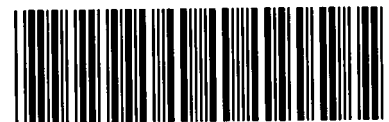




REPORT AND ACCOUNTS

2018

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COMPANIES HOUSE



Annual Report 2018

ALM Limited is a Company limited by Guarantee | Registered in England No. 01698399

Directors

A C Lovell, DL (Chairman)
Sir Adam Ridley (Deputy Chairman)
P Kelly (Treasurer)
D J L F Anderson
J V C L Barratt
R C Daum
Lady Davies of Stamford (from 6 December)
M E McL Deeny
N J Hanbury
M W Johnson
J W Kininmonth
Sir Henry Studholme, Bt, DL
P H Swatman

Officers

Chief executive: C Bleackley (until 30 October)
B A Schofield (from 6 November)
Company secretary: A C Armitage
Senior administrator: Linda Evans (until 18 December)
Tracey Pearce (from 26 November to 30 April)
Nicole Salvo (from 23 April)

Independent auditors: Nexia Smith & Williamson
Chartered Accountants & Statutory Auditor
4th Floor, Cumberland House
15-17 Cumberland Place
Southampton SO15 2BG

Bankers: Coutts & Co
440 Strand
London WC2R 0QS

Registered Office: 2nd Floor, 22 Bevis Marks,
London EC3A 7JB



Annual Report 2018

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Annual Report 2018
DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 December 2018.

FINANCIAL RESULT FOR 2018

The loss for the year after tax was £30,206 (2017 – surplus of £46,513). Our capital and reserves remain healthy, but have been reduced to £982,271.

There are two principal reasons for this outcome: the fee paid to the headhunter for finding our new Chief Executive, Belinda Schofield; and a reduction in income from individual private capital Members of Lloyd's and sponsorship.

We have referred below to the changes within the ALM and its increased engagement with our members, Lloyd's and other associations working in the field of private capital at Lloyd's. The ALM is investing for the future to ensure that it is better positioned to support and protect its members' position in Lloyd's and to enhance private capital at Lloyd's. That financial investment means we are forecasting to make a greater loss in 2019, but thereafter we plan to return to a break-even position.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

We have set out below the principal activities conducted and issues arising during the course of 2018 and identified changes for 2019 under the following headings:

- a. Year of Transition for the ALM;
- b. Year of Transition for Lloyd's;
- c. Relations with the Associations, Members' Agents and Other Interested Parties;
- d. Policy Issues; and
- e. 2019 Plans and Future Developments.

Year of Transition for the ALM

2018 was a year of significant change for the ALM. Chandon Bleackley, formerly our Chief Executive, returned to Australia in October, though he remains as Publications Editor, responsible for writing ALM News and the recently-introduced regular e-Bulletins. Belinda Schofield, formerly a partner at international law firm CMS, took over as Chief Executive in November, her first official day with us being the date of our Autumn Lunch, which gave her the opportunity to introduce herself to, and meet, those of our members who attended.



Annual Report 2018
DIRECTORS' REPORT

Just before Christmas, our long-standing Senior Administrator, Linda Evans, retired after 33 years' service, and a Retirement Dinner was held for her on 6 December at the Garrick Club. Many of our members who dealt with her in connection with, and indeed met her at, our various events which she organised will miss her, and Linda's encyclopaedic knowledge of the history and the people of ALM will certainly be missed by us all.

Tracey Pearce took over from Linda on a short-term contract to see us through to the end of April. Tracey did a brilliant job during her five months, ensuring we delivered our first two successful events, and has set a high bar for our new Office Manager and PA Nicole Salvo who joined our team in mid-April 2019.

Lady Davies was appointed as a co-opted director at the December board meeting, bringing to the Board not only her knowledge of Lloyd's but also her experience and knowledge of the financial world.

In 2018 the ALM held two very successful and well attended Conferences with leading market figures as our keynote speakers. At the Summer Conference, held as usual in the QE II Centre, we were delighted to welcome as speakers Bruce Carnegie-Brown, Chairman of Lloyd's, and Vicky Carter, recently elected to the Council of Lloyd's. Our Autumn Conference was held again in Trinity House in the City. One of our speakers was Jon Hancock, Performance Management Director at Lloyd's. The two luncheons were also well attended, as was the Summer drinks party, and all three events present a good opportunity for members to socialise and meet the executive team and members of the Board. As ever our six ALM News and Lloyd's Market Results and Prospects (LMRP) were to a high standard, and we are grateful to our external contributors for their articles.

Belinda Schofield is proving, among other things, an extremely energetic and able networker, having regular meetings with senior executives in Lloyd's, the various market bodies, the three Members' Agents, managing agents, and many market and other financial service companies, raising the profile of the ALM and that of private capital as a significant and vocal participant in the Lloyd's market.

As part of the strategic objectives agreed by the Board to enhance the role of private capital in Lloyd's and across the financial services market, she has introduced an augmented programme of events, including regular seminars in the Old Library at



Annual Report 2018
DIRECTORS' REPORT

Lloyd's, and is seeking to re-instate regional roadshows (with one already organised for the south west). All planned events are set out in a stand-alone Events Calendar which was distributed to members with the February issue of ALM News. Belinda is planning additional events, including dinner and lunch debates, and is aiming to establish an ALM-sponsored private capital networking (PCN) group of various market and professional individuals, as a forum for networking and exchanging news and ideas relating to private capital investment in Lloyd's.

As part of the ALM strategy, the executive and the Board are keen to have greater connection with our members; not only keeping you informed of interesting and relevant developments in the market, but being available to hear your views, comments and concerns. For that reason, we have introduced e-Bulletins, and reintroduced the letters page in the Newsletters. We want to encourage communication from our members.

The North American Names (NAN) ALM group is thriving. Throughout 2018 Bob Daum organised a number of telephone conferences with excellent speakers. Belinda was honoured to be invited to address the NAN group herself shortly after taking up the reins at the ALM, and will be a participant on the NAN teleconferences. We shall continue recording these so they can be accessed by all our members and we appreciate that this is of special value to our overseas members.

Sandy Ross continues to head up our Australian members association. The ALM is keen to extend its membership amongst all our Antipodean members, and with Chandon now providing our editorship from Melbourne it is a good reason to do so.

We encourage all our overseas members to keep in contact with us and hopefully our e-Bulletins help in keeping us more connected with you.

Year of Transition for Lloyd's

Lloyd's also went through a number of changes of senior personnel during the year and into 2019. Partly in recognition of the recent and impending changes at the top level at Lloyd's, in September, Alan Lovell, Board member Jeffery Barratt, and Chandon Bleackley (the then Chief Executive), met with Bruce Carnegie-Brown and came away feeling positive about his attitude to private capital. Dame Inga Beale left in October after five years, replaced by John Neal, who has held most recently a number of senior appointments in QBE. Alan Lovell, Belinda Schofield and Andrew Armitage had an introductory meeting with him towards the end of November, and he attended a



Annual Report 2018
DIRECTORS' REPORT

pecially convened Board meeting on 29 April this year. It was announced in November that Shirine Khoury-Haq, Chief Operating Officer, would be leaving in 2019, and more recently the appointment was announced of Burkhard Keese (formerly of Allianz) as Chief Financial Officer in place of John Parry, who left in April this year (and with whom the ALM had several useful meetings).

These changes mean that there is new blood and ideas fuelling the much needed review and regeneration of Lloyd's, the theme of our 2019 Summer Conference, and there are new senior executives at Lloyd's with whom the ALM must cultivate strong and meaningful relations. John Neal, and his team in the Chief Executive Office, have been undertaking a wide-ranging dialogue with all market participants and interested bodies, including the ALM, in preparation for the publication on 1 May of a Prospectus for the future at Lloyd's. A Preview was published with the 2018 Lloyd's Results, setting out the key areas for consideration and review, including capital sources and structure.

The Prospectus is intended to provide a blueprint for, and drive the current and future direction of, the market. Lloyd's has announced that there will be consultation with all the stakeholders to inform that blueprint, and the ALM will be part of that consultation process. Belinda Schofield has attended several meetings with staff from the Chief Executive Office, and ensuring that the ALM is in step with developments and in a position on behalf of members to contribute its views and ideas. She will maintain that dialogue, and work with other parties with a common interest for private capital.

Relations with Associations, Members' Agents and Other Interested Parties

The Lloyd's Market Association (LMA) also saw change with the departure in December 2018 of its CEO, David Gittings. We were honoured to have David as our keynote speaker at our November lunch, and very pleased to have continued support both at board advisory level and at our events. The LMA's new CEO, Sheila Cameron, formerly of Navigators, will bring a new approach to the LMA at such a challenging time for the market. We are very pleased that Sheila has agreed to be on our discussion panel at our Summer Conference this year, and we look forward to hearing her views.

Following the reference in last year's Report to the desire to work more closely with the High Premium Group (HPG), two joint meetings between the ALM Board and the HPG Committee were held in 2018, in September and December. HPG Members are welcome to all the ALM events (subject of course to paying the appropriate fee), and Belinda Schofield attended the recent HPG annual conference. Belinda is in regular



Annual Report 2018
DIRECTORS' REPORT

contact with Tim Willcock, the newly appointed Executive Secretary of the HPG office, and Lady Delves Broughton and Belinda are arranging regular lunch meetings.

We have agreed with the Members' Agents that it is important that there is a unified voice for private capital representing the Members' Agents, the ALM and HPG in the consultation process following the issue of the Prospectus (see below for further details).

Policy Issues

There is an issue as to the scope of the definition of private capital. Those dealing with the Preview, the Lloyd's Value Proposition and responsible for drafting the Prospectus at Lloyd's, recognise that the constitutional definition of private member, and the basis for determining the number of private member representatives on the Council of Lloyd's, is limited and not reflective of the more broader definition that could apply to 'private capital'. For members of the ALM the importance is to have our voice heard and respected. The more significant private capital is as a whole, the more influential our voice will be.

Undoubtedly Lloyd's needs to modernise in order to compete and maintain its position as the pre-eminent global insurance platform. We are therefore very pleased that the Members' Agents have agreed to form a working party as a sub-group of the LMA Members' Agents sub-committee, on which both the ALM and HPG have been invited to have a representative and for Jeffery Barratt to act as Chair.

One of the key issues which the ALM has been keeping an eye on over recent months has been the increase in Lloyd's Members Services (MS) charges levied on members over the last 3 years, and in particular for the 2018 year. Some, although not all, members have suffered what appear to be disproportionate increases in the MS charges, and North American members have received bills for new tax charges. At the ALM's request Jeffery Barratt and, in 2018, Philip Swatman, raised this issue with Bruce Carnegie-Brown, John Parry and at Council. Together with the Members' Agents, and with Jeffery Barratt leading the charge, the ALM is pushing for a better understanding of the allocation of Lloyd's increased costs, and to work with Lloyd's to ensure a fair and equitable approach to Lloyd's charges.

The ALM has also been in contact with HM Treasury regarding two tax issues putting members at a disadvantage, namely i) the restricted level of loss relief, and ii) the strict approach by HMRC on the level of business property relief (on the death of a Name).



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DIRECTORS' REPORT

On loss relief, the ALM has for some time considered that the limit of £50,000 tax relief in the event of losses was too restrictive (and not on a par with that available to other trading businesses), and in the past was invited by HM Treasury to approach them if the market should enter a period of sustained and damaging losses. In view of the losses in 2017 and in prospect for 2018 and general market conditions, it was clearly appropriate time to raise the issue again.

The ALM is working with the Members' Agents to compile a comprehensive set of data on all elements of 2017 loss figures and related information, as requested by the Treasury, and then to agree a way forward. On business property relief, both the Members' Agents and the ALM have been concerned that it is unreasonable for HMRC not to allow a 'buffer' of assets (to cater for the peaks and troughs of the underwriting cycle), over and above the strict FAL requirement, as eligible for business property relief. The Members' Agents and the ALM made submissions on this issue to HM Treasury as part of the Treasury's IHT (Inheritance Tax) General Simplification Review. After some delay, the Treasury has written back very recently with a detailed analysis as to why it has decided not to change its approach. This analysis does not properly meet our anxieties and we are considering how best to take the issue forward.

2019 Plans and Future Developments

For 2019, it is thought that Lloyd's capacity is about £30.5 bn, down by about 5 % on the 2018 figure. It is pleasing that non-aligned members' capacity has been maintained at just over £2.8 bn. A fuller report of capacity and related issues appeared on page 11 of the February 2019 issue of ALM News.

Philip Swatman's term of office on the Council of Lloyd's expired at the end of January 2019. The constitution of Lloyd's provides that where the capacity held by individual external members (as private capital is defined by the bye-laws) falls below 10% over an average of four years, then the representation of such members on the Council of Lloyd's shall be limited to one. Jeffery Barratt is thus currently the sole representative on behalf of the individual external membership constituency.

Belinda Schofield has, with the full agreement and support of the Board, instigated a review of many of the ALM's operating procedures and systems, and in particular has commissioned a long-overdue overhaul of the database. When completed, all this should make it a much more efficient workplace, enabling the staff to concentrate more of their time on strategy and marketing.



Annual Report 2018
DIRECTORS' REPORT

One of the key aims of the ALM in the immediate future is to seek to ensure the good standing, financially and otherwise, of the organisation as a professional association representing private capital at Lloyd's. As the number of individual external members of Lloyd's has declined, so has there been a gradual decline in our membership. Nevertheless, the ALM's members are in excess of a third of all such members at Lloyd's. The Board is keen to reverse this decline. Belinda has been charged with enhancing the services the ALM provides to its members and attracting further members, from in particular the younger members of Lloyd's (who are likely to be participants in a Nameco or LLP), but also amongst the broader field of private capital, through a programme of seminars, dinner debates and networking events. This agenda is designed to engage and inform not only our members, but also all professional advisers and others interested in private capital at Lloyd's, thereby encouraging more corporate organisations to support us through membership or sponsorship. This includes liaising closely with the three Members' Agents to seek to ensure we have a good understanding of our respective roles and working jointly with them on projects for the common interest of private capital at Lloyd's.

The ALM hugely appreciates the continued support and loyalty from its members (including corporate and associate members) and sponsors, and is committed to working hard to maintain that support and represent private capital at Lloyd's to protect members' interests and enhance the role of private capital in Lloyd's. An even larger base of members would obviously help in that endeavour and we therefore welcome members encouraging others to support us, by attending events, or by becoming members or sponsors.

Miscellaneous

The Board will take all necessary and reasonable steps to achieve the ALM's strategic objectives and to serve the best interests of past, current and future providers of private capital to Lloyd's.

Directors' Interests

The Directors who served during the year were, and their other recent and current Lloyd's related interests are or were, as follows:



Annual Report 2018
DIRECTORS' REPORT

A C Lovell, DL (Chairman)

(Director since 2006; re-elected 2018)

a Name since 1985, latterly through a Limited Liability Partnership. Member of Lloyd's Council from 2007 to 2016. Member of Lloyd's Capacity Transfer Panel from 2007 to date, and served on various other Lloyd's Committees 2009 to 2016. Founder shareholder of Alpha Insurance Analysts and director 2007 - 2012.

Sir Adam Ridley (Deputy Chairman)

(Director since 1990; re-elected 2017)

a Name since 1977, latterly through a NameCo. Deputy Chairman of the Equitas Trustees and a director of Equitas Group Companies. Member of Lloyd's Council from 1997 to 1999.

P Kelly (Treasurer)

(Director since 1997; re-elected 2016)

a Name since 1986. Converted from a Scottish Limited Partnership to trade through a Limited Liability Partnership from 2007. Member of Lloyd's Council from 1998 to 2004.

D J L F Anderson

(Co-opted 2013)

a Name since 2010, having acquired a Limited Liability Partnership during that year. His corporate finance business, EPL Advisory LLP, advised the Members' agents in connection with Lloyd's Private Capital Initiative during 2012.

J V C L Barratt

(Co-opted 2016)

a Name since 1987, latterly through a NameCo. Member of Lloyd's Council from February 2017.

R C Daum

(Co-opted 2015)

a Name since 1986, latterly through a NameCo. Founding investor and advisory board member of Insurance Capital Partners LLP. He is also a Committee Member of the High Premium Group.



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DIRECTORS' REPORT

Lady Davies of Stamford
(Co-opted 2018)

a Name since 1991, latterly through an LLP. She is also a Committee Member of the High Premium Group.

M E McL Deeny
(Director since 1995; re-elected 2017)

a Name since 1985, latterly through a Limited Liability Partnership. Member of Lloyd's Council from 1996 to 1997 and again from 2009 to 2016. Chairman of the Equitas Trustees and a director of the Equitas Group Companies.

N J Hanbury
(Director since 1998; re-elected 2016)

a Name since 1978, latterly through a Limited Liability Partnership and two NameCos. Member of Lloyd's Council from 1999 to 2001 and from 2005 to 2007. CEO and major shareholder of Helios Underwriting PLC, an AIM-listed holding company of wholly-owned corporate members of Lloyd's. Director of HIPCC (Guernsey) Ltd, a protected cell company offering reinsurance products to investors at Lloyd's, and 51% shareholder of its holding company, which he jointly owns with Hampden Capital Plc. He is also a Committee Member of the High Premium Group.

M W Johnson
(Director since 2000; re-elected 2016)

a Name since 1983, latterly both as an unlimited liability member and through limited liability vehicles. 1% shareholder in Hampden Capital Plc.

J W Kininmonth
(Director since 2009; re-elected 2018)

an unlimited liability working Name since 1983.



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DIRECTORS' REPORT

Sir Henry Studholme, Bt, DL (Director since 2009; re-elected 2018)	a Name since 1986. Converted to a Limited Liability Partnership from 2009.
P H Swatman (Director since 2015; elected 2017)	a Name since 1987, latterly through a Limited Liability Partnership. Member of Lloyd's Council, Audit Committee and Remuneration Committee in each case from February 2016 until January 2019.

As members of the Company, the Directors have each undertaken to contribute to the assets of the Company a maximum of £1 in the event of winding up.

During the year the Company purchased and maintained liability insurance for its Directors and officers, as permitted by section 236 of the Companies Act 2006.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing 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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.



Annual Report 2018
DIRECTORS' REPORT

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 to 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.

Financial risk management

The Company gives appropriate consideration to risk management objectives and policies. Cash flow and liquidity are not at issue, since virtually all income is received in advance. In addition, the Company maintains capital and reserves which are more than sufficient to satisfy its obligations in the event that it were to cease trading. Most expenditure is either the subject of contracts negotiated before the start of each year or is with long term suppliers or employees. To the extent that this is not the case, pricing risk is mitigated by a diverse supplier portfolio.

Objectives

The Board's firm belief is that the unique strengths of the Lloyd's market will only endure if it maintains its diversity, mutuality and regenerative capacity; and it can only do that if underwriting opportunities remain sufficiently accessible to private venture capital and its operations are not completely dominated by large corporate entities which may progressively inhibit Lloyd's traditional entrepreneurship.

The Board's main objectives are:

- To preserve and enhance the position of private capital as a substantial provider of capital to Lloyd's
- To work for the long term success of the Chairman's Private Capital Initiative and the realisation of the important role for the private capital envisaged by Vision 2025
- To represent private capital, including members no longer underwriting, in working with Lloyd's, Managing and Members' Agents, regulatory and government bodies
- To improve our members' knowledge and understanding of Lloyd's and its marketplace and to help them to work proactively with their Members' Agents to achieve an optimal risk/reward ratio for their own circumstances.



Annual Report 2018
DIRECTORS' REPORT

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SMALL COMPANIES NOTE

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Board and signed on its behalf.

ANDREW ARMITAGE
Secretary
7 May 2019

Company No. 01698399



Annual Report 2018
INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the financial statements of ALM Limited (the 'Company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet and the 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 loss 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.

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



Annual Report 2018
INDEPENDENT AUDITORS' REPORT

- 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 other information comprises the information included in the Report and Accounts, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. 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.

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.

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.



Annual Report 2018
INDEPENDENT AUDITORS' REPORT

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 4, 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



Annual Report 2018
INDEPENDENT AUDITORS' REPORT

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.

Use of our 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.

Nexia Smith & Williamson

ANDREW EDMONDS (Senior statutory auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants
Statutory Auditor

4th Floor, Cumberland House
15 - 17 Cumberland Place
Southampton
SO15 2BG

7th May 2019



Annual Report 2018

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 (£)	2017 (£)
Turnover		432,697	469,454
Administrative expenses		(513,415)	(491,287)
Other operating income	6	-	29,754
Operating (loss)/profit	3	(80,718)	7,921
Other interest receivable and similar income	7	62,360	55,678
(Loss)/profit before tax		(18,358)	63,599
Tax on (loss)/profit	8	(11,848)	(17,086)
(Loss)/profit for the financial year		(30,206)	46,513

The notes on pages 21 to 28 form part of these financial statements.



Annual Report 2018
BALANCE SHEET AT 31 DECEMBER 2018

	Note	2018 (£)	2018 (£)	2017 (£)	2017 (£)
Current assets					
Debtors: amounts falling due within one year	9	53,722		41,700	
Current asset investments	10	952,221		952,221	
Cash at bank and in hand	11	75,537		103,546	
		<u>1,081,480</u>		<u>1,097,467</u>	
Creditors: amounts falling due within one year	12	(99,209)		(84,990)	
Net current assets			<u>982,271</u>		<u>1,012,477</u>
Net assets			<u>982,271</u>		<u>1,012,477</u>
Capital and reserves					
Profit and loss account			<u>982,271</u>		<u>1,012,477</u>
			<u>982,271</u>		<u>1,012,477</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

ALAN LOVELL
Chairman
7 May 2019

The notes on pages 21 to 28 form part of these financial statements.



Annual Report 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

ALM Limited is a private limited Company, domiciled and incorporated in England and Wales. The registered office address and registered number can be found on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company accounting policies.

The Company has taken advantage of the exemption, as a small Company, not to present a Statement of Cash Flows.

The Company's functional and presentational currency is GBP.

The following principal accounting policies have been applied:

2.2 Going concern

The Directors have made an assessment in preparing these financial statements as to whether the Company is a going concern and have concluded that there are no material uncertainties that may cast doubt on the Company's ability to continue as a going concern.

2.3 Turnover

Turnover represents the invoice value of goods and services provided by the Company.

Membership income is spread over the period of the membership. Income from events is recognised as the event takes place.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2.4 Tangible Fixed Assets

The cost of tangible fixed assets is not material. Therefore, since 1 January 2005, fixed assets have been written off in full in the year of acquisition.

2.5 Valuation of investments

Current asset investments in bonds are measured at cost less accumulated impairment.

2.6 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Pensions

The Company operates a pension plan for its employees. The amounts are recognised as an expense in the profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Interest income

Interest income is recognised in the profit or loss using the effective interest method.

2.10 Taxation

The Company's tax charge arises purely from interest receivable and similar income plus any capital gains on the disposal of investments. Income derived from membership activities is not subject to tax. This is expected to be the case in the future.

3. Operating (loss)/profit

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

	2018 (£)	2017 (£)
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	7,450	8,908
Exchange differences	979	430
Other operating lease rentals	13,018	17,450
Cost of pensions	9,291	9,950



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 (£)	2017 (£)
Wages and salaries	223,856	219,846
Social security costs	19,005	20,345
Cost of pensions	9,291	9,950
	<u>252,152</u>	<u>250,141</u>

The average monthly number of employees, including directors, during the year was 4 (2017 - 4).

5. Directors' remuneration

	2018 (£)	2017 (£)
Directors' emoluments	<u>36,000</u>	<u>46,500</u>

6. Other operating income

	2018 (£)	2017 (£)
Profit on the sale of investments	<u>-</u>	<u>29,754</u>

7. Other interest receivable and similar income

	2018 (£)	2017 (£)
Other interest receivable	<u>62,360</u>	<u>55,678</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

8. Taxation

	2018 (£)	2017 (£)
Corporation tax		
Current tax on profits for the year	11,848	17,086
Taxation on profit on ordinary activities	11,848	17,086

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 (£)	2017 (£)
(Loss)/profit on ordinary activities before tax	(18,358)	63,599
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(3,488)	12,975

Effects of:

Capital gains	-	5,951
Other differences leading to an increase/(decrease) in the tax charge	15,336	(1,840)
Total tax charge for the year	11,848	17,086

Factors that may affect future tax charges

In September 2016, the Government enacted a reduction in corporation tax to 17% for tax years from 2020 onwards.

The impact of these subsequent corporation tax rate reductions will only be reflected as the relevant legislation is substantively enacted.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

9. Debtors: amounts falling due within one year

	2018 (£)	2017 (£)
Other debtors	4,932	5,765
Prepayments and accrued income	48,790	35,935
	53,722	41,700

10. Current asset investments

	2018 (£)	2017 (£)
Listed investments	952,221	952,221

11. Cash at bank and in hand

	2018 (£)	2017 (£)
Bank and cash balances	75,537	103,546
Bank overdrafts	-	(2,540)

12. Creditors: Amounts falling due within one year

	2018 (£)	2017 (£)
Bank overdrafts	-	2,540
Trade creditors	47,218	20,340
Corporation tax	12,492	17,086
Other taxation and social security	571	-
Other creditors	25,110	19,600
Accruals and deferred income	13,818	25,424
	99,209	84,990



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

13. Financial instruments

	2018 (£)	2017 (£)
Financial assets		
Cash and cash equivalents	75,537	103,546
Financial assets that are debt instruments measured at amortised cost	15,372	16,205
Current asset investments	952,221	952,221
	1,043,130	1,071,972
Financial liabilities		
Financial liabilities measured at amortised cost	(79,908)	(40,552)

Financial assets that are debt instruments measured at amortised cost are other debtors and accrued income.

Financial liabilities measured at amortised cost are other creditors, bank overdrafts and accruals.

14. Company status

The Company is a private Company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the Company in the event of liquidation.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

15. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 (£)	2017 (£)
Not later than 1 year	16,481	16,481
Later than 1 year and not later than 5 years	23,347	39,828
	39,828	56,309

16. Related party transactions

At the year end the Company owed £Nil (2017 - £200) to the Directors in respect of expense claims.

Key Management Personnel

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Company.

	2018 (£)	2017 (£)
Key Management Personnel	38,574	49,664

17. Controlling party

The Directors consider that there is no ultimate controlling party as the Company is limited by the guarantee of each of its members.