2021 \$	2020 \$	Change %
Turnover	1,284,382	2,164,365	(40.7)%
(Loss) / profit before tax	(93,831)	939,743	(110.0)%
Net assets	766,983	839,606	(8.6)%

AIAL earns fees and profit commissions based on the activities of ASIC. No profit commission has been recognised in the year on the open years of account (2020: profit commission received of \$1.1m).

### Strategy

The Company's strategy is to:

- underwrite high quality space risks on behalf of the Consortium members;
- deliver high quality, timely and transparent information and services for the Consortium members;
- maintain operational discipline throughout the market cycle; and
- comply with Atrium Group and external reporting requirements.

**STRATEGIC REPORT *(continued)***

**Principal risks and uncertainties**

The Board of Northshore Holdings Limited is responsible for the Northshore Group's systems and internal controls and for reviewing their effectiveness.

***Governance***

The Board recognises the critical importance of having efficient and effective risk management systems in place but also recognises that it can only mitigate risks, and not eliminate them entirely. Within the Northshore Group there is an established risk management framework encompassing a risk register, a programme of internal control testing and the risk policies which set out the risk appetite, controls and business conduct standards in order to manage the risks to which the Northshore Group is exposed.

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

***Income risk***

The Company is exposed to income risk through loss of profit commissions if the underwriting results of the consortium are worse than expected due to higher frequency or severity of insured events (referred to as insurance claims risk). The Company is also exposed to loss of fee income following suspension of launches. The Northshore Group monitors exposures relating to Lloyd's prescribed Realistic Disaster Scenarios, including satellite risks.

***Credit risk***

The key aspect of credit risk is the risk of default by one or more of the consortium members. Each consortium member signs a consortium agreement annually which sets out, amongst other aspects, the requirements that are expected of each consortium member.

***Market risk***

The key aspect of market risk is that the Company could incur losses on foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. This risk is mitigated as the majority of the Company's business is denominated in US dollars and the majority of assets are maintained in US dollars.

***Liquidity risk***

This is the risk that the Company will not be able to meet its liabilities as they fall due, owing to a shortfall in cash. To mitigate this risk, cashflow projections are reviewed on a regular basis. The need for borrowings or overdraft facilities in case of unprojected cash flow deficit is also reviewed regularly.

***Operational risk***

This is the risk that errors caused by people, processes or systems lead to losses to the Company. The Northshore Group seeks to manage this risk by operating a control based environment which consists of documented procedures, segregation of duties and appropriate levels of review. Regular reviews are performed by internal audit to ensure that deviations from the Northshore Group's policies are identified and reported to the appropriate level of management when considered necessary.

***Regulatory risk***

The Company is required to comply with the requirements of the FCA. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Northshore Group has a Compliance Officer and a team who monitor regulatory developments and assess the impact on group policy.

**STRATEGIC REPORT** *(continued)*

**Brexit**

The UK left the European Union (EU) on 31 January 2020 and the associated transitional arrangements ended on 31 December 2020, with Lloyd's Underwriters officially ceasing to have trading rights in the European Economic Area (EEA) for Direct Insurance and cross border German Reinsurance business. Lloyd's members are able to provide reinsurance to cedants in the EEA (with the exception of Germany) on a cross-border basis, provided relevant local requirements are complied with.

In order to provide this continued access to Lloyd's for policyholders within the EEA, Lloyd's established a subsidiary insurance and reinsurance company incorporated in Belgium, Lloyd's Insurance Company S.A. (LIC). Atrium worked closely with Lloyd's on this contingency arrangement. LIC is authorised in Belgium by the National Bank of Belgium (NBB) and regulated by the NBB and the Financial Services and Markets Authority (FSMA) of Belgium. LIC has 18 branches across the EEA and a branch in the United Kingdom (UK).

To achieve contract continuity, Lloyd's have transferred all affected policies (comprising all relevant non-life direct EEA insurance and inwards German reinsurance business that has been written by the Lloyd's market between 1993 and 2020) to LIC via a Part VII transfer, with a scheme effective date of 30 December 2020.

Whilst it is only a small proportion of its overall business, ASIC has incorporated the essential changes required by Lloyd's throughout the organisation, enabling the Company to uphold its reputation by providing the best possible service to brokers, coverholders and ultimately policyholders.

The most significant change for ASIC is that whilst the Consortium has historically been constituted under the AIAL Coverholder Agreement with each member of the Consortium committing to the Consortium using their Lloyd's syndicate stamp, for EEA risks, a parallel Consortium has been constituted under an AIAL Coverholder Appointment Agreement under which each member syndicate commits using their Lloyd's Brussels stamps. Each line written by the Consortium member under the Coverholder Appointment Agreement is 100% reinsured back to the Consortium members syndicate.'

AIAL's Board remains confident that ASIC's future performance should not be materially impacted by Brexit.

By order of the board



JRF Lee  
Director  
24 March 2022

**DIRECTORS' REPORT**

The Directors present their report for the year ended 31 December 2021.

**Dividends**

The Directors do not recommend a final dividend, making the total of dividends paid in the year \$nil (2020: \$nil).

**Directors and officers of the Company**

The current Directors of the Company are disclosed on page 1. None of the Directors have any financial interest in the Company.

**Future developments**

The Directors intend that the Company continues in the mediation of insurance business during 2022.

**Events since the balance sheet date**

On 24 February 2022 Russia launched a large scale invasion of Ukraine. At the time of signing the Financial Statements the event is still ongoing and it is too early to quantify the financial impact to the Company. The Board will continue to closely monitor developments over the coming weeks, including the impact of sanctions imposed. This will be a 2022 calendar year event and will not impact the 2021 Financial Statements.

**Going concern**

The Company produces annual forecasts which take account of possible changes to the revenue streams and expense base of the Company. These forecasts show that the Company will have sufficient financial resources in order to continue trading for the foreseeable future. Following consideration, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least a twelve month period from the date of issue of these financial statements. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

In light of the Coronavirus COVID-19 outbreak globally during the first quarter of 2020 the Company undertook a detailed analysis of the potential impacts upon its forecast revenue and general financial stability. The Directors specifically considered the impact of potential delays or postponement of satellite launches on the Company's ability to earn fee and commission income. COVID-19 continued to impact launches in 2021 due to the late delivery of component parts and a lack of liquid oxygen to be used as launch vehicle propellant as supplies were diverted to hospitals. As COVID-19 restrictions ease and vaccinations reduce the need for hospital intervention the threat posed by both of these potential issues is expected to reduce in 2022 and launch numbers are expected to increase significantly.

The invasion of Ukraine in early 2022 has the potential to impact space business. Ukrainian and Russian manufacturers supply key parts, such as rocket engines to some Western launch service providers and some satellites are launched on Russian launch vehicles. The Company's consortium has limited exposure to these risks.

In its capacity as the leading consortium member, the Board of AUL have reviewed the impact of COVID-19 and the invasion of Ukraine on the Syndicate and have concluded that there are no indicators to suggest the Syndicate can not operate as a going concern. The Board continues to closely monitor the impact on its operations, customers and underwriting, investments and capital. An assessment of plausible severe scenarios and potential range of outcomes has been undertaken across these areas, including exposure to the broader economic environment and increased volatility in financial markets.

## **ATRIUM INSURANCE AGENCY LIMITED**

### **DIRECTORS' REPORT** *(continued)*

Taking into account the Company's current position and the output of additional analysis performed on the Company, the current COVID-19 and invasion of Ukraine situations do not change the Directors' view that these financial statements should be prepared on the Going Concern basis as set out above.

#### **Political donations**

The Company made no political donations during the year (2020: \$nil).

#### **Financial risk management**

The risk management of the Company has been detailed within the Strategic Report on page 2.

#### **Disclosure of information to the auditor**

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

#### **Re-appointment of auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

A handwritten signature in black ink, appearing to be 'JRF Lee', with a long horizontal line extending to the right.

JRF Lee

Director

24 March 2022

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

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

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

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

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



## **ATRIUM INSURANCE AGENCY LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATRIUM INSURANCE AGENCY LIMITED**

#### **Opinion**

We have audited the financial statements of Atrium Insurance Agency Limited ("the Company") for the year ended 31 December 2021 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Going concern**

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

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

Our conclusions based on this work:

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

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

#### **Fraud and breaches of laws and regulations – ability to detect**

##### *Identifying and responding to risks of material misstatement due to fraud*

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

## ATRIUM INSURANCE AGENCY LIMITED

- Enquiring of Directors, as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for Directors and management.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is composed of relatively simple income streams with limited complexity around revenue recognition.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the fraud risk management controls.

We also performed the following procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those related to cash that were posted to seldom used accounts.

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

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

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

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

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

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

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines, litigation or loss of the company's license to operate. We identified the following areas as those most likely to have such an effect: anti-bribery and regulatory capital and solvency regulations recognising the financial and regulated nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

## **ATRIUM INSURANCE AGENCY LIMITED**

Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

### **Strategic report and Directors' report**

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

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

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

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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



David Maddams (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
24 March 2022

# **ATRIUM INSURANCE AGENCY LIMITED**

## **INCOME STATEMENT**

**For the year ended 31 December 2021**

	Notes	2021 \$	2020 \$
Turnover	3	1,284,382	2,164,365
Administrative expenses	4, 5, 6	(1,378,213)	(1,224,708)
<b>Operating (loss) / profit</b>		<b>(93,831)</b>	<b>939,657</b>
Interest income		—	86
<b>(Loss) / profit on ordinary activities before tax</b>		<b>(93,831)</b>	<b>939,743</b>
Tax credit / (charge) on (loss) / profit on ordinary activities	7	21,208	(175,080)
<b>(Loss) / profit on ordinary activities after tax</b>		<b>(72,623)</b>	<b>764,663</b>

All results are derived from continuing activities.

The attached notes form an integral part of these financial statements.

# **ATRIUM INSURANCE AGENCY LIMITED**

## **BALANCE SHEET**

**As at 31 December 2021**

	Notes	2021 \$	2020 \$
<b>Fixed assets</b>	8	-	-
<b>Current assets</b>			
Debtors: due within one year	9	288,521	33,901
Cash and cash equivalents		1,190,388	2,159,507
		<u>1,478,909</u>	<u>2,193,408</u>
Creditors: due within one year	10	<u>(311,926)</u>	<u>(953,802)</u>
<b>Net current assets</b>		<b>1,166,983</b>	<b>1,239,606</b>
Creditors: due after more than one year	10	<u>(400,000)</u>	<u>(400,000)</u>
<b>Net assets</b>		<b>766,983</b>	<b>839,606</b>
<b>Capital and reserves</b>			
Called up share capital	11	144,790	144,790
Retained earnings		<u>622,193</u>	<u>694,815</u>
<b>Shareholder's funds</b>		<b>766,983</b>	<b>839,605</b>

The attached notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 24 March 2022 and signed on its behalf by:



JRF Lee  
Director

Company No: 5993519

# **ATRIUM INSURANCE AGENCY LIMITED**

## **STATEMENT OF CHANGES IN EQUITY** **For the year ended 31 December 2021**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance as at 1 January 2020</b>	144,790	(69,848)	74,942
Profit for the year	—	764,663	764,663
<b>Balance as at 31 December 2020</b>	144,790	694,816	839,606
Loss for the year	—	(72,623)	(72,623)
<b>Balance as at 31 December 2021</b>	144,790	622,193	766,983

**NOTES TO THE FINANCIAL STATEMENTS**

**31 December 2021**

**1. GENERAL INFORMATION**

The principal activity of the Company during the year remained as a registered Lloyd's UK Coverholder, managing the Atrium Space Insurance Consortium.

The Company is limited by shares and is incorporated in the United Kingdom. The address of its registered office is Room 790, Lloyd's, 1 Lime Street, London, EC3M 7DQ.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

The financial statements are prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and section 396 of, and schedule 4 to, the Companies Act 2006. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are prepared on a going concern basis under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2(m).

**(b) Change in accounting policy/prior period adjustment**

There have been no changes in accounting policies or any prior period adjustments.

**(c) Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Atrium Insurance Agency Limited is a qualifying entity as its results are consolidated into the financial statements of Alopuc Limited which are publicly available.

As a qualifying entity, the Company has taken exemption from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102.

**(d) Going concern**

The Company produces annual forecasts which take account of possible changes to the revenue streams and expense base of the Company. These forecasts show that the Company will have sufficient financial resources in order to continue trading for the foreseeable future. Following consideration, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least a twelve month period from the date of issue of these financial statements. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

In light of the Coronavirus COVID-19 outbreak globally during the first quarter of 2020 the Company undertook a detailed analysis of the potential impacts upon its forecast revenue and general financial stability. The Directors specifically considered the impact of potential delays or postponement of satellite launches on the Company's ability to earn fee and commission income.



**NOTES TO THE FINANCIAL STATEMENTS**

**31 December 2021**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

**(d) Going concern *(continued)***

COVID-19 continued to impact launches in 2021 due to the late delivery of component parts and a lack of liquid oxygen to be used as launch vehicle propellant as supplies were diverted to hospitals. As COVID-19 restrictions ease and vaccinations reduce the need for hospital intervention the threat posed by both of these potential issues is expected to reduce in 2022 and launch numbers are expected to increase significantly.

The invasion of Ukraine in early 2022 has the potential to impact space business. Ukrainian and Russian manufacturers supply key parts, such as rocket engines to some Western launch service providers and some satellites are launched on Russian launch vehicles. The Company's consortium has limited exposure to these risks.

In its capacity as the leading consortium member, the Board of AUL have reviewed the impact of COVID-19 and the invasion of Ukraine on the Syndicate and have concluded that the Syndicate will be able to operate as a going concern. The Board continues to closely monitor the impact on its operations, customers and underwriting, investments and capital. An assessment of plausible severe scenarios and potential range of outcomes has been undertaken across these areas, including exposure to the broader economic environment and increased volatility in financial markets.

Taking into account the Company's current position and the output of additional analysis performed on the Company, the current COVID-19 and invasion of Ukraine situations do not change the Directors' view that these financial statements should be prepared on the Going Concern basis as set out above.

**(e) Foreign currencies**

The Company's functional and presentation currency is US dollars.

Foreign currency transactions are translated into the functional currency using the quarterly average rate in effect at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the retranslation at the period-end, are recognised in the income statement.

# ATRIUM INSURANCE AGENCY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency rates of exchange to the functional currency (US dollars) are shown in the table below.

	Closing rate at 31 December 2021	Average rate Quarter 1 2021	Average rate Quarter 2 2021	Average rate Quarter 3 2021	Average rate Quarter 4 2021
Sterling	1.3536	1.3773	1.3913	1.3731	1.3485
Canadian dollar	0.7902	0.7868	0.8108	0.7971	0.7918
Euro	1.1377	1.2045	1.1965	1.1774	1.1451

#### (f) Turnover

Turnover consists of agency fees and profit commissions. Agency fees are earned in line with the earnings profile of the underlying risk. Profit commissions are earned in line with the profits of the consortium subject to there being reasonable certainty that the profit commission will be received.

#### (g) Employee benefits

##### i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### ii) Pensions

The Company incurs pension costs from a defined contribution scheme, which is operated by Atrium Group Services Limited (AGSL). Certain directors and staff have personal pension arrangements to which the Company contributes. Contributions are charged to the income statement as they become payable in accordance with rules of the schemes.

##### iii) Cash incentive schemes

AUGL operates a long term cash based incentive scheme. Awards are made to employees, pegged to the net book value of Northshore Holdings Limited (Northshore) the ultimate holding company. The award is cash settled by Atrium, subject to Northshore achieving certain performance conditions.

The cost of the cash settled transaction with employees is measured by reference to Northshore's net book value on the date of the award. The expense is recorded in AGSL and subsequently recharged to AIAL and recognised in the income statement over the performance period of the cash based incentive scheme.

#### (h) Investment income and expenses

Interest income and expenses are recognised on an accruals basis.

**NOTES TO THE FINANCIAL STATEMENTS**

**31 December 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(i) Taxation**

The tax credit represents the sum of the current tax and the deferred tax.

*Current tax:* the current tax credit is based on the taxable result for the year. Taxable result differs from result as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's group relief receipt is calculated using tax rates enacted or substantively enacted at the balance sheet date.

*Deferred tax:* deferred tax is generally provided in full on timing differences arising between the tax bases of assets and liabilities and their carrying value in the financial statements. Deferred tax is measured on an undiscounted basis using tax rates enacted or substantively enacted at the balance sheet date and which are expected to apply when the related tax is payable or receivable.

Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**(j) Fixed assets**

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of all fixed assets, in equal annual instalments over their estimated useful lives at the following rates:

Fixtures, fittings and equipment	20% per annum
Computer equipment	33 <sup>1</sup> / <sub>3</sub> % per annum

Fixed assets are reviewed for an indication of impairment at each reporting date.

**(k) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**(l) Financial instruments**

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

**Financial assets**

Basic financial assets, including debtors and cash and cash equivalents, 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. All such financial assets are subsequently carried at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS**

**31 December 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

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 statement of comprehensive income immediately.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income immediately.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**Financial liabilities**

Basic financial liabilities, including trade creditors, 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 payables are recognised initially at transaction price and subsequently measured at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**(m) Critical accounting judgments and estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. There were no significant accounting judgements made during the year.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The recognition of profit commission is the only area where estimates and assumptions may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## ATRIUM INSURANCE AGENCY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

#### 3. TURNOVER

The turnover of fee income and profit commission relate to the business as a cover holder in the UK in the Lloyd's Insurance Market.

Analysis of turnover by category:

	2021	2020
	\$	\$
Fee income	1,083,680	1,106,890
Profit commission	200,702	1,057,475
	<u>1,284,382</u>	<u>2,164,365</u>

#### 4. ADMINISTRATIVE EXPENSES

	2021	2020
	\$	\$
These include:		
Auditor's remuneration – statutory audit	27,145	9,889
Foreign exchange loss/(gain)	30,264	(83,178)

No fees were paid to the Company's auditor for services other than for the statutory audit of the Company (2020: \$nil).

#### 5. EMPLOYEE BENEFITS

The Company does not have any employees, however it uses the services of employees of the Atrium Group, for which it is recharged \$930,898 (2020: \$884,811) by AGSL. \$218,681 (2020: \$229,520) relating to share and cash based incentive schemes is included within this recharge. The Company also incurred a further \$187,536 of staff costs (2020: \$158,846) for non UK based employees of the Atrium Group, the costs of which are borne directly by AIAL.

#### 6. DIRECTORS' REMUNERATION

The Directors of the Company are all remunerated by AGSL, the employing company within the Atrium Group. Their remuneration is disclosed in the financial statements of AGSL. \$547,283 was recharged to the Company for the use of these services (2020: \$491,844).

The amount recharged from AGSL for key management personnel includes share-based payments under FRS 102.

# **ATRIUM INSURANCE AGENCY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**31 December 2021**

### **7. TAXATION**

#### **(a) Tax (credit) / charge on income statement**

	2021	2020
	\$	\$
The tax (credit) / charge is made up as follows:		
<b>Current tax:</b>		
UK corporation tax on the loss for the year	(17,828)	—
Group relief payment	—	178,551
Tax over provided in previous years	(3,380)	(3,471)
Tax (credit) / charge on ordinary activities	<u>(21,208)</u>	<u>175,080</u>

#### **(b) Reconciliation of tax (credit) / charge**

	2021	2020
	\$	\$
(Loss) / profit on ordinary activities before tax	(93,831)	939,743
(Loss) / profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(17,828)	178,551
Effects of:		
Amounts over provided in previous years	(3,380)	(3,471)
Tax (credit) / charge for the year (note 7(a))	<u>(21,208)</u>	<u>175,080</u>

#### **(c) Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

### **8. TANGIBLE FIXED ASSETS**

	Fixtures, Fittings & Equipment	Total
	\$	\$
<b>COST</b>		
At 1 January 2021	5,787	5,787
At 31 December 2021	<u>5,787</u>	<u>5,787</u>
<b>DEPRECIATION</b>		
At 1 January 2021	5,787	5,787
At 31 December 2021	<u>5,787</u>	<u>5,787</u>
<b>NET BOOK VALUE</b>		
At 31 December 2021	<u>—</u>	<u>—</u>
At 31 December 2020	<u>—</u>	<u>—</u>

# **ATRIUM INSURANCE AGENCY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**31 December 2021**

### **9. DEBTORS**

	2021	2020
	\$	\$
Due within one year:		
Amounts owed from parent undertakings	408	—
Amounts owed by group undertakings	—	17,721
Prepayments and accrued income	269,174	—
Other Debtors	1,111	3,117
Corporation tax	17,828	—
Profit Commission	—	13,063
	<b>288,521</b>	<b>33,901</b>

### **10. CREDITORS**

	2021	2020
	\$	\$
Due within one year:		
Amounts owed to parent undertakings	—	181,497
Amounts owed to group undertakings	233,850	348,327
Accruals & Deferred Income	77,019	422,877
Other Creditors	1,057	1,101
	<b>311,926</b>	<b>953,802</b>
Due after more than one year:		
Subordinated loan owed to parent undertaking	400,000	400,000
	<b>711,926</b>	<b>1,353,802</b>

The subordinated loan owed to the parent Company will be repaid when the Company has sufficient resources to do so. Interest is payable on this loan at a rate of 2.75% above 3 month LIBOR.

### **11. AUTHORISED AND ISSUED SHARE CAPITAL**

	2021	2020	<i>Allotted, issued and fully paid</i>	
	No.	No.	2021	2020
			\$	\$
Ordinary shares of £1 each	100,000	100,000	144,790	144,790
	<b>100,000</b>	<b>100,000</b>	<b>144,790</b>	<b>144,790</b>

	2021	2020	<i>Allotted, issued and fully paid</i>	
	No.	No.	2021	2020
			£	£
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**31 December 2021**

The ordinary shares confer upon the holder the right to receive a dividend from the profits made by the Company which are available for distribution, the right to receive notice of and to attend general meetings of the Company and to one vote at such meetings.

**12. RELATED PARTIES**

The Company and its subsidiaries are included within the consolidated accounts of Alopuc Limited, the ultimate UK parent company as at the balance sheet date. The financial statements of Alopuc Limited are publicly available. Accordingly, the Company has taken advantage of the exemption in Section 33.1A of FRS 102 'Related party disclosures'.

**13. EVENTS SINCE THE BALANCE SHEET DATE**

On 24 February 2022 Russia launched a large scale invasion of Ukraine. At the time of signing the Financial Statements the event is still ongoing and it is too early to quantify the financial impact to the Company. The Board will continue to closely monitor developments over the coming weeks, including the impact of sanctions imposed. This will be a 2022 calendar year event and will not impact the 2021 Financial Statements.

**14. ULTIMATE HOLDING COMPANY**

The Company's immediate parent undertaking and controlling party is Atrium Underwriting Group Limited, incorporated in UK. The Company's ultimate controlling party is Northshore Holdings Limited, incorporated in Bermuda.

As the ultimate UK parent undertaking, Alopuc Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Alopuc Limited are prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102") and section 396 of, and schedule 4 to, the Companies Act 2006. The registered office address of Alopuc Limited is Room 790, Lloyd's, 1 Lime Street, London, EC3M 7DQ.