Company No: 1958863

ATRIUM UNDERWRITERS LIMITED

REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2022

ATRIUM UNDERWRITERS LIMITED

DIRECTORS

CM Stooke (Chairman)
JM Cox
AGK Hamilton
RdWW Harries
PJ Laidlaw
JRF Lee
SJ Riley
S Shah
KH Steward

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STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2022.

Results

The profit for the year, after taxation, amounted to £3,703,534 (2021: £10,083,160).

Principal activities and review of the business

Atrium Underwriters Limited (AUL or the Company) is a wholly owned subsidiary of Atrium Underwriting Group Limited (AUGL). AUL is a registered Lloyd's Managing Agency, managing Syndicate 609 (the Syndicate), and is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA.

The managed Syndicate's principal activity during the year continued to be the transaction of general insurance and reinsurance business at Lloyd's. The 2023 allocated capacity for Syndicate 609 is £872,576,082 (2022: £651,057,047).

The Board measures a number of Key Performance Indicators (KPIs) as shown in the table below.

	2022 £	2021 £	Change %
Turnover	9,196,943	20,820,875	(55.8)%
Operating profit	4,535,753	12,869,905	(64.8)%
Profit before tax	4,558,834	12,870,451	(64.6)%
Capacity under management	651,057,047	624,853,833	4.2 %

The Directors of AUL (the Board) have reviewed the results of the Company and are pleased that the KPIs demonstrate continued profitability, the main contributor being the profit commission earnings from the managed Syndicate.

The profit commission earnings in 2022 are lower than those recognised during 2021. In 2022 the Company benefited from the profitable results of the 2021 and 2022 years of account. Significant unrealised investment losses in the year, driven by the US Federal Reserve increasing its base rate by 400 basis points in 2022 in response to the rising inflationary environment, has impacted the performance of both the 2020 and 2021 years of account. This has resulted in a write back of previously recognised profit commission earnings for the 2020 year of account. The largest loss event in 2022 to impact the Syndicate was Russia's invasion of Ukraine. The Syndicate has reserved for both the direct and indirect impacts of this event which predominantly impacts the 2021 Year of Account. The potential for variation to the booked reserves is considerably greater than the normal level of reserve sensitivity to downside risk and the actual outcome of the loss could be in a particularly wide range with greater than usual variability. This results in lower profit commission earnings for the Company when compared to the prior year.

Notice of Censure

On 16 March 2022 the Lloyd's Enforcement Board issued a Notice of Censure in respect of the Company (Market Bulletin Y5369). The Company accepted three charges relating to non-financial misconduct by Atrium employees and the way in which the Company responded to allegations of misconduct. The Company agreed to the public censure, a fine of £1,050,000 and payment of Lloyd's costs amounting to £562,713.50. The fine and payment of Lloyd's costs were included in the 2021 financial results of the Company and were settled in March 2022.

At a high level the three core charges that Lloyd's brought against the Company are:

1. The Company's failure to notify Lloyd's of matters they would expect to be made aware of;
2. The Company's handling of allegations made against an employee, its investigation into these and its handling of the employees subsequent exit from the business and;
3. Conduct that took place at an 'Annual Boys Night Out' attended by male members of Syndicate 609 up until 2018.

The Board of Directors have taken the enforcement process extremely seriously and in response to receipt of the Notice of Censure commissioned an independent firm of workplace lawyers to investigate the matters that were identified in the Notice of Censure and to undertake a wider review of cultural initiatives and conduct a high level assessment of the general culture to ascertain whether the behaviours identified in the Lloyd's charges were isolated incidents or endemic. The lawyers made the following recommendations which have been accepted by the Board and have been implemented:

I. Strengthening internal processes in misconduct cases;
II. Mandatory discrimination and harassment and Equality Act 2010 training; and
III. Internal disciplinary proceedings, where appropriate.

The independent report concluded that the behaviours referenced in the Notice of Censure were not representative of the wider culture at Atrium. It noted that the Company has undertaken significant work since 2015 to improve culture and listens to feedback about employees' experiences of working for the Company. Many of the initiatives that the Company has undertaken and implemented have been noted in the Section 172 statement that appears later in this report, and in prior year financial statements of the Company. In the Notice of Censure Lloyd's referenced the following steps that the Company had taken:

I. Implementation of changes reflecting Lloyd's expectations, set out in Market Bulletin Y5252, including updating the Company policies and procedures relating to disciplinary issues, whilstleblowing and diversity and inclusion, as well as guidance to and training for senior managers and;
II. Implementation of changes focused on culture and diversity and inclusion, including staff engagement surveys, a flexible working charter and mandatory training for managers on inclusive recruitment and being an active bystander. The Board has enhanced its governance by introducing a Board level Culture Committee and implementing a values framework to ensure employees understand the behaviours expected of them.

Strategy

The Company's strategy is to:

- deliver high quality, timely and focused services to its managed Syndicate;
- be a highly effective, agile and efficient organisation, seeking to deliver scalable services;
- create a culture of learning and continuous improvement, optimising processes and systems; and
- operate a highly motivated workforce.

The Company has a number of strategic priorities for 2023 which can be summarised as follows:

- We will aim to exceed our financial objectives and agreed 2023 Syndicate Business Plan.
- We will determine and execute underwriting strategy to maximise the return from the current market conditions, ensuring we can absorb all attractive new business opportunities.
- We will proactively support and embed the new leadership and governance structure.
- We will take stock of the many initiatives we have implemented over the last few years and will identify key deliverables to provide focus for 2023 on matters that are of greatest priority to us at Atrium in moving us towards our people, culture and Diversity and Inclusion (D&I) goals.
- We will introduce underwriting measurements on Environmental, Corporate and Social Governance (ESG) and climate change.

- We will continue the embedding of Atrium Values.
- We will adopt any Blue Print II activities that deliver efficiencies for Atrium.
- We will continue to develop our digital underwriting capabilities.

Principal risks and uncertainties

The performance of the Company is inherently linked to the performance of the Syndicate because the Company derives its income from the Syndicate. The risk management framework discussed below is therefore predominately from the perspective of the Syndicate.

Governance

The Board recognises the critical importance of having efficient and effective risk management systems in place but also recognises that it can only mitigate risks, and not eliminate them entirely. The Board has developed its Own Risk and Solvency Assessment (ORSA), comprising the entirety of the processes that it uses to identify, assess, monitor and report the risks faced by the Syndicate and to evaluate the amount of funds necessary to cover these risks taking into consideration the business profile and risk appetite of the Syndicate. Critical to the efficacy of the ORSA is the effective operation of the Risk Management Framework (RMF), the Governance Structure and Atrium's Internal Model. The RMF incorporates the so-called "Three Lines of Defence" approach to risk management and reporting.

The RMF is the mechanism through which Atrium ensures it is implementing effective and enterprise wide risk management practices across its business. Key to Atrium's business is the management of risk, return and capital, against which all significant strategic and operational business decisions are evaluated. Atrium has established systems of governance and risk management that enable it to manage its business prudently. The RMF is the articulation of these systems of risk management and governance and how the various elements interact.

The RMF encompasses the broad range of activities undertaken across the organisational hierarchy to ensure that risks are managed appropriately, spanning from the high level strategy set by the Board to the day to day underwriting decisions being made by Syndicate staff and the controls in place to govern these. The RMF can be illustrated as follows:

Strategy:

Business Activities: The individual Syndicate and agency business units are responsible for implementing the strategy and business plans in accordance with the framework set out in the risk policies. The people, controls, management information, processes and senior management oversight in place across the business units serve as the "First Line of Defence" in the RMF.

Risk Governance Structure: The Board has established a Risk Governance Structure in order to ensure that risk is appropriately identified, monitored, managed and reported across the organisation; to review the activities of the business units; and to ensure that the RMF is effectively designed, implemented and governed. The Risk Governance Structure is comprised of the Risk Committee (RC), which fulfils the role of Atrium's Risk Management Function, the Executive Risk Committee (ERC) and its three Risk Sub-Committees, discussed further below.

Independent Assurance:
Atrium has in place a Compliance Function and an Actuarial Function in addition to the Risk Management Function (fulfilled by the RC, the ERC and the Risk Management Team). These functions have specific responsibilities documented in their terms of reference and are staffed by fit and proper individuals with suitable qualifications, expertise and experience. The activities of these functions seek to provide the Board with assurance as to the appropriateness and effectiveness of the various elements of the RMF, the internal control environment, and the calculation of capital. There are a number of risk management tools

which support independent assessment and reporting of risk. Taken together this Independent Assurance comprises the "Second Line of Defence''.

Independent Oversight:
The RMF provides for independent oversight and challenge via the operation of the Internal Audit Function as well as the Audit Committee, which is a Committee of the Board with membership comprised of Non-Executive Directors. Together these three groups provide the "Third Line of Defence''. The Audit Committee, along with its broader responsibilities for the financial statements and financial reporting process, has oversight of internal controls and the Internal Audit Function.

Risk Committee (RC)
Atrium's risk governance structure is comprised of the RC, ERC and its three Risk Sub-Committees.
The RC fulfils the Risk Management Function, in conjunction with the ERC and the Risk Management Team, and coordinates the risk management activities conducted for the Syndicate. The RC has its membership comprised of Non-Executive Directors though is attended by various Executives to ensure that the RC is provided with the information it requires to perform its role. It is responsible for ensuring that the RMF and Internal Model operates effectively, and for maintaining an aggregated and holistic view of risks to the Syndicate and reporting on them to the Board, Committees and management as appropriate. It also ensures that there is robust and effective management, governance and oversight of Atrium's Internal Model which is used to set capital and is also widely used within the business.

Due to overarching considerations of climate change and Environmental, Corporate and Social Governance (ESG) in strategy setting and risk profile changes, this Committee is also responsible for oversight of the climate change and ESG frameworks.

To support delivery of the RC's responsibilities, there is the ERC and its three Risk Sub-Committees, each being responsible for oversight, review and challenge of the activities of the Syndicate and in particular, ensuring activities are within risk policies, that risks are suitably identified monitored and reported, and that appropriate contingency plans are in place.

The principal risks to which the Syndicate is exposed are discussed below together with the mitigation techniques adopted. For clarity, the risks are analysed by reference to the Risk Sub-Committees that have responsibility for the relevant risk area.

The ERC exists to support the RC and ensure that it can focus on key issues and also to ensure that there is the scope for executive discussion on risk issues and aggregation across the Risk Sub-Committees prior to the RC.

Insurance Risk Sub-Committee (IRSC)
The IRSC is responsible for oversight of insurance risk which includes underwriting, claims, reserving, and reinsurance.

Underwriting risk is the risk that future losses are greater than allowed for within premiums. This could be due to natural fluctuations in claims frequencies and severities, changes in economic and judicial environments, anti-selection, inappropriate premium estimation or catastrophic loss activity.

Underwriting risk is mitigated through numerous controls including underwriter peer review, authority limits, independent review of risks written, and purchase of an appropriate reinsurance programme. The Syndicate Business Forecast is completed annually and stipulates those classes of business and concentration by class that will be written during the forthcoming year. It is reviewed by the IRSC and approved by the Board prior to being submitted to Lloyd's for approval. Actual performance during the year is monitored by reference to the Syndicate Business Forecast.

The risk of catastrophic claims is mitigated by the Syndicate having a defined risk appetite which determines the net loss that it intends to retain for major catastrophe events and where deemed appropriate reinsurance is purchased to limit the impact of losses. Although the likelihood of occurrence is considered to be remote, there may be circumstances where the loss from a particular catastrophe event exceeds the net risk appetite perhaps due to the occurrence of a loss that has not been considered or where the reinsurance purchased proves to be insufficient. In addition climate change can affect the occurrence and severity of weather related events. Whilst we do research the impact of these there is significant uncertainty to the impact climate change has on events in the tail of distributions which increases uncertainty in this area.

Reserving risk is that there is insufficient provision for losses that have already occurred.

Reserving risk is mitigated by the robust reserve adequacy exercise that is performed on a quarterly basis by the Actuarial Function and approved by the Board. The quarterly exercise involves a review of the paid and outstanding claims and an assessment of the appropriate provision for incurred but not reported (IBNR) claims. The reserves are considered by the IRSC and approved by the Board. The reserving is carried out based on historical development data, the claims environment and information provided by lawyers and third party claims adjusters.

Although a thorough review is carried out the reserves carried may be more or less than adequate to meet the final cost of claims.

The IRSC also reviews the proposed reinsurance programme that is used to protect capital from frequency and severity of losses that may be sustained through underwriting the varied lines of business written. The review includes analysis of the reinsurance cover being purchased and assessment of the proposed counterparties.

Financial Risk Sub-Committee (FRSC)

The FRSC is responsible for oversight of financial risks and the steps taken to mitigate them as they arise from investments, asset/liability management, credit, liquidity and concentration risks. These risks are discussed further below.

Investment risk is the risk that the syndicate’s earnings are affected by changes in the value of the investment portfolio; such changes in value may be driven by changes in the economic and political environment and by movements in interest and foreign exchange rates. Atrium manages the Syndicate’s investments in accordance with investment guidelines established by the Board that are reviewed on a regular basis. The FRSC monitors the performance of the external investment managers and the custodians responsible for the safekeeping of the investments, and reports regularly to the Board.

Asset/liability mismatch is the risk that the Syndicate could incur a loss through inadequate matching of its investments with its insurance liabilities. Due to the short tail nature of the majority of these liabilities, the Syndicate does not seek to achieve a precise matching with the investment portfolio, instead developing an investment duration guideline that is broadly in line with the average payment profile of the liabilities. However, the Syndicate substantially mitigates exposures to currency mismatch by investing premiums in the currency in which subsequent claims are most likely to be incurred and periodic rebalancing to ensure that these remain appropriate for the liabilities. The majority of the Syndicate’s business is denominated in USD and accordingly the substantial part of the investment portfolio is in US dollar denominated investments.

The key aspect of credit risk is the risk of default by one or more of the Syndicate’s reinsurers, their investment counterparties, or insurance intermediaries. Reinsurance is placed with security that adheres to the Atrium reinsurance policy. The exposure to credit risk in the investment portfolio is mitigated through adherence to the investment guidelines which require the Syndicate’s core investment portfolios to be held in government and corporate debt with a high credit quality rating and with a relatively short duration, thus substantially mitigating the risk of sustaining losses from default.

Exposure to intermediaries is mitigated by rigorous review of new intermediaries, contractual terms of business, regulated or segregated client accounts, monitoring of balances and credit control procedures.

Liquidity risk is the risk that the Syndicate will not be able to meet its short term liabilities as they fall due, owing to a shortfall in cash. This risk is mitigated through holding invested funds in high credit quality and short duration investments, and cash flow projections are also reviewed on a regular basis. The need for overdraft facilities in case of unprojected cash flow deficit is also reviewed regularly.

Concentration risk is the exposure to loss that could arise if the bulk of the amounts recoverable by the Syndicate were dependent on a limited number of reinsurers, or if investments were restricted to limited numbers of counterparties or sectors. The risk is mitigated by restricting the permitted cessions to individual reinsurers for any one underwriting year and through the investment guidelines which limit exposure to individual investment counterparties and sectors.

Operational Risk Sub-Committee (ORSC)

The ORSC is responsible for oversight of the Syndicate's exposures to operational, group, conduct and regulatory risks.

Operational risk is the risk of loss due to inadequate or failed processes and procedures, people and systems, or external events. The agency seeks to manage these risks by operating a control based environment which consists of documented procedures, segregation of duties and appropriate levels of review.

Conduct risk is the risk that as part of writing and servicing insurance policies the Syndicate fails to pay due regard to the interests of its customers. This is mitigated through the application of Atrium's conduct risk policy and procedures and through staff's adherence to Atrium's Code of Business Principles and Ethics. Atrium is committed to conducting its activities and stakeholder relationships in a fair and honest manner and the highest standard of conduct, professionalism and integrity is expected from all of its employees, with due regard paid at all levels of the organisation to ensuring fair outcomes for customers. Key controls include training of staff, embedding of the consideration of conduct risk as part of the business planning process and through the product life-cycle and Board and governance oversight and reporting. The ORSC fulfils the role of a "product oversight group" providing customer challenge and perspective to Atrium's products.

Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Managing Agency has a Compliance Officer and team who monitor regulatory developments and assess the impact on agency policy and maintain an ongoing open dialogue with both regulators and Lloyd's. They also carry out a compliance monitoring programme.

Regular reviews are performed by the Internal Audit department to ensure that deviations from the agency's policies, and control weaknesses, are identified and reported to the appropriate level of management and the Audit Committee when considered necessary.

Culture Committee

The Culture Committee is a formal committee of the Board which has been set up to review all areas relating to Atrium's people, longer term organisational development and culture.

It met for the first time in March 2021 in response to the increase in strategic emphasis in culture and also to help co-ordinate across the various employee led groups working on areas such as working practices, ESG, Corporate Social Responsibility, Diversity & Inclusion.

Compliance with Section 172 of the Companies Act

A Director of the Company must act in accordance with a set of general duties. These duties are detailed in Section 172 of the Companies Act 2006, summarised as follows:

"A director of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so have regard (amongst other matters) to the following:

The likely consequences of any decisions in the long-term.

The Board has set a number of key strategic priorities for 2023, as detailed earlier in this report.

These priorities reflect the need to consider the interests of our staff and the need to keep pace with market initiatives and technological changes so the business is appropriately positioned to take best advantage of market conditions. The strategic priorities are cascaded down to individuals within the business through the Performance and Development Review process.

The interests of the Company's employees.

Engaged, enabled, empowered employees who contribute to the best of their potential are fundamental to the long-term success of the business. We employ and develop high calibre staff. We maintain oversight of their performance through an annual performance and development review process. We seek to offer appropriate levels of remuneration which we benchmark using market surveys. We value our employees' thoughts and ideas and two-way communication is actively sought and encouraged. Our expected standards of behaviour are set out in our Code of Business Principles and Ethics which all staff are expected to adhere to.

The need to foster the Company's business relationships with customers, supplier and others.

Atrium's customers, our (re-)insureds, are key to the long-term success of our business. We seek to grow and maintain our customer base. Our reputation needs to be preserved to protect our position as the specialist insurance and reinsurance business of choice and achieve our growth ambitions. Business is sourced through Lloyd's Brokers and Coverholders. They are key business partners and we set out our relationship in terms of business or service level agreements. We maintain oversight of these arrangements as well as making sure our customers receive appropriate level of disclosure.

The impact of the Company's operations on the community and environment.

Atrium is a responsible member of its community as it reflects our culture and matters to our staff and local community. Atrium has a strong culture of supporting staff in both individual and group volunteering and fundraising initiatives. In 2021 Atrium set up a culture committee in response to the increase in strategic emphasis in culture and also to help co-ordinate across the various employee led groups working on areas such as working practices, ESG, Corporate Social Responsibility (CSR) and Diversity and Inclusion. The role of the CSR Committee is to coordinate CSR activities within Atrium, these encompassed working with an educational charity partner and partnerships with a CSR presence in the London Market; encouraging staff to volunteer at local community projects and participate in local events; and providing corporate sponsorship of charitable activities.

The desirability of the Company maintaining a reputation for high standards of business conduct.

As a registered Lloyd's Managing Agency, authorised and regulated by the PRA and regulated by the FCA, AUL must comply with regulatory rules and minimum standards in order to maintain its licence to operate. Over and above this Atrium seeks to achieve and maintain a reputation for demonstrating a high standard of business conduct as this has a positive impact on interactions with and reviews required by Regulators. We maintain an open dialogue with all regulators and seek to maintain a strong and trusted reputation.

We get the majority of our capital to support the Syndicate from third party members of Lloyd's whose affairs are managed by Members Agents. We therefore have a duty to ensure all capital providers are treated fairly and equitably. We maintain an open and regular dialogue with those agents to ensure that the members can make an informed decision about continued support of our business.

The need to act fairly as between shareholders of the Company.

AUL is a wholly owned subsidiary of AUGL and at the balance sheet date was ultimately owned by Northshore Holdings Limited (Northshore). We have a on-going dialogue with both AUGL and Northshore. Formal communication of financial results is provided on a quarterly basis. We engage with Northshore to ensure that the strategic direction of the business is aligned with group objectives.

Material decisions impacting stakeholders which took place in the year ended 31 December 2022

During the year the Board considered its strategic priorities for 2022 which included delivering the ambitious Syndicate Business Plan in an increasingly challenging market. The Board approved the business plan for the 2023 year of account for the Syndicate which included significant premium income growth and led the Board to increasing the stamp capacity for the year Syndicate from £652m for the 2022 year of account to £873m for the 2023 year of account. This received full support from our capital providers. The actual financial results for the Syndicate for 2022 show a reduction in profitability compared to the prior year as a result of unrealised investment losses and an increase in catastrophe losses in the year. However, premium growth was in excess of plan, particularly for the Aviation class, where underwriters took advantage of significant rate rises in the year.

The Board continued to develop the internal and external communications strategy, articulating the Atrium culture, values and strengths to a wider audience in order to increase exposure and to help attract and retain talent. During the year the Atrium values and behaviours were launched with most employees attending workshops in order to understand and embed the values. Our new website was launched during the year and the Atrium story is covered externally through social media channels. During the year the Board continued to rebuild its reputation internally and externally following the Notice of Censure. There were a series of actions for the Board to address following the Notice of Censure and remedial action, where required, has been completed in 2022. Atrium employees took part in the Lloyd's Culture Survey with positive results relayed to the business following publication of the survey results.

A key area of focus in 2022 was career and talent development. The Board launched its Talent Charter which sets out how Atrium will support its employees with their career development, with an underlying ambition for a more diverse workforce. The Performance & Development review process was reviewed in detail and the Board believes changes implemented now reflect the needs of our employees and support them with their career development. The Board encouraged and facilitated an increasing number of in-person development opportunities during the year following the release of all COVID-19 restrictions.

The Board approved an ESG framework during 2022, meeting expectations of Lloyd's and other stakeholders. The framework was designed to be embedded into all of our decision making and was presented to all of our staff to ensure that they have an understanding of the Board's ambitions, timelines and measurements so that progress can be tracked.

The Board carries out a detailed financial review each year which includes revenue streams in the form of fees and profit commission, and a detailed expenses review where requirements of all stakeholders are considered. The output of this exercise determines how much dividend the Company is able to pay to its shareholder.

STRATEGIC REPORT *(continued)*

By order of the board

KH Steward
Director
24 February 2023

DIRECTORS' REPORT

The Directors present their report for the year ended 31 December 2022.

Dividends

The Directors do not recommend a final dividend, making the total of dividends paid in the year £6,442,485 (2021: £nil).

Directors and officers of the Company

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

On 1 January 2023, TD Drysdale resigned as a Director of the Company.

On 1 January 2023, PJ Laidlaw was appointed as a Director of the Company.

Future developments

The Directors intend that the Company continues to be a Managing Agent at Lloyd's.

Events since the balance sheet date

There have been no significant events since the balance sheet date other than those noted in the Directors and officers section above.

Going concern

The Directors of the AUL have reasonable expectation that the Company has adequate resources to continue in operational existence for at least a twelve month period from the date of the issue of these financial statements. For this reason they continue to adopt the going concern basis in preparing the financial statements.

The Board of AUL have reviewed the impact of COVID-19, the invasion of Ukraine and the impact of sanctions imposed on Russia on the Syndicate and have concluded that the Syndicate will be able to operate as a going concern. The Board continues to closely monitor the impact on its operations, customers and underwriting, investments and capital. An assessment of plausible severe scenarios and potential range of outcomes has been undertaken across these areas, including exposure to the broader economic environment and increased volatility in financial markets. Risk appetite for the most impacted lines of business is being reviewed on a regular basis and updated, as required.

The Board's long term strategy is to grow the Syndicate into a hardening market, increasing stamp capacity in order to take advantage of rising rates and new business opportunities. The Syndicate continues to take advantage of the improved rating environment by writing increased level of business at higher pricing levels in 2022. The Syndicate was able to open the 2023 year of account with increased stamp capacity of £872.6m and at the current time there is an expectation that the Syndicate will open a 2024 year of account.

The Syndicate has more than adequate liquidity to pay its obligations as they fall due. The Syndicate held cash and cash equivalent of £37.9m and fixed maturity investments with maturity dates of less than one year of £319.4m.

Based on the going concern assessment performed as at 31 December 2022, the Directors consider there to be no material uncertainties that may cast significant doubt over the Syndicate's ability to continue to operate as a going concern. The Directors have formed a judgment that there is a reasonable expectation that the Syndicate has adequate resources to continue in operational existence in the foreseeable future, a period of at least 12 months from the date of signing these financial statements.

Political donations

The Company made no political donations during the year (2021: £nil).

Financial risk management

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

Disclosure of information to the auditor

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

Re-appointment of auditor

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

By order of the board

KH Steward
Director
24 February 2023

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATRIUM UNDERWRITERS LIMITED

Opinion

We have audited the financial statements of Atrium Underwriters Limited ("the Company") for the year ended 31 December 2022 which comprise the statement of comprehensive income, balance sheet, the statement of changes in equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors, the audit committee, internal audit, and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading Board and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is composed of relatively simple income streams and has limited complexity in the nature of income earned by the Company from the Syndicate it manages.

We did not identify and additional fraud risks.

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

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted with descriptions containing keywords or phrases, those posted to unusual accounts including those related to cash and revenue and post-close journals meeting certain criteria.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

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

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

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

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

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's licence to operate. We identified the following areas as those most likely to have such an effect: anti-bribery and regulatory capital and solvency regulations recognising the financial and regulated nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 13, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Kushan Tikkoo

Kushan Tikkoo (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
24 February 2023

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	2022 £	2021 £
Turnover	3	**9,196,943**	20,820,875
Administrative expenses	4, 5, 6	**(4,661,190)**	(7,950,970)
Operating profit		**4,535,753**	12,869,905
Interest income		**23,081**	546
Profit on ordinary activities before tax		**4,558,834**	12,870,451
Tax charge on profit on ordinary activities	7	**(855,300)**	(2,787,291)
Profit on ordinary activities after tax		**3,703,534**	10,083,160
Other comprehensive income			
Currency translation differences		**2,172,866**	224,908
Total comprehensive income for the year		**5,876,400**	10,308,068

All results are derived from continuing activities.

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

BALANCE SHEET
As at 31 December 2022

	Notes	2022 £	2021 £
Current assets			
Debtors: due within one year	9	**10,494,366**	9,011,784
Cash and cash equivalents		**4,254,821**	7,510,161
		14,749,187	16,521,945
Current liabilities			
Creditors: due within one year	10	**4,184,262**	9,703,175
Net current assets		**10,564,925**	6,818,770
Non-current assets			
Debtors: due after more than one year	9	**7,806,306**	12,118,546
Net assets		**18,371,231**	18,937,316
Capital and reserves			
Share capital	11	**400,000**	400,000
Retained earnings		**17,971,231**	18,537,316
Shareholder's funds		**18,371,231**	18,937,316

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

The financial statements were approved by the Board of Directors on 24 February 2023 and signed on its behalf by:

KH Steward
Director

Company No: 1958863

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Share capital	Retained earnings	Total equity
	£	£	£
Balance as at 1 January, 2021	400,000	8,229,248	8,629,248
Profit for the year	—	10,083,160	10,083,160
Other comprehensive income	—	224,908	224,908
Balance as at 31 December, 2021	400,000	18,537,316	18,937,316
Profit for the year	—	3,703,534	3,703,534
Other comprehensive income	—	2,172,866	2,172,866
Dividends	—	(6,442,485)	(6,442,485)
Balance as at 31 December, 2022	400,000	17,971,231	18,371,231

Represented by:	
Equity interests	18,371,131
Non-equity interests	100
	18,371,231

1. GENERAL INFORMATION

The principal activity of the Company during the year remained as a registered Lloyd's Managing Agency, managing Syndicate 609.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

(b) Change in accounting policy/prior period adjustment

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

(c) Exemptions for qualifying entities under FRS 102

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

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

(d) Going concern

The Directors of the AUL have reasonable expectation that the Company has adequate resources to continue in operational existence for at least a twelve month period from the date of the issue of these financial statements. For this reason they continue to adopt the going concern basis in preparing the financial statements.

The Board of AUL have reviewed the impact of COVID-19, the invasion of Ukraine and the impact of sanctions imposed on Russia on the Syndicate and have concluded that the Syndicate will be able to operate as a going concern. The Board continues to closely monitor the impact on its operations, customers and underwriting, investments and capital. An assessment of plausible severe scenarios and potential range of outcomes has been undertaken across these areas, including exposure to the broader economic environment and increased volatility in financial markets. Risk appetite for the most impacted lines of business is being reviewed on a regular basis and updated, as required.

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

The Board's long term strategy is to grow the Syndicate into a hardening market, increasing stamp capacity in order to take advantage of rising rates and new business opportunities. The Syndicate continues to take advantage of the improved rating environment by writing increased level of business at higher pricing levels in 2022. The Syndicate was able to open the 2023 year of account with increased stamp capacity of £872.6m and at the current time there is an expectation that the Syndicate will open a 2024 year of account.

The Syndicate has more than adequate liquidity to pay its obligations as they fall due. The Syndicate held cash and cash equivalent of £37.9m and fixed maturity investments with maturity dates of less than one year of £319.4m.

Based on the going concern assessment performed as at 31 December 2022, the Directors consider there to be no material uncertainties that may cast significant doubt over the Syndicate's ability to continue to operate as a going concern. The Directors have formed a judgment that there is a reasonable expectation that the Syndicate has adequate resources to continue in operational existence in the foreseeable future, a period of at least 12 months from the date of signing these financial statements.

(e) Foreign currencies

i) Functional and presentation currency

The Company's functional currency is US dollars and the presentational currency is Sterling.

For presentation purposes the US dollar functional currency statement of comprehensive income items have been translated into Sterling at the average rate for the year - £1:US$1.2418, whilst the balance sheet has been translated at the closing rate - £1:US$1.2102 with translation differences being recognised through other comprehensive income.

ii) Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate.

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

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

	Closing rate at 31 December 2022	Average rate Quarter 1 2022	Average rate Quarter 2 2022	Average rate Quarter 3 2022	Average rate Quarter 4 2022
Sterling	1.2102	1.3385	1.2627	1.1779	1.1676
Canadian dollar	0.7386	0.7922	0.7868	0.7624	0.7343
Euro	1.0732	1.1226	1.0709	1.0136	1.0181

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

(f) Turnover

Turnover consists of agency fees and profit commissions. Profit commissions are earned in line with the annual accounting results of the managed Syndicate, subject to the operation of a deficit clause.

Under annual accounting, underwriting results relating to a particular year of account are recognised during the three years in which that year of account is normally open, in line with the earnings pattern of the insurance business attaching to the year.

(g) Employee benefits

i) Short term benefits

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

ii) Pensions

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

iii) Cash Incentive Schemes

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

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

(h) Investment income and expenses

Interest income and expenses are recognised on an accruals basis.

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

(i) Taxation

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

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

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

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

(j) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognised in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of the impairment loss is recognised in the income statement.

The Company does not hold any non-financial assets.

(k) Cash and cash equivalents

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

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

(l) Financial instruments

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

Financial assets

Basic financial assets, including debtors and cash and cash equivalents, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. All such financial assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income immediately.

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

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

Financial liabilities

Basic financial liabilities, including trade creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost.

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

Offsetting

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

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

(m) Critical accounting judgements and estimation uncertainty

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

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. TURNOVER

The turnover of fee income and profit commission relate to the business as a managing agent in the United Kingdom in the Lloyd's Insurance Market.

Analysis of turnover by category:

	2022	2021
	£	£
Fee income	**4,490,580**	4,325,631
Profit commission	**4,706,363**	16,495,244
	9,196,943	20,820,875

4. ADMINISTRATIVE EXPENSES

	2022	2021
	£	£
These include:		
Auditor's remuneration – statutory audit	**74,546**	24,783
Foreign exchange loss	**423,444**	37,071

No fees were paid to the Company's auditor for services other than for the statutory audit of the Company (2021: £nil).

5. EMPLOYEE BENEFITS

The Company does not have any employees, however it uses the services of employees of the Atrium Group, for which £28,242,313 (2021: £28,015,147) was recharged to AUL. The Company was subsequently reimbursed with £26,811,450 (2021: £26,687,985) from Syndicate 609, which it manages. The recharge to AUL included £2,694,605 (2021: £4,396,163) relating to share and cash based incentive schemes of which £2,637,714 (2021: £4,352,301) was subsequently recovered from Syndicate 609. The Company also directly incurred a further £2,063,442 of staff costs (2021: £2,949,970) comprising of a profit related bonus paid to staff and the social security cost thereon, driven by the Syndicate profits and staff personal performance.

6. DIRECTORS' REMUNERATION

The Directors of the Company are all remunerated by AGSL, the employing company within the Atrium Group. Their remuneration is disclosed in the financial statements of AGSL. £4,565,153 was recharged to the Company for the use of these services (2021: £3,553,578). Of this recharge, £1,301,539 (2021: £1,278,967) was subsequently reimbursed from Syndicate 609. The amount recharged from AGSL for key management personnel includes £nil (2021: £8,711) in relation to share-based payments under FRS 102.

The 2021 comparative figures have been amended to reflect consistent disclosure of the directors' emoluments with the current year.

7. TAXATION

(a) Tax charge on statement of comprehensive income

	2022	2021
	£	£
The tax charge is made up as follows:		
Current tax:		
UK corporation tax on profit for the year	**866,179**	2,788,089
Tax (over) / under provided in previous years	**(147,657)**	180,670
Total current tax	**718,522**	2,968,759
Deferred tax:		
Deferred tax under / (over) provided in previous years	**136,778**	(181,468)
Total deferred tax (note 7 (d))	**136,778**	(181,468)
Tax charge on ordinary activities	**855,300**	2,787,291

(b) Reconciliation of tax charge

	2022	2021
	£	£
Profit on ordinary activities before tax	**4,558,834**	12,870,451
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	**866,179**	2,445,386
Effects of:		
Expenses not deductible for tax purposes and permanent differences	**—**	342,703
Amounts over provided in previous years	**(10,879)**	(798)
Total tax charge for the year (note 7(a))	**855,300**	2,787,291

(c) Factors that may affect future tax charges

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

7. TAXATION *(continued)*

liability at 31 December 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary/timing differences (2021: 19%).

(d) Deferred taxation

	2022	2021
	£	**£**
The deferred taxation included in the balance sheet is as follows:		
At 1 January	**113,549**	(69,966)
Deferred taxation (charge) / credit in the statement of comprehensive income (note 7(a))	**(136,778)**	181,468
Currency translation difference	**9,886**	2,047
At 31 December	**(13,343)**	113,549

8. DIVIDENDS

	2022	2021
Declared and paid during the year	**£**	**£**
Dividends on 'B' ordinary shares:		
Dividend paid	**6,442,485**	—
	6,442,485	—

9. DEBTORS

	2022	2021
Due within one year:	**£**	**£**
Amounts owed by group undertakings	**—**	1,316,685
Trade debtors	**43,602**	767,973
Other debtors	**39**	19
Profit commission	**10,450,725**	6,927,107
	10,494,366	9,011,784
Due after more than one year:		
Profit commission	**7,806,306**	12,004,997
Deferred taxation	**—**	113,549
	7,806,306	12,118,546

10. CREDITORS

	2022	2021
Due within one year:	**£**	**£**
Amounts owed to group undertakings	**1,440,689**	6,427,654
Deferred taxation	**13,343**	—
Corporation tax	**—**	105,450
Other creditors	**677,480**	227,816
Accruals and deferred income	**2,052,750**	2,942,255
	4,184,262	9,703,175

11. AUTHORISED AND ISSUED SHARE CAPITAL

	2022 No.	2021 No.	2022 £	2021 £
Authorised, issued, called up and fully paid:				
‘A’ ordinary shares of £1 each	**100**	100	**100**	100
‘B’ ordinary shares of £1 each	**399,900**	399,900	**399,900**	399,900
	400,000	400,000	**400,000**	400,000

The rights of the shares can be summarised as follows:

‘A’ ordinary shares confer upon the holders no rights to dividends, the right to receive notice of and to attend General Meetings of the Company and to vote at a General Meeting of the Company on any resolution for the winding up of the Company. The holders of ‘A’ ordinary shares shall have one vote per share when voting on any such resolution.

‘B’ ordinary shares confer upon the holders the right to receive dividends from the profits made by the Company which are available for distribution, the right to receive notice of and to attend General Meetings of the Company and to one vote per share at such meetings on any resolution.

On a winding-up, the assets remaining after payment of the debts and liabilities of the Company and the costs of liquidation shall be applied first in repaying the holders of ‘A’ ordinary shares in the amounts paid or credited as paid on such shares, secondly in repaying the holders of ‘B’ ordinary shares in the amounts paid or credited as paid on such shares. Any balance is to be distributed among the holders of ‘B’ ordinary shares in proportion to the number of shares held by them.

12. RELATED PARTIES

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

13. ULTIMATE HOLDING COMPANY

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

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

DETAILED PROFIT AND LOSS ACCOUNT (UNAUDITED)
For the year ended 31 December 2022

		2022		2021
	£	£	£	£
Turnover				
Fee income		**4,490,580**		4,325,631
Profit commission		**4,706,363**		16,495,244
		9,196,943		20,820,875
Other income				
Interest income	**23,081**		546	
		23,081		546
Overhead expenditure				
Staff costs	**3,580,900**		4,336,580	
Premises	**38,877**		48,611	
Insurance	**(13,394)**		15,599	
Subscriptions and donations	**8,479**		6,767	
Telephone and postage	**(4,395)**		2,399	
Printing and stationery	**(582)**		1,009	
Legal and professional	**261,218**		1,964,774	
Audit fee	**74,546**		24,783	
Travel and entertainment	**9,471**		(9,963)	
Sundry expenses	**1,737**		(2,266)	
Foreign exchange loss	**423,444**		37,071	
Computer costs	**152,867**		191,390	
Bank charges and interest	**21,019**		(17,887)	
Regulatory fine	**—**		1,030,000	
Irrecoverable VAT	**16,879**		38,073	
Charge for use of assets	**—**		58	
Marketing	**6,456**		4,040	
Service Company Charge	**83,668**		279,932	
Total overhead expenditure		**(4,661,190)**		(7,950,970)
Profit before taxation		**4,558,834**		12,870,451