

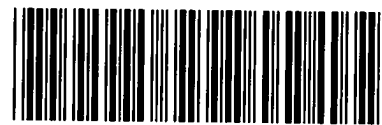


Report & Financial Statements
Innova Re Investment Solutions Limited

Registered number: CRN 09711655

2019

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Report & Financial Statements
Innova Re Investment Solutions Limited
For the year ended 31 March 2019

2019

Directors and administration

Directors

I Beaton	(Chairman)
L Dignat	(Chief Executive)
Timothy Williams	(Chief Financial Officer)

Company secretary

None

Registered office

30 Fenchurch Avenue
London
EC3M 5AD

Company registration number

09711655

Bankers

Lloyds Banking Group plc
PO Box 72
Bailey Drive
Gillingham Business Park
Kent
ME8 0LS

Registered auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Directors' report

The directors present their report and financial statements for the year to 31 December 2019.

Group Structure

Innova Re Investment Solutions Holdings Ltd ("IRIS-HL") is the parent company of the company, and is a Bermuda registered company. As of the date of this report, the only holding of IRIS-HL is its 100% interest in Innova Re Investment Solutions Ltd ("IRIS").

Directors and Directors interests

The directors served from 1 January 2019 to the date of this report, unless stated otherwise. Shareholdings in IRIS-HL are stated as at 31 December 2019.

Name	Ordinary Shares of	Interest %
	£1 each No.	
I Beaton	-	-
L Dignat	45	45
T Williams (appointed 1 November 2019)	-	-

The directors benefited from the wider Ark qualifying indemnification insurance policy.

Disclosure of information to auditors

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

Auditors

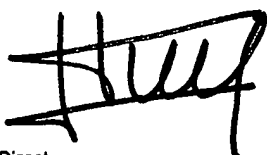
KPMG LLP have expressed their willingness to continue in office as auditors to the company. The company has an elective resolution in place under Section 487(2) of the Companies Act 2006 to dispense with the obligation to appoint auditors annually.

Dividends

Dividends of £250k were paid in the period.

A dividend of £1.1m is proposed.

By order of the Board



L Dignat

Director

24 April 2020

Strategic report

The Strategic Report has been prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Principal activity and review of the business

The principal activity is that of investment advisor to "Well Informed Investors" including Institutional Investors. The principal sources of revenues for the company are structuring and investment advisory fees charged to its clients as well as distribution fees in relation to specific investment funds. Current existing clients comprise of one French Investment Bank, one Lloyd's syndicate, one Luxembourg based family office and one French Asset Manager and one Bermuda based ILS fund. In 2019 the company managed to keep the same existing clients and to increase the amount of assets the company advises and distributes.

S172

The company is not considered large under the Companies Act definition and therefore has not prepared a s172 statement in this strategic report.

Results

The profit for the period was £1,472k (2018: £274k). A dividend of £1.1m is proposed (2018 £250k).

The key performance indicators monitored by the board of directors are income and expenses against budget, liquidity and solvency. Income and expenditure for the year are within expectations given the underlying performance of the investment portfolios, sufficient funds have been retained to meet all of its obligations as they fall due.

Future developments

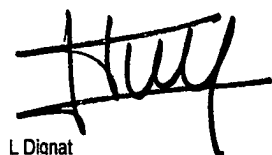
The company will continue to focus on broadening its client base as well as increasing the notional value of investment portfolios of existing clients.

Principal risks and uncertainties

The principal risks of the company are set out in note 2 of the accounts.

On 11 March 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, stay at home orders and cancellations of gatherings and events. The spread of COVID-19 has resulted in an economic downturn in the UK and the global economy more widely, as well as causing increased volatility and declines in financial markets. There are many unknowns at the time of writing, and the directors are unable to accurately quantify the potential financial impact of COVID-19 on the Company. The most likely impact to the Company is through the loss or reduction to future contracted profit commissions. Were the Company to receive no profit commissions in the financial year, the directors believe there are sufficient cash resources and existing fixed fee arrangements to enable the Company to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

By order of the Board



L Dignat
Director

24 April 2020

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

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

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

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

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

Independent auditor's report to the members of Innova Re Investment Solutions Limited

Opinion

We have audited the financial statements of Innova Re Investment Solutions Limited ("the company") for the year ended 31 December 2019 which comprise Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of COVID-19, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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 or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

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

Auditor's responsibilities

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

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

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

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



Ben Priestley (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

24 April 2020

Income statement

For the year to 31 December 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	2,524	1,260
Foreign Exchange (loss)/gain		(33)	3
Bank Interest			1
Total revenue		2,491	1,264
Operating expenses	5	(672)	(926)
Results of operating activities and profit before tax		1,819	338
Taxation charge	6	(347)	(64)
Profit for the year after tax		1,472	274

Statement of comprehensive income

	Notes	2019 £'000	2018 £'000
Profit for the year after tax		1,472	274
Other comprehensive income			
		1,472	274

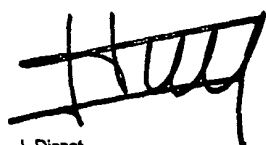
The notes on pages 11 to 14 form part of these accounts.

Balance sheet

As at 31 December 2019

	Notes	2019 £'000	2018 £'000
Assets			
Fixed assets		-	-
Other receivables	7	2,280	616
Cash and cash equivalents		366	336
Deferred taxation		-	-
Total assets		2,646	952
Equity and liabilities			
<i>Equity</i>			
Called up share capital	8	50	50
Profit and loss account		1,619	397
Total equity		1,669	447
<i>Liabilities</i>			
Other payables	9	977	505
Total equity and liabilities		2,646	952

The notes on pages 11 to 14 form part of these accounts. The financial statements were approved by the Board of Innova Re Investment Solutions Limited on 24 April 2020 and signed on its behalf by



L Dignat
Director
24 April 2020

Statement of changes in equity

	Share capital £'000	Retained earnings £'000	Total £'000
As at December 2017	50	783	833
Dividend		(660)	(660)
Profit for the year	-	274	274
At 31 December 2018	50	397	447
Dividend		(250)	(250)
Profit for the year	-	1,472	1,472
At 31 December 2019	50	1,619	1,669

The notes on pages 11 to 14 form part of these accounts.

Notes to the financial statements

1. Statement of accounting policies

The financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102").

Basis of preparation

The financial statements are prepared using the historical cost convention. All amounts presented are stated in Sterling, unless stated otherwise. The directors of the company have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company is considered to be a qualifying entity (for the purposes of FRS) and has applied exemptions available under FRS 102 in respect of the requirement to include a cash flow statement and related notes.

The results of the Company are consolidated in the financial statements of Ark Insurance Holdings Limited ("AIHL"), a Bermuda based company holding 55% of IRIS-HL through its 100% subsidiary Group Ark Insurance Holdings Limited ("GAIHL"). The registered office is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda, where the accounts are publicly available. No other group financial statements include the results of the company.

In preparing these financial statements, the directors have considered the uncertainty created by COVID-19. Whilst there are many unknowns at the time of writing, it is clear that the extent and nature of the impacts to the Company will be determined by both national and individual responses as well as our own preparedness for the impact on business continuity. The Company is taking proactive action and is activating business continuity plans to minimise the risk of disruption to business operations. The directors have considered a number of possible outcomes of the impact of COVID-19 on the ability of the company to trade forward, the most likely being the loss of contracted profit commissions. The directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements are measured using Sterling, the currency of the primary economic environment in which the company operates (the "functional currency"). The financial statements are presented in Sterling, being the functional and presentation currency of the company.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using average exchange rates applicable to the period in which the transactions take place and where the company considers these to be a reasonable approximation of the transaction rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the period end of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Non-monetary items recorded at historical cost in foreign currencies are translated using the exchange rate on the date of the initial transaction.

Turnover

Turnover consists of fees and commissions receivable from investment solution activities, which are recognised in the year in which they are earned.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the UK taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. 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.

2. Management of risk

The company receives investment advisory fee income as a percentage of the investment portfolio under management. The key risk is that the company does not generate sufficient advisory fees to meet its expenses. For this to happen, it would require a major drop in the current notional amount of the investment portfolio currently under management. It is currently anticipated that in the short term IRIS business development shall be achieved without major change to the current cost structure.

Notes to the financial statements

3. Turnover

	2019 £'000	2018 £'000
Investment advisory fee	2,524	1,260

4. Directors and employees

	2019 £'000	2018 £'000
Salaries	363	481
Social security costs	48	60
	411	541

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

	2019 Number	2018 Number
Investment Advisor	1.2	2

The directors received the following aggregate remuneration:

	2019 £'000	2018 £'000
Gross emoluments including pension contributions	363	512

Included in the above are the emoluments of the highest paid director, as follows:

	2019 £'000	2018 £'000
Gross emoluments including pension contributions	359	351

5. Operating expenses

	2019 £'000	2018 £'000
Staff costs	409	568
Legal and professional fees	97	170
Other	166	188
	672	926

Operating expenses include the following:

	2019 £'000	2018 £'000
Audit fees	5	5

Notes to the financial statements

6. Taxation

	2019 £'000	2018 £'000
Current tax:		
Expense for the year	347	64
Prior year adjustment	3	-
	352	64

There are no known factors that would significantly impact the future tax charge of the company. A reconciliation of the tax charge is set out below:

	2019 £'000	2018 £'000
Profit on ordinary activities in the UK	1,819	338
UK corporation tax at 19.0% based on the profit for the year/period	344	64
Taxation effect of:		
Expenses not deductible for tax purposes	-	-
Adjustment in respect of prior years	3	-
Tax charge for the year/period	347	64

7. Other receivables

	2019 £'000	2018 £'000
Prepayments and accrued income	2,278	615
Other debtors	2	1
	2,280	616

8. Share capital

	Authorised Number	Authorised £'000	Allotted, issued and fully paid Number	Allotted, issued and fully paid £'000
Ordinary shares of £1 each	50,000	50	50,000	50

9. Other payables

	2019 £'000	2018 £'000
Amounts payable within one year:		
Amounts due to other group companies	117	113
Accruals and deferred income	437	314
Other creditors	428	78
	982	505

Notes to the financial statements

10. Related parties

The results of the Company are consolidated in the financial statements of Ark Insurance Holdings Limited ("AIHL"), a Bermuda based company holding 55% of IRIS-HL through its 100% subsidiary Group Ark Insurance Holdings Limited ("GAIHL"). The registered office is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. No other group financial statements include the results of the company.

AIHL is also the ultimate holding company of Ark Syndicate Management Limited ("ASML"), a Lloyd's managing agent. IRIS provides investment advisory services to ASML. I Beaton is a director of ASML. Fees earned by IRIS from ASML were £1.8m in the year (2018: £1.2m). ASML provides services to IRIS under a service level agreement. Fees accrued by IRIS in respect of these services amounted to £122k in the year (2018 £122k).

11. Post Balance Sheet Events

On 11 March 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, stay at home orders and cancellations of gatherings and events. The spread of COVID-19 has resulted in an economic downturn in the UK and the global economy more widely, as well as causing increased volatility and declines in financial markets. There are many unknowns at the time of writing, and the directors are unable to accurately quantify the potential financial impact of COVID-19 on the Company. The most likely impact to the Company is through the loss or reduction to future contracted profit commissions. Were the Company to receive no profit commissions in the financial year, the directors believe there are sufficient cash resources and existing fixed fee arrangements to enable the Company to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.