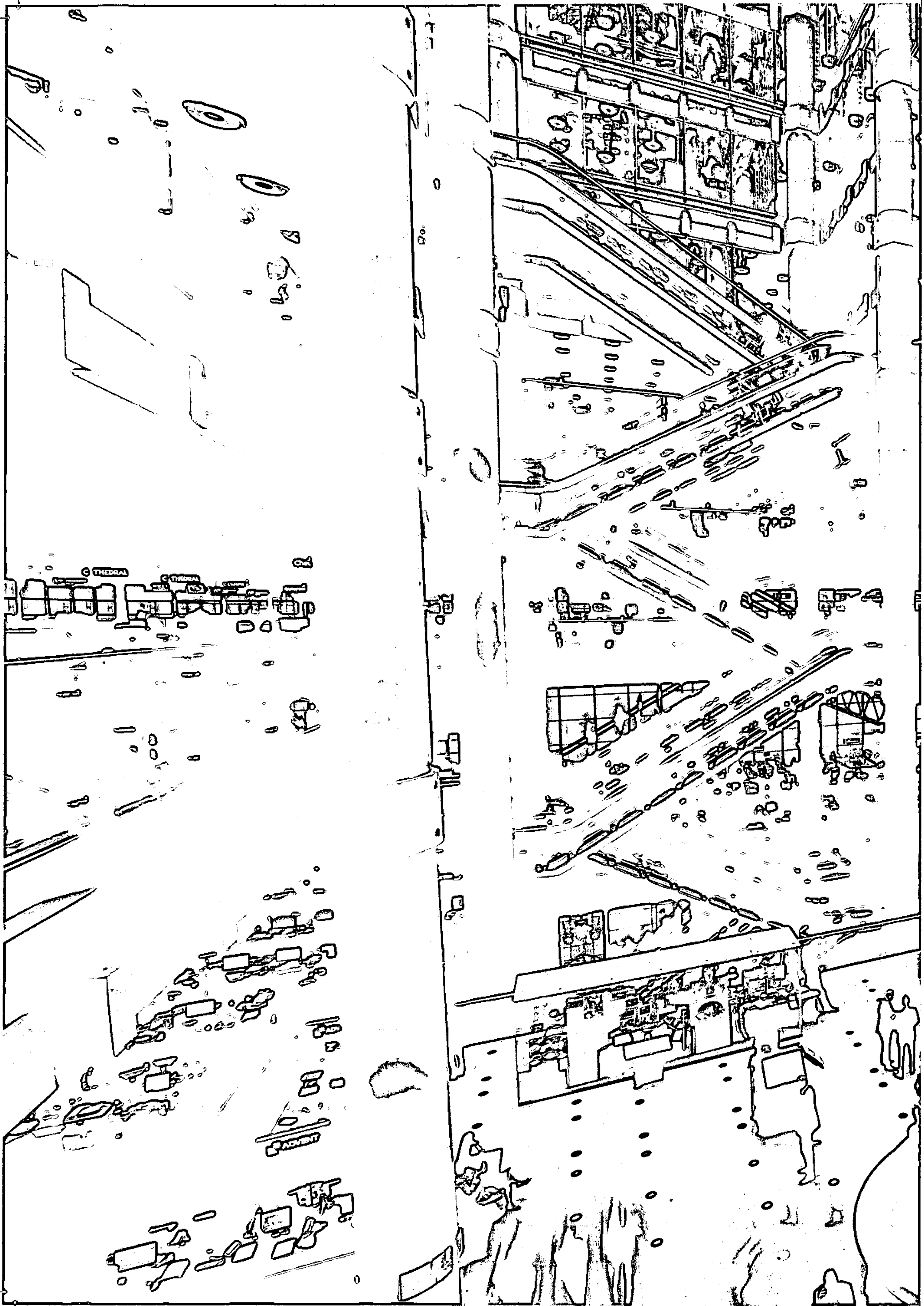
ALM

Report & Accounts 2022

THE VOICE OF THIRD PARTY
CAPITAL AT LLOYD'S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Directors

M W Johnson (Chair)
D J L F Anderson (Deputy Chair)
J V C L Barratt
R C Daum
Lady Davies of Stamford
M E McL Deeny
N J Hanbury
Dr. V Johannes
W D Johns-Powell
J W Kininmonth
D Patel, OBE
Sir Adam Ridley
Sir Henry Studholme, Bt, DL
K van der Klugt

Executive team

B A Schofield
A C Armitage *(Secretary)*
N Salvo
C Bleackley

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ALM Limited is a Company limited by Guarantee

Directors' Report

For the year ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Lloyd's 2022 Results

On 23 March Lloyd's announced its 2022 results which show a loss of £0.8bn, mainly caused by an investment loss of £3bn, large losses from Hurricane Ian (£2bn) and the war in Ukraine (£1.6bn). There was an increase in gross written premium, and an improved underwriting performance – the profit on underwriting alone was £2.6bn.

There follows a summary of the current position on underwriting years 2020-2023, prepared by the ALM Publications Editor, Chandon Bleackley.

The 2020 year of account

Rates rose steadily through 2020 across most classes of business, mainly in response to the losses sustained in the three previous years, but also because of the onset of COVID-19. Rates in the insurance classes increased more than those in the reinsurance classes. Swiss Re estimated that global insured losses amounted to about $85 billion in 2020, and that some $76 billion of this amount was attributable to natural catastrophe losses. There were an unprecedented number of natural catastrophe losses in Q3, especially windstorms and hurricanes, the largest of which was Hurricane Laura (which produced an insured loss of about $9 billion).

On an annual account basis, in 2020 Lloyd's gross premium income fell back marginally, to £35.4 billion, and Lloyd's made a loss of £887 million, producing a combined ratio of 110.3%. COVID-19 cost Lloyd's £3.4 billion for 2020, which amounted to 13.3% points of its combined ratio.

On a three year of account basis, the Lloyd's 2020 account benefitted from a release of £816 million from the 2019 and prior years, which offset the adverse impact of underwriting losses and the fact that it made an overall investment loss. As a result, Lloyd's produced a profit of £290 million, or 0.9% of capacity, in 2020 (2019: a loss of £953 million).

The 2021 year of account

The losses sustained since 2017, combined with the continuing uncertainty surrounding the development of COVID-19, meant that 2021 continued to benefit from the imposition of further rating increases on most classes of business. However, the recovery of the reinsurance classes still trailed behind that of the remainder of the market. Against this background of strengthening market conditions, 2021 proved to be a more costly year for insured losses than 2020. There were more than 20 individual loss events that caused insured losses of more than $1 billion in 2021. Both Swiss Re and Aon estimated that catastrophe losses had cost the industry about $130 billion in 2021. The largest single loss was Hurricane Ida (at about $36 billion), but Winter Storm Uri and the European floods both cost (re)insurers about $15 billion apiece.

On an annual account basis, Lloyd's increased its gross premium income by 10%, to £39.2 billion, and made a profit of £2.3 billion. Lloyd's combined ratio improved substantially, to 93.5% (2020: 110.3%).

On a three year of account basis, at month 24, Lloyd's 2021 year of account is forecast to make a mid-point profit of 4.1%.

The 2022 year of account

Rates in most of the direct classes of business continued to rise steadily during 2022. In some classes, such as cyber, the rate increases were very substantial, but in others, such as D&O, evidence emerged that the size of the rating increases being imposed began to ease back during the year. Reinsurance rates also rose at each of the main renewal dates, although the increases seen in Japan in April were disappointing as they were less than had been hoped for. 2022 was subject to a slightly lower level of insured losses than 2021. Swiss Re estimated that the cost of insured losses fell to $122 billion in 2022 (2021: $130 billion).

On an annual account basis, investment losses of £3.1 billion led to Lloyd's making a loss of £769 million for 2022. However, Lloyd's made a solid underwriting profit in 2022 of £2.6 billion (2021: £1.74 billion) and it produced an improved combined ratio of 91.9% despite suffering an increase in major claims (from 11.2% to 12.7%).

On a three year of account basis, no forecast for the 2022 year of account will be issued until mid-2023.

The 2023 year of account

The 2023 year of account has started well. The January renewal season saw some strong rating increases imposed across multiple territories and classes of business. Loss-hit property and reinsurance business in Europe, Australia and the US enjoyed some significant rating increases, but casualty renewals saw more moderate increases. The Japanese renewals on 1 April also saw some rating increases, but not as great as had been hoped for by underwriters, mainly owing to the fact that neither 2021 or 2022 was hit by a major typhoon or earthquake loss. All of the current indications suggest that the June and July renewals in the US will see further rating increases, especially on property catastrophe reinsurance business, mainly as pay-back for the very large loss from Hurricane Ian last year.

Thus far, 2023 has also been a relatively benign year for catastrophe losses. The most expensive insured loss has been Winter Storm Eliot, which has cost the industry about $5.5 billion. However, a portion of this loss will fall back onto the 2022 account, so it is unlikely to have too detrimental an effect on the 2023 year of account.

It is too early to comment on the 2023 year of account as there are still 32 months of trading and development left on a three year of account basis. The first forecasts for the 2023 year of account will not be issued until mid-2024.

ALM financial result

The result for 2022 shows a deficit of £58,038 (2021 – surplus of £36,722). Our capital and reserves as at 31 December 2022 stood at £704,583.

In summary, the deficit comprises an operating loss of £37,123 and an investment loss of £15,454. The overall deficit was budgeted at -£28,000 which included an estimated operating loss of £62,356 – so in purely operational terms the performance of the company has been c £27,000 better than expected. There was good income from sponsorship of our two conferences, and from advertising in our publications (including in the conference programmes). Savings were made on administrative and publication costs, and on travel expenses. Conversely the (unrealised) investment loss is worse than expected. As members will be aware, the Russian invasion of Ukraine in February and the government's mini-budget in September both had very sudden and adverse effects on the financial markets.

The budget for 2023 is for an operating loss of £27,107, but we hope for a modest overall surplus of £2,000, assuming that there will be a recovery in the value of our investments and better investment income. For 2023, after careful consideration, the board considered it appropriate to raise membership fees again (except for Category B, ie those who have ceased underwriting) in recognition of the current inflation rate which has a direct impact on the cost of our extensive programme of events.

Overview of 2022

There were three standout features of the ALM's work and activities during 2022, namely:

i. Continuing to keep up-to-date with various changes taking place or proposed at Lloyd's;
ii. Resumption of a full programme of conferences and webinars; and
iii. Changes in the composition of the ALM board

Changes at Lloyd's

A large amount of our focus in 2022 was ensuring that the ALM kept on top of issues at Lloyd's. Much of the effort is channelled through the Third Party Capital Committee (TPCC, formerly the Third Party Capital Group) which is now a committee of the Lloyd's Market Association (LMA) and thus has official standing and credibility. The Committee comprises representatives from the LMA, the three members' agents, the ALM and the High Premium Group. Our board director Jeff Barratt continues to chair the Committee, and Belinda Schofield is a member, including sitting on the Working Party (comprising representatives of the LMA, the members' agents and managing agents) which reports to and provides technical and legal support to the TPCC. The Working Party considered and prepared the TPCC response to Lloyd's consultations on the proposed amendments to the Byelaw to regularise the limitation periods that apply to all the agency agreements.

The general feeling is that the TPCC is working well, for all parties. Lloyd's welcomes the collaborative and professional relationship with the TPCC as a single point of contact with the market, and it is to the ALM's credit that it plays such a significant and influential role within it.

It is very important to note that notwithstanding the TPCC being the principal route for market issues to be raised with Lloyd's, Marcus Johnson and Belinda Schofield are by no means precluded from contacting Lloyd's directly. For example, Marcus has met recently with Bruce Carnegie-Brown and is due to meet Burkhard Keese soon, Marcus and Belinda have regular meetings with Ed Thomas, Head of Member Services, and Belinda is in frequent contact with the Legal Department.

The issues with which the TPCC have been dealing will be familiar to members, in particular the launch of the portal, the move to an approved list of Investment Managers combined with the appointment by Lloyd's of Citibank as custodian of members' funds at Lloyd's, and a review of the auction process of auctions. These subjects have been well covered in

ALM News throughout the year, and in some cases through our webinars. The ALM has been pleased to host webinars by the Gateway Team who have presented to ALM members explaining the developments within Lloyd's Member Services and answer questions. The transformation of Member Services was referred to in our 2021 Report and Accounts. The changes and the discussions around them are continuing; it is disappointing that some of the proposed changes have not yet come to a conclusion, but the ALM will maintain its close contact and dialogue with Lloyd's and the Member Services team both via the TPCC and directly to ensure that the interest of its members is kept at the forefront of Lloyd's consideration of these issues.

Conferences and webinars

We were very pleased to be able to revert to holding two personally attended conferences in 2022, the summer one at Haberdashers' Hall and the autumn one at Trinity House. Both conferences were very successful, helped by significant support from sponsors. John Neal gave a video address to the summer conference, and the conference was followed by a well-attended drinks reception, sponsored by Ruffer LLP, in the sunny courtyard of Haberdashers' Hall. We were delighted to welcome Burkhard Keese to our autumn conference, back at our favoured venue of Trinity House.

An innovation in 2022 was a Breakfast discussion at the City of London Club in May, kindly hosted and led by Killik & Co, on macro-economic factors affecting the market and investment generally. We ran a full programme of webinars, with a series on various tax topics run by Duncan & Toplis proving especially popular.

Changes in the composition of the ALM Board

There were some significant changes to the ALM board in 2022.

Alan Lovell retired from the board after our autumn conference on 5 October after ten years as the ALM Chair and 16 years as a serving board member. A retirement dinner was held for him in early December (postponed from 5 October because of a rail strike that day), attended by representatives from Lloyd's, the three members' agents and the HPG. A tribute to Alan's contribution to the work of the company, and to Lloyd's, appeared (in the Introduction to his Autumn Conference presentation) on page 12 of October ALM News (and also briefly in Belinda Schofield's Editorial in the same issue).

Dr Paul Kelly retired from the board at the AGM after 24 years, regularly providing valuable advice, especially on financial and regulatory issues – for example, he was usually the ALM's lead contact in responding to Lloyd's Consultations.

By way of succession planning and refreshing the board, we welcomed to the board during the year Dr Venetia Johannes, Dhruv Patel and Kees van der Klugt, all of whom participate in Lloyd's either as members or through a limited liability vehicle, and are members of the ALM.

Looking forward

There is general agreement that conditions in the market are as favourable as they have been for some time. It is therefore somewhat frustrating that there are a number of outstanding issues and projects at Lloyd's, some of which directly affect Names' underwriting business, notably the successful establishment of a fully reliable portal, further review as to how the auction programme will operate, and the implementation of the new investment managers regime. These issues are potentially challenging to the third party capital community. The ALM will continue to keep in touch with developments, ensuring that it promotes the interests of its members and all third party capital to achieve the best possible outcome for our present and future members and we will keep members informed through its publications and webinars.

The success of our conferences has generated significant interest from a range of sponsors in or connected with the Lloyd's market. This in turn encourages them to take advertising, so we hope for substantial income from these sources again in 2023. The summer conference, with lead sponsor Ruffer LLP and Hampden Agencies Limited as enhanced sponsor, is booked for Haberdashers' Hall on Wednesday 7 June, with John Neal as keynote speaker. As last year, the conference will be followed by the AGM and by an early evening drinks reception in the courtyard (sponsored by Helios Underwriting plc). We also look forward to hearing at the conference from Alistair Wood, recently appointed as CEO of Hampden Agencies Limited following the retirement of Neil Smith. Bruce Carnegie-Brown will be the headline speaker at the autumn conference which will take place again at Trinity House, on Thursday 21 September – with Evelyn Partners LLP as lead sponsor. We hope there will be a very good turnout from our members for these outstanding events. We are now into our 2023 programme of webinars, which includes a further series from Duncan & Toplis on tax issues.

The ALM has worked hard to establish itself as a reliable and constructive partner to Lloyd's and the market with respect to the changes taking place in it. It is now recognised as the trade association for, and is at the forefront of all significant discussions affecting, third party capital. It has cordial relations with all the senior executives at Lloyd's, with the members' agents, with many managing agencies and with the LMA. It thanks its membership and all others who support it, and looks forward to continuing to work with them.

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 (Chair, resigned 5 October)

M W Johnson
(Deputy Chair until 5 October, Chair from 6 October)
(Director since 2000; re-elected 2022)
A Name since 1983, latterly both as an unlimited liability member and through limited liability vehicles. 1% shareholder in Hampden Capital Plc.

Dr. P Kelly (Retired 16 June)

D J L F Anderson
(Deputy Chair from 6 October)
(Elected 2022)
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
(Elected 2022)
A Name since 1987, latterly through a NameCo. Member of Lloyd's Council from February 2017, and sits on the Nomination and Governance Committee, Audit Committee and Investment Committee. He chairs the Third Party Capital Committee (TPCC) and the Members' Agents Committee – both are committees of the Lloyd's Market Association.

R C Daum
(Elected 2022)
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
(Elected 2022)
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 2022)
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 2022)
Member of Lloyd's Council from 1999 to 2001 and from 2005 to 2007. Executive Deputy Chairman 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.

Dr. V Johannes
(Elected 2022)
A Name since 2009, having joined a Limited Liability Partnership in that year. Also a Director of a Nameco since 2018, and acquired another LLP in 2020.

W D Johns-Powell
(Elected 2020)
A Name since 1987, trading both as an unlimited liability member and through a Limited Liability Partnership.

J W Kininmonth
(Director since 2009; re-elected 2022)
An unlimited liability working Name since1983.

D Patel, OBE
(Elected 2022)
A Name since 2010 having formed a Limited Liability Partnership to commence underwriting that year. Honorary Secretary of the High Premium Group since 2022.

Sir A Ridley
(Director since 1990; re-elected 2022)
A Name since 1977, latterly through a NameCo. Deputy Chairman of the Equitas Trustees and a director of Equitas Group Companies until 2022. Member of Lloyd's Council from 1997 to 1999.

Sir H Studholme, Bt, DL
(Director since 2009; re-elected 2022)
A Name since 1986. Converted to a Limited Liability Partnership from 2009.

K van der Klugt
(Elected 2022)
An unlimited liability Name since 1985 (not actively underwriting 1995 to 2002). An Equitas Trustee and director of Equitas group companies.

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.

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 was 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. 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.

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.

AC Armitage

Andrew Armitage
Secretary
Date: 27 April 2023

Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	2022 £	2021 £
Turnover		394,040	367,458
Cost of sales		(103,715)	(84,073)
Gross profit		290,325	283,385
Administrative expenses		(327,448)	(321,154)
Operating loss		(37,123)	(37,769)
(Loss) / gain on current asset investments	3	(55,310)	40,441
Income from other current asset investments	6	10,800	9,908
Other interest receivable and similar income	7	29,056	33,721
(Loss) / profit before tax		(52,577)	46,301
Tax on (loss) / profit	8	(5,461)	(9,579)
(Loss) / profit for the financial year		(58,038)	36,722

There was no other comprehensive income for 2022 (2021: £Nil).

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

Balance sheet

As at 31 December 2022

	Note	2022 £	2021 £
Current assets			
Debtors: amounts falling due within one year	9	32,048	18,896
Current asset investments	10	619,701	774,962
Cash at bank and in hand		131,043	29,965
		782,792	823,823
Creditors: amounts falling due within one year	11	(78,209)	(61,202)
Net assets		704,583	762,621
Capital and reserves			
Profit and loss account		704,583	762,621

Directors' responsibilities:

- The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.
- These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and 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:

Marcus Johnson
Chair
Date: 27 April 2023

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

Notes to the Financial Statements

For the year ended 31 December 2022

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 The Lloyd's Building, One Lime Street, London EC3M 7HA.

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 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.

2.3 Cost of sales
Cost of sales represents direct expenditure incurred on producing members' publications and holding seminars, webinars, and conferences.

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.

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
Bonds held as current asset investments are measured at cost less accumulated impairment.

Equity instruments held as current asset investments are measured at fair value through profit or loss.

2.8 Pensions
The Company operates a defined contribution 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*
  Basic financial assets, including trade and other receivables, cash and bank balances and investments in listed debt instruments, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

  Such assets are subsequently carried at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

  Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

- *Financial liabilities*
  Basic financial liabilities, including trade and other payables, interest bearing bank loans, overdrafts and other loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

  Such liabilities are subsequently carried at amortised cost, using the effective interest rate method.

  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.

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.

3. (Loss) / gain on current asset investments

	2022 £	2021 £
(Decrease) / increase in fair value of current asset investments	(66,786)	40,441
Profit on disposal of current asset investments	11,476	-
	(55,310)	40,441

4. Employees

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

	2022 £	2021 £
Wages and salaries	215,306	200,000
Social security costs	20,530	18,726
Cost of pensions	7,245	6,630
	243,081	225,356

The average monthly number of employees, including directors, during the year was 4 (2021: 4).

5. Directors' remuneration

The directors are also the key management personnel, and their compensation is as follows:

	2022 £	2021 £
Directors' emoluments	23,806	24,000

6. Income from other current asset investments

	2022 £	2021 £
Dividends receivable	10,800	9,908
	10,800	9,908

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7. Other interest receivable and similar income

	2022 £	2021 £
Other interest receivable	29,056	33,721
	29,056	33,721

8. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on (loss) / profit for the year	5,461	10,209
Adjustment in respect of prior periods	-	(630)
	5,461	9,579

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
(Loss) / profit on ordinary activities before tax	(52,577)	46,301
(Loss) / profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(9,990)	8,797
Effects of:		
Operating losses not subject to tax	7,053	7,176
Unrealised losses / (gains) on equity investments	8,689	(5,489)
Income from current asset investments not subject to tax	(291)	(275)
Adjustment in respect of prior periods	-	(630)
Total tax charge for the year	5,461	9,579

9. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	18,995	145
Other debtors	1,195	1,588
Prepayments and accrued income	11,858	17,163
	32,048	18,896

10. Current asset investments

	2022 £	2021 £
Equity investments measured at fair value through profit or loss	214,914	281,700
Bond investments measured at amortised cost	404,787	493,262
	619,701	774,962

11. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	14,303	8,531
Corporation tax	5,461	9,579
Other taxation and social security	6,442	7,313
Other creditors	879	152
Accruals and deferred income	51,124	35,627
	78,209	61,202

12. Related party transactions

During 2022, the Company received services costing £5,250 (2021: £NIL) from Freedom Insurance Services Ltd, a company owned by Mr M W Johnson, a director of the Company, in relation to the provision of his services as Chair of the Company. At the year-end £5,250 (2021: £NIL) was outstanding and included within creditors. Mr Johnson received no other remuneration for his role as director or Chair of the ALM.

13. Company Status

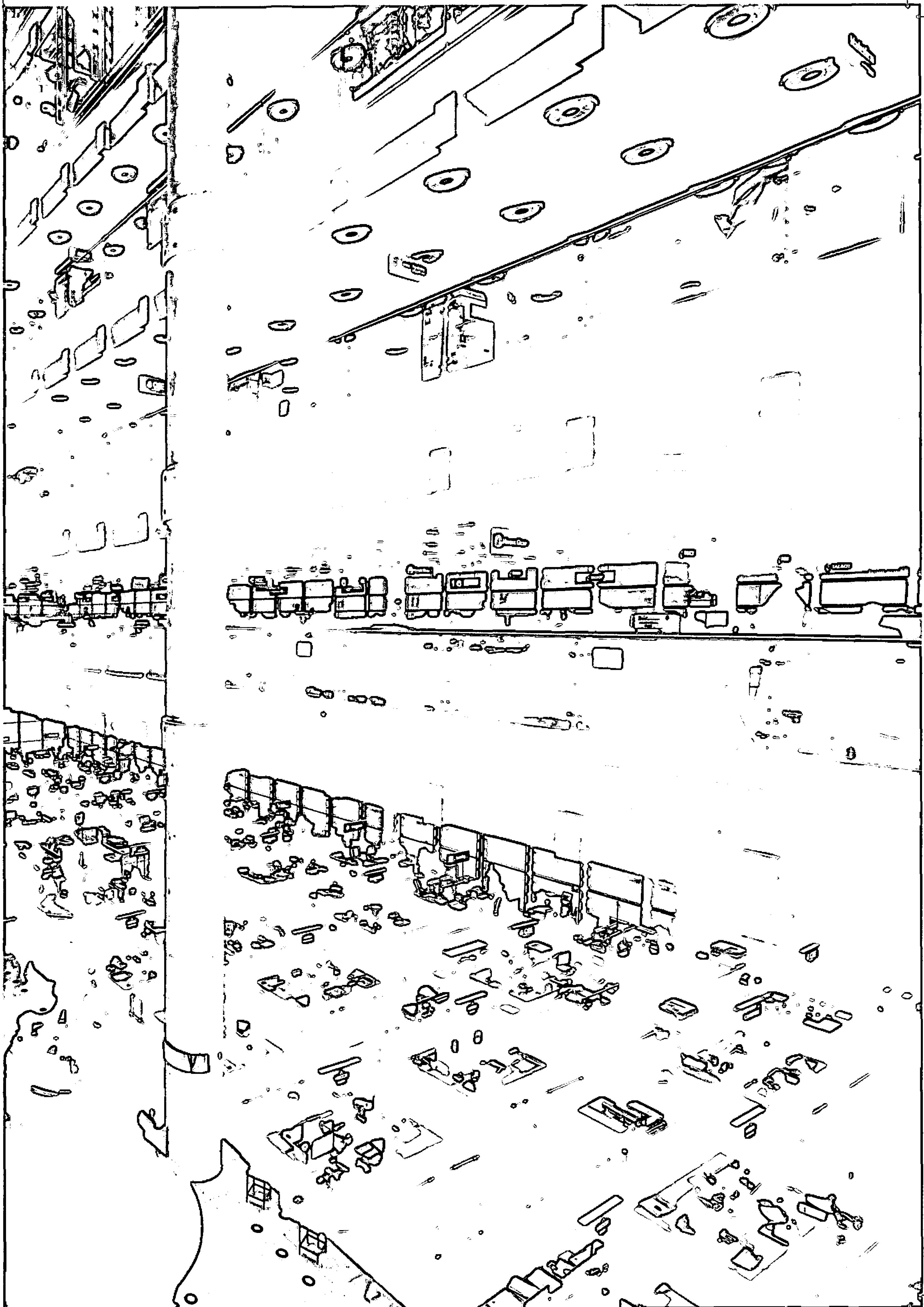
The Company is a private Company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the Company in the event of liquidation.

14. Commitments under operating leases

At 31 December 2022 the Company had no commitments (2021: £NIL) under non cancellable operating leases.

15. 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.



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