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Annual Report 2019

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
M E McL Deeny
N J Hanbury
M W Johnson
J W Kininmonth
Sir Henry Studholme, Bt, DL

Officers

Chief executive: B A Schofield
Company secretary: A C Armitage
Administrator and PA: N Salvo

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: 22 Bevis Marks
London
EC3A 7JB



Annual Report 2019

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

CONTENTS	PAGE
Directors' Report	3
Independent Auditor's Report	17
Statement of Comprehensive Income	21
Balance Sheet	22
Notes to the Financial Statements	23



Annual Report 2019
DIRECTORS' REPORT

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

FINANCIAL RESULT FOR 2019

The loss for the year after tax was £197,911 (2018: loss of £30,206). Our capital and reserves remain healthy, but have been reduced to £784,360.

Some of the main reasons for this outcome are that Chief Executive Belinda Schofield, who has now been in post for over a year, has raised the profile of the ALM and instigated some improvements to the ALM's administration and management: we have engaged an external management consultancy Lévrara Consulting to review and update our membership database in conjunction with a streamlined banking and financial reconciliation procedure, and significantly there was a one-off fee paid to KPMG (see under Lloyd's Consultations below).

As referred to in last year's Report, 2019 saw a huge step-change in the profile, activity and output of the ALM which has involved extra expenditure. This is largely the result of two major factors, namely the release by Lloyd's in 2019 of two Consultation documents, The Future at Lloyd's and the proposal to merge the Council and the Franchise Board.

A loss of c £200,000 is most regrettable, but the board has taken the view that expenditure on this scale, and the level of activity undertaken by the ALM, is worthwhile and justifiable during the period of the Lloyd's Consultations and implementation of Blueprint One. It was particularly important to make a strong and well-thought through response to the Prospectus. However, this loss should be regarded as a one-off, short-term expedient which clearly cannot continue. Additional income, whether from new members, associate (corporate) members or sponsors, is a key priority for 2020 onwards.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

We have set out below the principal activities conducted and issues arising during the course of 2019 and identified the expected challenges for 2020 under the following headings:

- a. Lloyd's Consultations;
- b. Other Lloyd's Issues;
- c. ALM Events and Publications Programme;
- d. Miscellaneous; and
- e. 2020 Plans and Future Developments



Annual Report 2019
DIRECTORS' REPORT

Lloyd's Consultations

2019 was dominated to a large extent by the two highly significant Lloyd's Consultations, the Future at Lloyd's and the proposal to merge the Franchise Board into the Council. The ALM was heavily involved in the latter and, as referred to below, continues to focus on the Future at Lloyd's.

The Future at Lloyd's

Unquestionably one of the most important developments at Lloyd's in recent times was the publication of the Prospectus 'The Future at Lloyd's' on 1 May. This initiative was heralded by Chief Executive Officer John Neal in late March, in which he outlined his vision for the future. The Prospectus identified six ideas for the future at Lloyd's, and invited comments and feedback (until early July) from anybody and everybody with an interest (in whatever capacity) in Lloyd's. The six ideas are a complex risk platform, a standardised risk exchange, a capital platform, syndicate-in-a-box, a claims solution, and an ecosystem of services. The ideas have several objectives, but in summary the intention is to make Lloyd's a quicker, cheaper and more efficient and therefore attractive place to do business, in the modern, global marketplace. Comments and feedback from stakeholders were taken into account in the issue by Lloyd's in early September of Blueprint One, the first of no doubt several updates and progress reports on how Lloyd's and the market is progressing the various ideas.

The ALM has devoted a significant amount of time and resources in responding to the Prospectus, and will continue for many months to come to engage with Lloyd's executives and those managing the changes to the services to Members and introduction of new capital structures. Space does not permit more than a very broad overview of this Consultation, but we have covered the whole exercise extensively in our e-Bulletins and in ALM News. Indeed, such is the importance of the exercise that we published a special edition ALM News in July entitled 'Update on: The Future at Lloyd's' summarising the process to date.

The ALM made a submission to Lloyd's, jointly with the High Premium Group, and was party to and closely involved with the formation of the joint LMA Third Party Capital Working Group submission. This Group comprised representatives of the ALM, HPG and each of the three Members' Agents and was chaired by Jeffery Barratt, our board member and the private capital representative on Council. The Working Group was managed by the LMA, as a sub-group of the Members' Agents Private Capital Sub-Committee.



Annual Report 2019
DIRECTORS' REPORT

In order to respond to the Prospectus in a timely and professional manner, the board agreed to engage professional services / management consultancy firm KPMG to assist and advise the ALM, at a cost of £50,000. This was a short-term, one-off engagement; we are not currently instructing them.

The two ideas in the Prospectus which are most relevant to private capital and its role are the capital platform, and the syndicate-in-a-box (SIAB) concept. The importance of the former was recognised when Burkhard Keese, Lloyd's Chief Financial Officer, came to speak about it, and gave us his insights and thinking, at a lunch meeting for the board on 2 December. As to the latter, it is disappointing to note that we have so far been unable to establish any project or initiative underway to develop and exploit this concept in the private capital community. This remains a focus for the ALM as we continue to believe that an entrepreneurial monoline SIAB backed by the right managing agent in a strong market is a good opportunity for Names to consider.

Merger of Council and Franchise Board

In May Lloyd's issued a consultation document containing proposals to merge the Franchise Board into the Council, driven by the desire to reduce duplication and inefficiencies, and the number of personnel involved in the chain (the two bodies comprised 27 different people), and to create a more streamlined decision-making process.

The Working Group (as constituted above) supported the principle in concept to merge the bodies, but successfully challenged the original proposal whereby the majority of those on the new Council would be nominated rather than elected members. The final proposal was for 15 members: 6 nominated, at least one of whom should be an experienced former market professional, 3 executive (Lloyd's CEO, CFO and PMD), and 6 elected (3 working and 3 external). This proposal, and the consequential Byelaw amendments, were passed by Council at its meeting on 5 December.

There were a number of other important issues involved in the Consultation, but the balance of the reformed Council was absolutely key to private capital, and indeed the LMA also strongly supported this stance. A full discussion of the Consultation process, written by Jeff himself, is contained at pages 5 ff of the December issue of ALM News.

The ALM board, in particular Michael Deeny and Jeff Barratt, were integral to the successful outcome of the Consultation, securing a change from the initial proposal



Annual Report 2019
DIRECTORS' REPORT

to ensure a more balanced composition of the new Council. Lloyd's was hugely appreciative of the fact that the private capital constituency worked and spoke with one voice. It is to be hoped that this pioneering exercise could become a model for future consultations and negotiations, whether formal or informal, with Lloyd's in relation to matters affecting private capital.

Lloyd's Governance

A consequence of the Merger proposal and Consultation was the impact on the Council elections held in November. Under Lloyd's Act the terms of those due to stand down, and eligible for re-election, including Jeff Barratt, could not be extended. Elections were held in November in the normal way. Andrew Armitage, liaising closely with Lloyd's Secretariat, co-ordinated Jeff Barratt's nomination and he was elected unopposed. By way of transition to the new constitution of the Council referred to above, the terms of those elected (including Jeff) are only for four months, till 31 May 2020. Further elections were due to be held in April, for terms beginning on 1 June. This issue is also fully explained in the article in December ALM News (page 7). Covid-19 has had an impact on this April election, and Lloyd's has announced that this will only be for a term of six months. There will therefore be a further round of elections towards the end of 2020.

The other aspect to mention is that the proposal includes a plan to constitute an Underwriting Advisory Panel (UAP). We are keen to see, and if applicable comment on, the Terms of Reference, which are still awaited.

Other Lloyd's Issues

For 2020, it is thought that Lloyd's capacity is about £33 bn, an increase of about 6% on the 2019 figure. It is pleasing that non-aligned members' capacity has been maintained at just over £2.9 bn, or 8.2% of Lloyd's total capacity, a slight increase on the £2.8 bn for 2019. A fuller report of capacity and related issues appeared on pages 6-11 of the February 2020 issue of ALM News.

There have been yet more changes of personnel at Lloyd's recently, the most significant from the ALM's point of view being the announcement of the departure during 2020 of Jon Hancock, Performance Management Director. In his three years at Lloyd's, he clearly had a major impact on the market, notably by demanding and implementing far more rigorous underwriting discipline on the poorest performing classes and even whole syndicates. Following the disappointing losses of 2017 and 2018, it looks as if his insistence on greater discipline is beginning to bear fruit, with some classes and syndicates



Annual Report 2019
DIRECTORS' REPORT

no longer operating and estimates looking more positive. However, with the publication of Blueprint One, and the desire within Lloyd's seriously to address existing and future challenges in the global insurance and business world, and present itself as much more forward-looking, it was felt that the time was right for someone else to fill this role.

ALM Events and Publications Programme

In 2019 the ALM held two very successful and well-attended Conferences, with leading market figures as our keynote speakers. At the Summer Conference, held in the QE II Centre, we were delighted to welcome as a keynote speaker John Neal. Other speakers included John Hamblin, active underwriter of Blenheim syndicate 5886, and David Shipley of Managing Agency Partners (MAP) Ltd. The Conference included as its final session an innovation in the form of a panel discussion, chaired by our Chairman Alan Lovell, between four market personnel who each gave their thoughts on the recently-issued Lloyd's Prospectus (The Future at Lloyd's).

Our Autumn Conference was held again in Trinity House in the City. Alan Lovell began the day with a member's perspective on underwriting. Other speakers included Heather Clarkson of Ed Broking, Emma Woolley, Chief Executive of Cathedral Underwriting (now Lancashire Syndicates), and Ben Sheppard, Senior Research Analyst at Argenta, who gave a preview of the forthcoming Auctions programme. Jon Hancock again came to present. In each year since he has been at Lloyd's he has given a presentation at one of our conferences, and we are extremely grateful to him. We hope that his successor will be equally accessible and equally keep a tight hand on the tiller.

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 all our external contributors for their articles. In addition, there have been 33 e-Bulletins, three seminars and five round table dinner debates (the latter hosted by sponsors at no cost to the ALM).

Regional meetings were re-instated, with Belinda Schofield and Jeffery Barratt travelling to Honiton in Devon (in June) and Chester Racecourse in the north-west in November (on the latter occasion also with Ben Reid of the Lloyd's Chief Executive Office), in each case to meet members in those regions, to update them on ALM and Lloyd's news, and to answer questions.



Annual Report 2019
DIRECTORS' REPORT

The North American Names (NAN) group has now been renamed the Overseas Names Group (ONG), in recognition of the wide international reach of our membership, and to encourage them all to participate in telephone conferences and other events. Again in 2019 board member Bob Daum organised a number of telephone conferences with excellent speakers. We continue to record these so that they can be accessed by all our Members.

Sandy Ross in Sydney continues to head up our Australian Members' association. In October our Publications Editor (and former Chief Executive), Chandon Bleackley, based in Melbourne, gave two well-received talks, one in Melbourne and one in Sydney, to the group.

Nicole Salvo (who replaced Tracey Pearce in April) deserves great credit for her skill and dedication in coping with the significant demands of, among other things, overseeing the update of the database, helping with the significant task of reviewing and running the membership subscriptions renewal programme (now greatly simplified), and co-ordinating and communicating the extensive programme of events and publications, including the e-Bulletins. Nicole is also spearheading the ALM's ability to continue with our 2020 programme of talks and seminars via webinars and ensuring that we maintain close communication with our members during the Covid-19 lockdown.

Miscellaneous

The ALM continues to work with other relevant people and bodies on three areas of relevance to our Members, namely the level of MS charges, and, externally, the issues regarding the extent of Business Property Relief (BPR) and loss relief as detailed in last year's Report. We will continue to update our members via ALM News and/or e-Bulletins but unfortunately the combined effect of (at Government level on tax issues) Brexit and (within Lloyd's on MS charges) the Lloyd's Consultations has meant that progress in all these areas has been limited.

We continue to work whenever possible with all three Members' agents, and a representative from each of them takes it in turn (in rotation) to attend our board meetings. The ALM would welcome working more closely with the Members' agents, whose expertise and knowledge of the Lloyd's market is valued by our Members. Their contributions to our meetings, conferences and publications are highly thought of, and we hope that our Members will encourage their agents to support the ALM as an independent voice of their principals' interest at Lloyd's and become associate members



Annual Report 2019
DIRECTORS' REPORT

of the ALM. Likewise, we hope to encourage all the managing agents of the syndicates that our Members support to join the ALM. In addition, Belinda Schofield has regular meetings with Lady Rona Delves Broughton of the HPG and Sheila Cameron, Chief Executive of the LMA, among others.

2020 Plans and future developments

Like everyone else, the ALM will need to adjust its plans for 2020 in the light of the restrictions placed upon business operations, travel and large gatherings. For the time being, ALM staff will work from home, rather than in the office, as the norm. The ALM will be giving careful thought as to how we can continue to deliver a high level of support to our Members, ensuring they are kept fully informed of all key developments in the market. As we go to print the ALM is investigating how we can ensure participation in seminars and conference presentations via webinar.

A key priority will continue to be the development by Lloyd's of the proposals in the Future of Lloyd's. The coronavirus will no doubt impact on the priorities for Lloyd's in 2020, and we will be keeping close to Lloyd's to understand what those priorities are. The ALM's focus will continue to be on the Capital Workstream and Syndicate-in-a-Box initiatives as the most significant to private capital, and exploring what new opportunities there are for participation by private capital. Alan Lovell and Belinda Schofield are in close contact with, and have regular meetings with, Lloyd's executives to ensure we are fully aware of developments, and that Lloyd's is fully aware of our interest. Lloyd's has recently complimented the ALM on its positive approach to working with Lloyd's insofar as private capital is concerned.

For this year onwards, any events we are able to hold will take place within easy reach of Lloyd's. The Spring lunch was held in the Adam Room. The Summer Conference, which was scheduled to be held at the Haberdashers' Hall, in West Smithfield, London EC1, has been re-scheduled for Thursday 22 October (at the same location). The ALM is considering alternative arrangements to ensure that our Members still receive the benefit of the insight of the eminent speakers at our other events. The ALM recognises that with the government requiring us all to stay at home it is even more important now to ensure that our members are kept fully informed of all developments in Lloyd's.

We are conscious that the ALM website is in need of a refresh. Now that many of the immediate priorities facing Belinda Schofield on her arrival have been or are in



Annual Report 2019
DIRECTORS' REPORT

the process of being addressed, having a modern and dynamic website and keeping it up-to-date is one of our objectives for 2020.

Our lease at 22 Bevis Marks expires in May 2021, so we have already begun to consider our options and explore other possible locations for our office. Much of the latter part of 2020 will be devoted to this exercise. There is a strong desire to be located within Lloyd's itself, or otherwise as close as possible to the building, as it is keenly felt that keeping in close contact with the market personnel, and taking advantage of the 'gossip factor', will be of great benefit. However, the cost of any new location will be a key criterion in the final decision.

There is now an overwhelming need to attract more revenue, as the cost of the many activities during 2019 and into 2020 (which promises to be every bit as challenging as has been 2019), both in connection with our external relationships especially Lloyd's and internally to modernise and streamline almost every facet of the ALM's operations, has been substantial. We have worked closely with an external management consultancy Levrara Consulting Limited in many of these actions, and the board has now approved a Business Development Plan with which Levrara will be assisting us. The focus will very much be on corporate members and sponsors, as it is unrealistic to expect us to gain as many or more new individual members paying £555 pa to replace those leaving, many of whom do so through sale of their vehicle or cessation of underwriting (or death). The ALM is keen to extend its associate membership to managing and Members' agents, and other professional entities in the insurance and private capital investment arena who share an interest in and support private capital in Lloyd's. We continue to believe that membership of the ALM should be compulsory for all members of Lloyd's, but neither Lloyd's nor the Members' agents currently support such an approach.

With so many important initiatives underway or planned, it is very important that we have correct and up-to-date contact details for our Members – not least to help us comply with our obligations under the General Data Protection Regulation (GDPR). For all sorts of reasons relating to speed, efficiency and cost, we propose to rely more and more on e-mail communications with our members, and correspondingly reduce (where practicable) our reliance on mail services. For this reason we wish to propose at the earliest possible opportunity a resolution allowing us to send formal notices and documents such as Notice of AGM and Report and Accounts, etc, by e-mail. Please contact us if you are not receiving emails from us, and do let us know without delay at any time if you change your e-mail address (or your other contact details).



Annual Report 2019
DIRECTORS' REPORT

As a trade association representing private capital in Lloyd's, the ALM is totally dependent upon its Members for support. The continued support and loyalty from Members (including corporate and associate members) and sponsors is both highly appreciated and valued. The ALM also knows that the syndicates supported by private capital value the *loyalty and resilience of private capital members* and the ALM is working to get that message to a wider audience. The ALM, its board and all the executive team are committed to working hard to deliver a high level of service to all its Members, represent the interests of private capital at Lloyd's and enhance the role of private capital in Lloyd's. The ALM looks forward to working for and with all our Members throughout the remainder of 2020.

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:

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 2019)	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.



Annual Report 2019
DIRECTORS' REPORT

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. He chairs the LMA Members' Agents Committee and the Working Group set up under that Committee.

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.

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.



Annual Report 2019
DIRECTORS' REPORT

N J Hanbury (Director since 1998; re-elected 2019)	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 2019)	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.
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.



Annual Report 2019
DIRECTORS' REPORT

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.



Annual Report 2019
DIRECTORS' REPORT

FINANCIAL RISK MANAGEMENT

The Company gives appropriate consideration to risk management objectives and policies. Cash flow and liquidity are not an 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. The Company has recently undertaken a specific review of its long-term contracts, many of which expire within the next twelve months, but the scope and extent of any possible savings are very limited. The Company is also looking at a whole range of alternative, cost-effective suppliers for many of its requirements.

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 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 Lloyd's, especially in relation to the proposals in Blueprint One which are directly relevant to the role and future of private capital, and to work with Lloyd's, the managing and Members' agents and all interested parties to improve accessibility to Lloyd's;
- To represent private capital, including Members no longer underwriting, and others supporting Lloyd's through other investment structures, in working with Lloyd's, managing and Members' agents, regulatory and government bodies; and
- To improve our Members' and the wider private capital community's knowledge and understanding of Lloyd's and its marketplace.



Annual Report 2019
DIRECTORS' REPORT

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information.

POST BALANCE SHEET EVENTS

As indicated earlier, the Company is urgently reviewing its 2020 programme of events and some will be cancelled, re-scheduled or presented as webinars. Although this would result in a loss of income or incurring some additional expense, the directors have carefully considered the situation with a view to mitigating the financial impact so far as possible, and are comfortable that this does not affect the Company's ability to continue as a going concern.

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
9 April 2020

Company No. 01698399



Annual Report 2019
INDEPENDENT AUDITORS' REPORT

OPINION

We have audited the financial statements of ALM Limited (the 'Company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the 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 2019 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 2019
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.

EMPHASIS OF MATTER - COVID-19

We draw attention to note 2.2 and note 18 to the financial statements which describes the effect of the COVID-19 pandemic on the Company and the going concern status for the financial statements. Our opinion is not modified in respect of this matter.

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 has been prepared in accordance with applicable legal requirements.



Annual Report 2019
INDEPENDENT AUDITORS' REPORT

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.

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 14, 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.



Annual Report 2019
INDEPENDENT AUDITORS' REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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.

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
9 April 2020



Annual Report 2019

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 (£)	2018 (£)
Turnover		370,879	432,697
Administrative expenses		(604,469)	(513,415)
Other operating income	6	1,288	-
Loss on disposal of investments		(5,245)	
Operating loss	3	(237,547)	(80,718)
Other interest receivable and similar income	7	46,900	62,360
Loss before tax		(190,647)	(18,358)
Tax on loss	8	(7,264)	(11,848)
Loss for the financial year		(197,911)	(30,206)

There was no other comprehensive income for 2019 (2018: £Nil).
The notes on pages 23 to 31 form part of these financial statements.



Annual Report 2019
BALANCE SHEET AT 31 DECEMBER 2019

	Note	2019 (£)	2019 (£)	2018 (£)	2018 (£)
Current assets					
Debtors: amounts falling due within one year	9	47,194		53,722	
Current asset investments	10	493,262		952,221	
Cash at bank and in hand	11	316,730		75,537	
		<u>857,186</u>		<u>1,081,480</u>	
Creditors: amounts falling due within one year	12	(54,026)		(99,209)	
Net current assets			803,160		982,271
Provisions for liabilities					
Dilapidation provision	14	(18,800)		-	
Net assets			784,360		982,271
Capital and reserves					
Profit and loss account			784,360		982,271

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

9 April 2020

The notes on pages 23 to 31 form part of these financial statements.



Annual Report 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

ALM Limited is a private limited company, domiciled and incorporated in England and Wales (registered number: 01698399). The address of the registered office is 2nd Floor, 22 Bevis Marks, London, EC3A 7JB.

The Company's functional and presentational currency is GBP.

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 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 including their assessment of the potential impact of the current COVID-19 pandemic. Whilst it is anticipated that there will be a loss of revenue from cancelled events, given the significant level of cash and liquid reserves available compared to annual committed expenditure, they 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.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.



Annual Report 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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.

2.5 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.6 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.

2.7 Valuation of investments

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

2.8 Pensions

The Company operates a pension plan for its employees. The amounts are recognised as an expense in the Statement of Comprehensive Income 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 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



Annual Report 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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.

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.11 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.



Annual Report 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Operating loss

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

	2019 (£)	2018 (£)
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	7,825	7,450
Exchange differences	(1,280)	979
Other operating lease rentals	17,111	13,018
Cost of pensions	6,737	9,291

4. Employees

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

	2019 (£)	2018 (£)
Wages and salaries	209,877	223,856
Social security costs	20,815	19,005
Cost of pensions	6,737	9,291
	237,429	252,152

The average monthly number of employees, including directors, during the year was 6 (2018 - 5).



Annual Report 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5. Directors' remuneration	2019 (£)	2018 (£)
Directors' emoluments	<u>32,000</u>	<u>36,000</u>
6. Other operating income	2019 (£)	2018 (£)
Realised currency gains	1,280	-
Sundry income	8	-
	<u>1,288</u>	<u>-</u>
7. Other interest receivable and similar income	2019 (£)	2018 (£)
Other interest receivable	<u>46,900</u>	<u>62,360</u>
8. Taxation	2019 (£)	2018 (£)
Corporation tax		
Current tax on profits for the year	7,264	11,848
Taxation on profit on ordinary activities	<u>7,264</u>	<u>11,848</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:



Annual Report 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 (£)	2018 (£)
Loss on ordinary activities before tax	(190,647)	(18,358)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(36,223)	(3,488)
Effects of:		
Other differences leading to an increase in the tax charge	43,487	15,336
Total tax charge for the year	7,264	11,848
9. Debtors: amounts falling due within one year	2019 (£)	2018 (£)
Trade debtors	375	-
Other debtors	8,015	4,932
Prepayments and accrued income	38,804	48,790
	47,194	53,722
10. Current asset investments	2019 (£)	2018 (£)
Listed investments	493,262	952,221



Annual Report 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11. Cash at bank and in hand

	2019 (£)	2018 (£)
Bank and cash balances	316,730	75,537

12. Creditors: Amounts falling due within one year

	2019 (£)	2018 (£)
Trade creditors	12,521	47,218
Corporation tax	7,908	12,492
Other taxation and social security	16,547	571
Other creditors	362	25,110
Accruals and deferred income	16,688	13,818
	54,026	99,209

13. Financial instruments

	2019 (£)	2018 (£)
Financial assets		
Cash and cash equivalents	316,812	75,537
Financial assets that are debt instruments measured at amortised cost	21,055	15,372
Current asset investments	493,262	952,221
	831,129	1,043,130



Annual Report 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Financial liabilities

Financial liabilities measured at amortised cost	(39,801)	(79,908)
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Financial assets that are debt instruments measured at amortised cost are trade and other debtors and accrued income.

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

14. Provisions

Dilapidation provision (£)

Reclassified from other creditors	18,800
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At 31 December 2019	18,800
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15. 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.

16. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 (£)	2018 (£)
Not later than 1 year	16,481	16,481
Later than 1 year and not later than 5 years	6,867	23,347
	23,348	39,828



Annual Report 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17. Related party transactions

At the year end the Company owed £357 (2018: £Nil) 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.

	2019 (£)	2018 (£)
Key Management Personnel	32,000	38,574

18. Post balance sheet events

In light of the current COVID-19 pandemic the Company is urgently reviewing its 2020 programme of events and some will be cancelled, re-scheduled or presented as webinars. Although this would result in a loss of income or incurring some additional expense, the directors have carefully considered the situation with a view to mitigating the financial impact so far as possible, and are comfortable that this does not affect the Company's ability to continue as a going concern.

19. 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.