Company No. 10360031

ascot

ASCOT UNDERWRITING GROUP LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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Company Information

Directors	A L Brooks H R Jones-Bak P Patel K M Wilson
Company Secretary	E H Guyatt
Independent auditors	Deloitte LLP Statutory Auditor Hill House 1 Little New Street London EC4A 3TR
Company bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
Registered office	20 Fenchurch Street London EC3M 3BY
Registered number	10360031

Strategic report for the year ended 31 December 2020

The directors present their strategic report on the Company for the year ended 31 December 2020.

Principal activity and review of business

Ascot Underwriting Group Limited ("the Company" or "AUGL") is a holding company for Ascot Underwriting Holdings Limited ("AUHL"), Ascot Corporate Name Limited ("ACNL"), Ascot Employees Corporate Member Limited ("AECM") and Ascot Underwriting Limited ("AUL"), and its indirect subsidiaries Ascot Insurance Services Limited ("AISL") and Ascot Underwriting Asia (Private Limited) ("AUAL").

AUGL is a UK entity which was incorporated on 5 September 2016 and operates as a holding company for AUHL, ACNL, AUL and AECM. AUHL operates as a service company by incurring expenses on behalf of and recharging to other companies within the UK Group (being Ascot Underwriting Group limited and its subsidiaries). ACNL and AECM are UK based companies acting as limited liability corporate members of the Society of Lloyd's ("Lloyd's"), providing underwriting capacity to Syndicate 1414 ("the Syndicate"). AUL trades as a managing agent for Syndicate 1414. AISL and AUAL are wholly owned subsidiaries of AUL that act as service companies of Syndicate 1414.

During the year the Company received $38,252,775 of dividends in total from UK subsidiaries ACNL, AECM and AUHL. Subsequently the cash received was primarily utilised by the Company to settle all outstanding interest on the $150m loan notes to parent company Ascot Bermuda Limited ("ABL").

The Board of subsidiary AUHL approved via a dividend-in-specie the transfer of its investment in AUL to its direct parent, AUGL on the 4 June 2020. Under this new ownership, AUL continues to act as the Managing Agent of Syndicate 1414 for the foreseeable future.

Results and performance

The results of the Company for the year, as set out on pages 17 to 26, show a profit on ordinary activities before taxation of $31,618k (2019: loss of $6,041k). The Company has made a profit due to the receipt of $38,252,775 of dividends from underlying subsidiaries. The tax credit is $1,247k (2019: credit of $1,047k) leaving a total profit for the financial year of $32,865k (2019: loss of $4,994k). The total shareholders' funds of the Company at the end of the year are $373,587k (2019: $340,722k).

Key performance indicators

	2020	2019
	$'000	$'000
Net assets	373,587	340,722

The Company is primarily a holding company; it does not generate income from active trade, and primary source of income is dividend income from underlying subsidiaries. As a holding company the performance of its subsidiaries, notably ACNL, are the key performance indicators providing the Company with a source of income via dividends in the event of profitable subsidiaries.

Future outlook

The Directors have taken into consideration the impact of Covid-19 (Coronavirus disease, "Covid-19", is an infectious disease caused by a newly discovered coronavirus and declared a global pandemic by the World Health Organisation "WHO" in 2020) on the Company and have concluded that the Company continues be considered a going concern, as it can evidence a strong net asset position and ability to meet the financial obligations due for at least twelve months from the signing of the accounts.

The departure of the UK from the European Union on the 31 January 2020 had no significant impact on the Company, and no significant impact on the ongoing operation of the Company is anticipated.

Principal risks and uncertainties

The risks set out below are considered to be the principal risks for the Company. The Board of Directors is ultimately responsible for Risk Management. All aspects of the Risk Management Framework have been approved by the Board of Directors.

The comments below represent only an overview of the key risks and some of the controls to mitigate these risks.

Strategic report for the year ended 31 December 2020 (continued)

Principal risks and uncertainties (continued)

Group risk – the risk that the activities of companies within the UK Group have an adverse impact on each other. The key risks considered are sharing of resources (including financial, labour and infrastructure) and brand damage from negative publicity. These are mitigated through clear governance structures, financial monitoring (where applicable), communication between entities across the group as well as a coordinated marketing and communications strategy.

Liquidity risk – the risk is that sufficient cash may not be available to settle obligations when due at a reasonable cost.

Operational risk – the risk is the subsidiaries of the Company cannot trade due to the office infrastructure or people being unavailable. To counter the impact of this the subsidiaries maintain various contingency plans e.g. disaster recovery sites and backup to mitigate the impact of this risk.

In light of the global pandemic, referred to as Covid-19, the Directors have considered whether there are any additional risks or uncertainties, other than those considered above that would be relevant to this business as a result of the far reaching impact of Covid-19. No additional risks or uncertainties have been determined that would have a material impact on this Company. The Company have also considered whether any new mitigating controls are required as a result of this event and there are none.

Environmental, Social and Governance, Diversity and Inclusion, Climate change and Transitions risks

Environment – The Board of AUGL ("Ascot" or "the Board") recognises the importance of establishing an environmental, social and governance ("ESG") philosophy that best serves our stakeholders and shareholders.

Ascot recognises the need to address the impact of climate change on global communities. In line with our commitment to improving the transparency of our contribution to climate change, we have summarised the results of the Ascot carbon emissions report, which has been calculated following the standards set out under the Greenhouse Gas (GHG) reporting regime, in the Streamlined Energy and Carbon Reporting ("SECR") report in the Directors' Report.

The year on year decrease in direct GHG emissions, as evidenced in the SECR report, is significantly impacted by the Covid-19 pandemic and subsequent lockdown procedures introduced by the UK Government, during which all Ascot employees worked from home. Ascot intends to review the working practices introduced in response to the lockdown, which have reduced the carbon footprint of the UK Group, including updating its 'working from home' policy where applicable.

In addition to understanding our operational carbon footprint, we have also confirmed our commitment towards a future where the insurance sector can better support global efforts in addressing climate change, by aligning ourselves with the Lloyd's market ESG principles, including reviewing our asset portfolio with an ESG focus to determine the potential for adjustments.

Social - Ascot endeavours not only to be a good corporate citizen and trusted insurer, but also a respected employer that recognises the importance of staff wellbeing and success. For more detail and examples of how Ascot has supported staff through 2020, and other social initiatives, see our section 172 statement.

In addition, Ascot has been closely involved with market initiatives established to improve the "insurance gap" highlighted by Covid-19. These include participation in the ReStart initiative and the development of the AUL managed Parsyl syndicate-in-a-box (Syndicate 1796), a new business venture focusing on insurance coverage and risk mitigation services designed to support the global distribution of Covid-19 vaccines and critical health commodities.

Strategic report for the year ended 31 December 2020 (continued)

Governance - The responsibility for identifying and managing financial risks associated with climate change has been assigned to the Chief Risk Officer of AUL under the Senior Management Function (SMF) regime. Further oversight and discussion of climate change and ESG related items occurs at the Risk Committee, Executive Committee and ultimately, the Board. Examples of this governance include the regular presentation of emerging risk reports and the discussion of newly developed climate change stress and scenario analysis which will be used to inform strategic business decision making where appropriate.

We have also continued to review and refine our policies and procedures, with an updated whistleblowing policy, an enhanced conflicts of interest policy and updated Risk Committee terms of reference to cover a broader spectrum of risks, including those relating to climate change and cyber. All actions embarked on by Ascot, as they relate to ESG or otherwise, are undertaken with the full compliance of the laws and regulations relevant to our operations.

Diversity and Inclusion - The Board of AUL is committed to maintaining female Board representation in line with targets that have been set across the Lloyd's market. The Board of AUL places emphasis on ensuring the development of diversity in the senior management roles within the company and supports Lloyd's objectives of achieving a target of 35% female representation in leadership positions across the market by 31 December 2023. Progress on this objective is monitored by the Board.

The strategic report was approved at a meeting of the Board of Directors and signed on its behalf by:

H R Jones-Bak
Director
16 March 2021

Section 172 Statement

The directors are fully aware of their responsibilities to promote the success of the Company in accordance with s172 of the Companies Act and have acted in accordance with these responsibilities during the year. In respect to this disclosure the Board has identified that its key stakeholders are the Ascot UK workforce, our group shareholder (Canada Pension Plan Investment Board ("CPPIB"), customers, brokers, regulators and suppliers. The Board considers and discusses information from across the organisation to assist in understanding the effect of Ascot's operations and the interests and views of our key stakeholders. It reviews strategy, financial and operational performance as well as information covering areas such as key risks and legal and regulatory compliance. This information is provided to the Board of AUL through reports circulated in advance of each Board meeting and through in-person presentations. Regarding our responsibilities to our key stakeholders the directors, individually and as a whole have considered and acted in consideration of:

- *The likely consequences of any decision in the long term.*
  The directors have performed a review of the business and have considered the future outlook of the Company within the strategic report. Furthermore, our annual planning cycle is designed to ensure a long-term beneficial impact on the Ascot Group, taking into account the strategic direction of the group, and overall profitability. In recent years, targeted underwriting actions have been taken by the Syndicate to improve stability of results and overall profitability – this has included placing our Singapore and Shanghai operations into run-off, ceasing to write certain lines of business and the non-renewal of poor performing accounts. We continue to operate our business within a structured control environment, ensuring ongoing compliance with all regulatory matters.

- The interests of the employees working for the Ascot Group.
  The directors strive to make Ascot an enjoyable and rewarding place to work, and periodically carry out employee surveys to ensure the level of staff engagement is on track with expectations. Any areas of concern or issues highlighted following these surveys are discussed at board level, with appropriate action plans agreed. Furthermore, Ascot holds at least quarterly town hall meetings for all staff, in order to discuss the Ascot Group results, updates to Ascot's strategy, and opportunities and challenges that are being seen across the market. These regular meetings enable Ascot staff to be better informed and more aligned to Ascot's core strategy, helping to keep standards and engagement at the expected level.

  The well-being of our staff has been paramount during 2020 in light of the Covid-19 pandemic and the restrictions to normal life. We have taken positive actions to try to ease any stress and anxiety to our workforce including giving UK staff members three additional days of paid leave to take during the first lockdown period, to encourage time away from work, as well as providing improved flexibility for holiday carry over into 2021 and beyond. Furthermore, our HR department has been proactive in ensuring all staff have access to mental well-being support, encouraging physical exercise where possible (including an Ascot global steps challenge) and providing hints and tips for working from home effectively. This has included emphasis on an adequate health and safety environment at home, the supply of office furniture where required, and encouraging line managers to maintain regular contact with their teams.

  More recently Ascot has introduced the Ascot Culture Council comprising three committees made up of Ascot staff, serving the UK, Bermuda and US. The purpose of the Culture Council is to enhance and develop the culture of Ascot to the benefit of both staff and external parties, by ensuring we have a set of shared values, goals and behaviours. This will reinforce the commitment made by the Ascot leadership teams to ensure everyone is encouraged, respected and recognised for their contribution to the business and given an opportunity for career success.

- The need to foster the UK Group's business relationships with suppliers, customers and others.
  Ascot strives to have a client-centric approach to business, and is constantly reviewing how we engage with our customers to ensure we are able to transact as seamlessly and dynamically as possible. This includes reviewing the products on offer, the distribution channels used and ensuring the claims response time is among best in class within the London market, which is evidenced by our response times consistently being faster than the average for the market throughout 2020. This has never been more important than during the Covid-19 pandemic with the vast majority of business being conducted remotely and virtually with brokers. Ascot's ability to give every staff member online access to their files and systems within days of the pandemic forcing the UK into lockdown, has meant that there has been little, if any, disruption to business flows. Ascot was one of the early adopters of electronic placing platforms (PPL, Whitespace), meaning that the transition from office to home working was seamless.

  A big initiative for Ascot through 2020 and beyond is fostering the "One Ascot" approach to business across the globe, whereby all staff members are encouraged to consider how we can better serve clients with our offerings available in other jurisdictions. Our internal digital strategy is focused on ensuring that all systems and processes are aligned to allow frictionless trade and reporting across regions giving our customers access to products that may have otherwise been difficult to service.

Section 172 Statement (continued)

The UK Group has a robust accounts payable function that ensures suppliers are paid well within standard credit terms, with payments made weekly once invoices have been approved for settlement. Recent improvements to the underlying technology means that the approval process is automated, with staff able to approve invoices via mobile/email apps. This improved process means it is very rare for a legitimate invoice to be overdue for payment and ensures a good working relationship is maintained with our suppliers.

- The impact of the UK Group's operations on the community and the environment.
  Ascot has an active charity committee, which meets regularly to assess ongoing charitable partnerships, and other ways in which the UK Group is able to support the local community. This has included continued support for staff raising money for charities close to them and donations to charities by service company AUHL on behalf of the UK group of companies. The directors continue to consider the impact the UK Group has on the environment and this will become an increasing area of focus over time. Staff are encouraged to take advantage of the cycle to work scheme and to limit the amount of printing in the office; processes can be conducted entirely digitally whilst ensuring controls are operating effectively with the appropriate audit trail. Given the successful implementation of the above initiatives the UK Group is actively looking at continuing many aspects on an ongoing basis when Covid-19 restrictions are permanently lifted.

  AUL has been appointed managing agent for a new Syndicate-in-a-box initiative at Lloyd's which will commence operations in 2021. Syndicate 1796 has been developed by Lloyd's Lab alumnus Parsyl, in partnership with Ascot as managing agent, and in cooperation with Axa XL, McGill and Partners and Gavi, the Vaccine Alliance. Syndicate 1796 will form the foundation of the new Global Health Risk Facility (GHRF) at Lloyd's providing insurance and risk mitigation services for the storage and transit of life-saving medical supplies, including temperature-sensitive Covid-19 vaccines. Ascot are proud to be part of this initiative, which will help improve supply chains of vital vaccines and medicines to some of the poorest countries in the world, where previously the biggest obstacle has been the safe transit and storage of said medicines.

- The desirability of the UK Group maintaining a reputation for high standards of business conduct.
  This is a core value of Ascot and every member of staff is expected to act with professionalism and integrity, which is reiterated within job descriptions, the staff handbook and the annual appraisal process. In order to ensure proper structures are in place to deliver these high standards of business conduct, the directors of AUL have put in place relevant committees and sub-committees that report to the AUL Board for key areas of the business, including (but not limited to) Underwriting Management Committee, Risk Committee, Operations Committee, Executive Committee.

  We have transparent communication and ongoing engagement with our key regulators facilitated through the compliance team and certain members of the executive team. Any significant regulatory matters are reported to the AUL Board.

  There is a clear policy in place for Whistleblowing ensuring employees are empowered to raise concerns in confidence and without fear of unfair treatment. The Risk Committee Chair is the Whistleblowing champion for the Company and the Risk Committee as a whole ensures that the processes in place are adequate; an external whistleblowing hotline service was introduced during 2020.

- The need to act fairly between members of Group.
  Ascot Group is privately owned by CPPIB, with other minority investors being employees or former employees of Ascot. The Board includes CPPIB appointed members who engage in all strategic and operational decisions.

Directors' report for the year ended 31 December 2020

The directors present their report and audited Company financial statements for the year ended 31 December 2020.

Future outlook

This has been discussed in the Strategic Report.

Results and performance

This has been discussed in the Strategic Report.

Dividends

During the year the Company received $38,252,775 of dividends (2019: $nil) in total from UK subsidiaries ACNL ($8,000,000), AECM ($3,371,859 and £6,736,000) and AUHL ($7,500,000 and £8,500,000). There are no proposed dividends by the Company post the date of this report.

Directors

The directors and officers who held office during the year and up to the date of this report are listed below.

A L Brooks		
H R Jones-Bak		(appointed 8 June 2020)
P Patel		(appointed 8 June 2020)
K M Wilson		(appointed 8 June 2020)
K H Chung	Non-Executive	(resigned 8 June 2020)
T A Kalvik	Non-Executive	(resigned 8 June 2020)

Company Secretary

E H Guyatt

Principal risks and uncertainties

This has been discussed in the Strategic Report.

Charitable Donations

No donations were made for charitable purposes during the year (2019: $nil). No donations were made for political purposes during the year (2019: $nil).

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report and 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 prepared 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 (FRS 102).

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

- select suitable accounting policies and then apply them consistently, with the exception of changes arising on the adoption of new accounting standards in the year;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' report for the year ended 31 December 2020 (continued)

Statement of directors' responsibilities (continued)

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 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.

Statement of disclosure of information to the auditors

So far as each person who was a director of the Company at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors of the Company and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent Auditors

Deloitte LLP have expressed their willingness to continue in office as auditors.

Streamlined Energy and Carbon Reporting

Ascot Group is committed to complying with relevant environmental legislation to improve transparency and auditability of emissions. As part of this commitment, this section of our Director's Report discloses our operational energy consumption and carbon footprint in line with the UK government's Streamlined Energy and Carbon Reporting (SECR) initiative. The data included in this section covers this financial year and the previous one (January to December; 2019 and 2020).

Methodology

The emissions included in this report are calculated following the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (revised edition). The boundaries of the GHG inventory are defined using the operational control approach. Emissions factors are sourced from the UK Government GHG Conversion Factors for Company Reporting. Ascot Group is not responsible for any transport; therefore, this report covers emissions across Scope 1 and Scope 2:

- **Scope 1** – Direct emissions from natural gas
- **Scope 2** – Indirect emissions from electricity

The operation of our offices at 20 Fenchurch Street represent our main sources of GHG emissions. In order to better reflect the environmental benefit of purchasing renewable energy and in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) guidelines, we report our emissions from electricity in two ways: 'market-based' and 'location-based' methods. Market-based emissions reflect the type of electricity purchased/ consumed, which may be different from the average national generation mix.

The metrics that Ascot Group uses for normalising emissions for annual comparison is tCO_2e per £m of revenue and full-time employees (FTE).

UK annual energy and carbon

Due to the nature of our business, multiple reporting entities occupy the same office space and are jointly responsible for energy consumed. The following tables summarise the Ascot Group energy consumption and subsequent emissions.

As shown in Table 1 and 2, Ascot Group had a reduction in both total energy and emissions compared to the previous year. Energy consumption decreased by 26% in 2020 compared to 2019. Table 2 shows a 63% decrease in emissions (market-based) due to electricity supplied from Renewable Energy Guarantee of Origin (REGO) accredited source. The intensity ratio, included in Table 3, also showed a reduction when comparing 2019 and 2020.

The emission data disclosed within this report has been supplied by CBRE Limited, the property manager of 20 Fenchurch Street.

Directors' report for the year ended 31 December 2020 (continued)

Table 1: Annual energy consumption

Energy	Unit	2019	2020*
Electricity	kWh	578,113	538,879
Gas	kWh	485,579	188,089
Total	kWh	**1,063,692**	**726,968**

*Energy data for December 2020 was estimated based on the energy consumption from Sep-Oct 2020.

Table 2: Annual tCO_2e emissions

Greenhouse Gas (GHG) Emissions	Unit	2019	2020
Scope 1 – Direct	tCO2e	89	35
Scope 2 (location based) – Indirect	tCO2e	148	126
Scope 2 (market based) – Indirect*	tCO2e	0	0
Total (Location)	tCO2e	**237**	**161**
Total (Market)	tCO2e	**89**	**35**

*Electricity supplied by Total Gas & Power; 100% renewable supplied from REGO accredited source.

Table3: tCO_2e vs normalisation metric

Intensity Ratio	Unit	2019	2020
Market-based	tCO_2e/£M	0.129	0.042
Market-based	tCO_2e/FTE	0.463	0.167
Location-based	tCO_2e/£M	0.344	0.194
Location-based	tCO_2e/FTE	1.228	0.774

Energy efficiency measures

In line with the Energy Savings Opportunity Scheme (ESOS), Ascot Group completed a Display Energy Certificate (DEC) for their offices at 20 Fenchurch Street in 2019. As a result of the DEC the auditor issued a list of recommendations for which we are currently completing feasibility studies for:

- Implement an energy efficiency engagement programme for building users.
- Enable equipment power-save settings and power down management.
- Include energy-efficient equipment requirements within procurement policies.

In 2020, the building management team at 20 Fenchurch Street decommissioned the fuel cell operating in the building since 2012. The decision to decommission followed a thorough analysis considering that:

- The carbon savings per kWh generated by the fuel cell was just 23% of the saving calculated in 2012.
- Electricity is currently procured from renewable sources using REGOs.
- Building management has made provisions for the use of Corporate Power Purchase Agreements (CPPA). This sources green energy directly from the generators, rather than through a supplier.
- Using CPPAs increases energy sourcing transparency, ensures the selection of renewable technologies that are geographically close to the assets, reduces transmission losses and increases the efficiency of the grid. This maximises renewable energy uptake for the UK.

The directors' report and the section 172 statement were approved at a meeting of the Board of Directors and signed on its behalf by:

H R Jones-Bak
Director
16 March 2021

Independent auditor's report to the members of Ascot Underwriting Group Limited

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Ascot Underwriting Group Limited (the 'company'):

a. give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
b. have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
c. have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

a. the statement of comprehensive income;
b. the statement of financial position;
c. the statement of changes in equity; and
d. the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: a. *Valuation of investment in subsidiaries*
	Within this report, key audit matters are identified as follows:
(A)	Newly identified
(B)	Increased level of risk
(C)	Similar level of risk
(D)	Decreased level of risk
Materiality	The materiality that we used in the current year was $11.2m which was determined on the basis of 3% of net assets (2019: 2% of net assets). We reassessed the percentage used in the current year based on our cumulative knowledge and our assessment of risks.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	In the current year, we no longer consider COVID-19 a key audit matter as we concluded that there is minimal impact to the company.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included our assessment of the entity's:

- Financial results – we considered the company's profitability, net asset position and cash flow in 2020 and the extent to which these supported management's going concern assessment
- Assumptions used in forecasts – we assessed assumptions used in forecasts against our understanding of the business and the market in which it operates. We obtained evidence to support the assumption that the loan note will either be redeemed via a capital contribution with their parent company, or a new loan agreement with similar arm's length terms will be entered into.

Independent auditor's report to the members of Ascot Underwriting Group Limited (continued)

4. Conclusions relating to going concern (continued)

- Accuracy of previous forecasts – we assessed the accuracy of historical forecasts via comparison to actuals
- Assessment of ongoing exposure to COVID-19 – we assessed management's view of the company's limited exposure to COVID-19 against the company's performance to date and our understanding of the business.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

4. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of investments in subsidiaries (C)

Key audit matter description	Investments in subsidiaries are stated in the balance sheet at $506m (2019: $506m). FRS 102 requires that investments in subsidiaries are held at cost less impairment. The company must assess at the reporting date whether there is any indication that these investments in subsidiaries are impaired, and impairment losses must consequently be recognised in the statement of profit or loss. Due to management judgements involved, such as expected future trading performance, assessment of both current and future market conditions and outlook, and the requirement to determine whether impairment of subsidiaries is required, we considered this a key audit matter.
How the scope of our audit responded to the key audit matter	We have reviewed whether the cost of investments held require impairment as at 31 December 2020 through obtaining a copy of the latest audited financial information. We have challenged the directors' judgements regarding the appropriateness of the carrying value and existence of indicators of impairment through gaining an understanding of the future trading performance of the subsidiaries by benchmarking against industry peers and
Key observations	Based on the work performed we concluded that the valuation of investments in subsidiaries is appropriate.

6. Our application of materiality

6.1 Materiality

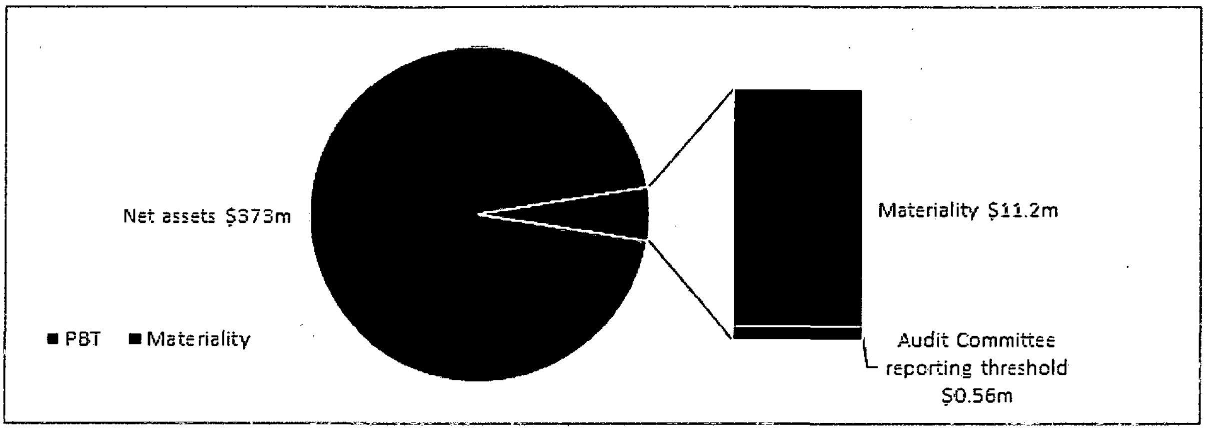
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	$11.2m (2019: $6.8m)
Basis for determining materiality	3% of net assets (2019: 2% of net assets)
Rationale for the benchmark applied	The Company is the holding company for a privately owned group, underwriting insurance through a Lloyd's of London syndicate. As a holding company, we consider net assets to be the primary benchmark for users of the financial statements, being the parent company Ascot Bermuda Limited.

Independent auditor's report to the members of Ascot Underwriting Group Limited (continued)

6.1 Materiality (continued)



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

- our risk assessment, including our assessment of the Company's overall control environment and the relatively low complexity of balances
- our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3 Error reporting threshold

We agreed with the Board of Directors that we would report to them all audit differences in excess of $0.56m (2019: $0.34m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2 Our consideration of the control environment

We took an IT controls reliance approach and performed testing of key IT systems relevant to the audit.

- The key IT system relevant to the control environment is SunGL (general ledger system), and the related IT environmental and controls.
- Work performed with the involvement of our IT specialist included testing of the joiners and leavers process, user access controls, change management controls and password controls.

We took a controls reliance approach and performed testing of controls relevant to the audit:

- We planned to rely on controls with relation to expenses, cash and investments and the financial statement close process.
- We took a triennial approach to operating effectiveness testing.

Independent auditor's report to the members of Ascot Underwriting Group Limited (continued)

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

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

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

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Independent auditor's report to the members of Ascot Underwriting Group Limited (continued)

11.1 Identifying and assessing potential risks related to irregularities (continued)

In common with all audits under ISAs (UK), we are required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act 2006 and tax legislation

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

11.2 Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations. Our procedures to respond to risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with HMRC.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

13.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Independent auditor's report to the members of Ascot Underwriting Group Limited (continued)

14. Use of our report

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

Adam Ely

Adam Ely FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
16 March 2021

Statement of Comprehensive Income
for the year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Turnover		—	—
Gross profit		—	—
Administrative expenses		154	719
Operating profit	3	154	719
Interest receivable and similar income	6	6	5
Income from shares in group undertakings	7	38,253	—
Interest payable and similar charges	8	(6,795)	(6,765)
Profit/ (loss) on ordinary activities before taxation		31,618	(6,041)
Tax on profit / (loss) on ordinary activities	9	1,247	1,047
Profit/ (loss) for the financial year		32,865	(4,994)

All operations are continuing.

The notes on pages 20 to 26 form an integral part of these financial statements.

Statement of Financial Position
as at 31 December 2020

	Note	2020 $'000	2019 $'000
Investment in subsidiaries	10	506,727	506,727
Total fixed assets		**506,727**	**506,727**
Investments	11	14,250	—
Debtors	12	1,375	1,155
Cash at bank		90	1,101
Deferred tax asset	13	1,235	1,273
Total current assets		**16,950**	**3,529**
Creditors: amounts falling due within one year	14	(150,090)	(39)
Net current assets		**(133,140)**	**3,490**
Total assets less current liabilities		373,587	510,217
Creditors: amounts falling due after one year	15	—	(169,495)
Net assets		**373,587**	**340,722**
Called up share capital	16	306	306
Share Premium	16	355,685	355,685
Profit and loss account		17,596	(15,269)
Total Shareholders' funds		**373,587**	**340,722**

The notes on pages 20 to 26 form an integral part of these financial statements.

The financial statements on pages 17 to 26 were approved at a meeting of the Board of Directors and signed on its behalf by:

H R Jones-Bak
Director
16 March 2021

P Patel
Director
16 March 2021

Statement of Changes in Equity
for the year ended 31 December 2020

	Note	Called-up Share Capital $'000	Share Premium $'000	Profit and Loss Account $'000	Total $'000
Balance as at 1 January 2019		252	251,722	(10,275)	241,699
Allotment of shares	16	54	—	—	54
Share premium on allotment of shares	16	—	103,963	—	103,963
Total comprehensive loss attributed to shareholders		—	—	(4,994)	(4,994)
Balances as at 31 December 2019		**306**	**355,685**	**(15,269)**	**340,722**
Balance as at 1 January 2020		306	355,685	(15,269)	340,722
Total comprehensive profit attributed to shareholders		—	—	32,865	32,865
Balances as at 31 December 2020		**306**	**355,685**	**17,596**	**373,587**

Notes to the financial statements for the year ended 31 December 2020

1. Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, which includes Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

2. Summary of significant accounting policies

Ascot Underwriting Group Limited acts primarily as a private holding company limited by its shares and is incorporated in the United Kingdom. The address of its registered office is 20 Fenchurch Street, London EC3M 3BY.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of presentation

The financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006, and reflect the provisions of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ('SI2008/410'), the accounting policies as set out below, and in accordance with applicable accounting standards in the United Kingdom (FRS 102). In selecting appropriate accounting policies and the disclosures needed to help users to understand the accounting policies adopted and how they have been consistently applied, consideration has been given to the provision of FRS 102.

The Company's result is included within the consolidated financial statements of ABL. Consequently the Company has taken advantage of section 401(2) of the Companies Act 2006, which exempts an intermediate parent company that is a subsidiary of a parent not established under the law of an EEA State from the requirement to prepare consolidated financial statements if it is included in the consolidated financial statements of a larger group drawn in a manner equivalent to the consolidated financial statements produced in accordance with the provisions of the Seventh Directive. As such, the financial statements contain information about AUGL as an individual Company and do not contain consolidated financial information.

Under FRS 102 paragraph 1.11 and 1.12 the company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent company Ascot Group Limited ("AGL") publishes consolidated financial statements which include the affairs of this company. The consolidated financial statements of Ascot group, within which this company's affairs are included are publicly available (see note 18).

Going Concern

In arriving at a determination of going concern, the Company considers a number of factors, taking into account economic, regulatory and environmental considerations.
In light of Covid-19, the Company has assessed the following factors;

a) the impact on operational disruption
b) the impact on legal and contractual obligations
c) the impact on liquidity and working capital requirements
d) assessed the access to capital
e) considered whether there is an impact on asset valuations; and
f) considered whether the information available to make the assessment was timely and of sufficient detail.

The Company has concluded that it continues to be a going concern after taking into account the above factors, as it can evidence a strong asset position and ability to meet the financial obligations due for at least twelve months from the signing of the accounts.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no critical accounting judgements or estimation uncertainties for the Company.

Notes to the financial statements for the year ended 31 December 2020 (continued)

Key accounting policies

Turnover
Turnover represents dividend income received from subsidiary operations. Interim dividends are recognised when paid and final dividends are recognised as when they are approved by members passing a written resolution.

Expenditure
The Company retains expenses which are incurred directly in relation to the running of the Company, for example audit fees.

Interest receivable and payable
Interest is recognised in the financial statements in the period to which it relates.

Taxation
Current and deferred income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised on an undiscounted basis for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Current and deferred income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised on an undiscounted basis for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Current and deferred income taxes are recognised as income or expense in statement of comprehensive income. The expense is charged or credited to operations based upon amounts payable or recoverable as a result of taxable operations for the current year. Where there are losses in the UK in any one year they can be carried back for one year or carried forward indefinitely to be offset against profits arising.

Investment in subsidiaries and other financial investments
Investments in subsidiary undertakings and other investments are stated at cost and are reviewed for impairment on an annual basis for any indicators that the carrying value should be impaired.

Foreign currencies
The Company's functional currency is US Dollars. All income and expenses denominated in foreign currencies during the period are translated into US Dollars at the average rates of exchange during the year. Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at the rates of exchange ruling at the statement of financial position date. Exchange differences arising from these transactions are recorded as a gain or loss in the statement of comprehensive income.

Financial assets and liabilities
When financial assets and liabilities are payable or recoverable in more than one year, they are initially recognised at cost and subsequently re-measured at amortised cost using the effective interest rate method. The interest rate used is generally that as stated in the loan agreement (if applicable) or a standard market rate for a similar product. The unwinding of the associated discount is subsequently recognised in the Statement of Comprehensive Income. Financial assets and liabilities payable or receivable in less than one year are recognised at cost, and deemed to be at present value.

2. Cash flow statement

The Company is consolidated into the financial statements of Ascot Bermuda Limited ("ABL") (see note 18). Consequently, the Company has taken advantage of the exemption from preparing a statement of cash flows under the terms of FRS 102.1.11, 1.12 and 1.13 which state that a qualifying entity is entitled to do so.

Notes to the financial statements for the year ended 31 December 2020 (continued)

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2020 $'000	2019 $'000
Auditor's remuneration	45	22
Tax fees / (credit)	(2)	29
Foreign exchange (gain)	(258)	(770)

Auditor's remuneration relates purely to the audit of the statutory financial statements.

4. Staff costs

There are no employees. All staff are employed by other companies in the Ascot Group.

5. Directors' Remuneration

Aggregate directors' emoluments charged to the Company, or its subsidiaries, or paid for the benefit of the Company are as follows:

	2020 $'000	2019 $'000
Directors' emoluments	682	207
Other pension costs	68	21
Other benefits	14	4
Bonus and LTIP awards	234	387
	998	**619**

The highest paid director for the year ended 31 December 2020 received $463,483 of remuneration in the year (2019: $622,228). During the year no directors exercised share options resulting in a gain of £nil (2019: £nil).

6. Interest receivable and similar income

Interest receivable relates to amounts earned from the Company's held money market accounts, accrued income and interest earned on cash held during the year.

7. Income from shares in group undertakings

During the year the Company received $38,252,775 of dividends in total from UK subsidiaries ACNL ($8,000,000), AECM ($3,371,859 and £6,736,000) and AUHL ($7,500,000 and £8,500,000).

8. Interest payable and similar charges

	2020 $'000	2019 $'000
Amounts accrued on interest bearing loans	6,483	6,610
Loan discounting	312	155
	6,795	**6,765**

For further detail on the loan discount please refer to note 14 - Creditors: amounts falling due within one year.

Notes to the financial statements for the year ended 31 December 2020 (continued)

9. Tax on profit on ordinary activities

a) Analysis of charge in the year

The tax charge comprises:

	2020 $'000	2019 $'000
Current Tax on proft / (loss) on ordinary activities:		
UK Corporation tax	—	—
Adjustments in respect of prior years	1,285	(88)
Current tax on income for the year	**1,285**	**(88)**
Deferred taxation:		
Deferred tax – origination and reversal of timing differences	1,384	1,135
Valuation Allowance	(137)	—
Adjustments in respect of prior years	(1,285)	—
Tax Credit	**1,247**	**1,047**

b) Factors affecting tax charge for the year

The standard rate of Corporation Tax in the UK is 19.00% (2019: 19%). Accordingly, the Company's profits for this accounting period are taxed at a rate of 19.00% (2019: 19.00% current and 17% deferred - the expected 2020 17.00% enacted rate was utilised before the Chancellor of the Exchequer announced in his annual budget on the 11 March 2020 that the rate of corporation tax will be maintained at 19%). The current tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK for 2020 of 19.00% (2019: 19.00%). The differences are explained below:

	2020 $'000	2019 $'000
Profit / (loss) on ordinary activities before taxation	31,618	(6,041)
Profit / (loss) on ordinary activities before tax multiplied by the standard rate of UK corporation tax of 19% (2019: 19%)	(6,007)	1,148
Income/ (expenses) not deductible for tax purposes:		
Dividends	7,268	—
Legal and professional	(1)	(2)
Foreign exchange gain on capital transaction	(26)	140
Tax rate differences	150	(151)
Adjustments to tax charge in respect of prior years	—	(88)
Increase in valuation allowance	(137)	—
Tax credit for the period	**1,247**	**1,047**

Notes to the financial statements for the year ended 31 December 2020 (continued)

10. Investment in subsidiaries

The related undertakings of Ascot Underwriting Group Limited at 31 December 2020:

Subsidiary undertaking	Principal Activity	Registered Address	Class	Percentage
Ascot Underwriting Holdings Limited	Holding Company	20 Fenchurch Street, London, UK	Ordinary	100%
Ascot Employees Corporate Member Limited	Corporate Member of Lloyd's	20 Fenchurch Street, London, UK	Ordinary	100%
Ascot Corporate Name Limited	Corporate Member of Lloyd's	20 Fenchurch Street, London, UK	Ordinary	100%
Ascot Underwriting Limited	Managing Agent	20 Fenchurch Street, London, UK	Ordinary	100%

Indirect related undertakings as at 31 December 2020 were:

Subsidiary undertaking	Principal Activity	Registered Address	Class	Percentage
Ascot Insurance Services Limited	Service Company	20 Fenchurch Street, London, UK	Ordinary	100%
Ascot Underwriting Asia (Private Limited)	Service Company	Capita Green, 138 Market Street, Singapore	Ordinary	100%

Shares in subsidiary undertakings and other investments

During the year, the Board of subsidiary AUHL approved via a dividend-in-specie the transfer of its investment in AUL to its direct parent, AUGL on 4 June 2020. Under this new ownership, AUL continues to act as the Managing Agent of Syndicate 1414 for the foreseeable future.

Cost	2020 $'000	2019 $'000
Ascot Corporate Name Limited	239,539	239,539
Ascot Employees Corporate Member Limited	10,840	10,840
Ascot Underwriting Holdings Limited	255,845	256,348
Ascot Underwriting Limited	503	—
At Year End	**506,727**	**506,727**

11. Investments

Included within the investments balance within current assets is £14,250k of Invesco money market short term investments (2019: £nil).

12. Debtors

	2020 $'000	2019 $'000
Amounts due from subsidiaries	1,373	1,155
Accrued Income	1	—
Other Debtors	1	—
	1,375	**1,155**

Amounts due from subsidiaries do not have any applicable terms and conditions applied and will be settled within one year.

Notes to the financial statements for the year ended 31 December 2020 (continued)

13. Deferred tax asset

Deferred tax is provided as follows:

	2020	2019
	$'000	$'000
At 1 January	1,273	138
Deferred tax credit to other comprehensive income	99	1,135
Less: valuation allowance	(137)	—
At 31 December	**1,235**	**1,273**

The closing deferred tax balance comprise:

	2020	2019
	$'000	$'000
Trading losses	1,235	1,273
	1,235	**1,273**

The calculation of the deferred tax.assets and liabilities is based on corporation tax rates, as at the balance sheet date, for the financial years in which the timing difference is expected to reverse. The net deferred tax asset expected to reverse in 2021 is $269k (2020:£nil). A valuation allowance has been set up against the pre-2017 losses as they are not expected to be utilised in future years.

14. Creditors: amounts falling due within one year

	2020	2019
	$'000	$'000
Loan notes issued to immediate parent	150,000	—
Amounts due to subsidiaries	6	—
Accruals and deferred income	84	39
	150,090	**39**

A resolution was passed by the board of AUGL on 17 November 2016 to create up to 200,000,000 loan notes with a value of $1 per note. The loan notes were issued on 18 November 2016 and 150,000,000 were taken up by the Company's parent, Ascot Bermuda Limited ("ABL"). Interest on the notes accrues on a days basis of a 360-day year. The issuer (AUGL) will pay interest on the principal amount of each note at a rate of 4% per annum, with any interest accrued but unsettled at the period end being added to the principal. The final maturity date of the notes is 18 November 2021 at which point AUGL shall either redeem the notes via a capital contribution with their parent company, or enter into a new loan agreement with ABL.

On 10 January 2018, the $150m loan note instrument issued by AUGL and held by ABL was listed on the Bermuda Stock Exchange.

The balance of the financial liability at the end of the year has been measured at historic cost ; as the loan is repayable within a year the previous discount has been completely unwound during the year giving rise to an expense to the statement of comprehensive income of $312,149 (2019: income of $155,514).

15. Creditors: amounts falling due after one year

	2020	2019
	$'000	$'000
Loan notes issued to immediate parent	—	169,495
	—	**169,495**

The loan notes issued to immediate parent are no longer falling due after one year (see note 14) as the final maturity date of the notes is 18 November 2021.

Notes to the financial statements for the year ended 31 December 2020 (continued)

16. Share capital and other reserves

	2020	2019
	$	$
Authorised	305,992	305,992
Allotted and fully paid	305,992	305,992

The capital consists of 305,992,224 ordinary shares of $0.001 each. The entire issued share capital of the Company is owned by ABL.

	2020 Share Capital $'000	2020 Share Premium $'000	2020 Retained Earnings $'000	2019 Share Capital $'000	2019 Share Premium $'000	2019 Retained Earnings $'000
Balance at 1 January	306	355,685	(15,269)	252	251,722	(10,275)
Gain/ (Loss) for the period)	—	—	32,865	—	—	(4,994)
Allotment of shares	—	—	—	54	—	—
Share premium	—	—	—	—	103,963	—
Balance at 31 December	**306**	**355,685**	**17,596**	**306**	**355,685**	**(15,269)**

17. Related party transactions

The only related parties that have transacted with Ascot Underwriting Group Limited are companies within the Ascot group of companies.

The Company has taken advantage of exemptions under FRS 102 Section 33 to not disclose inter-group transactions as the Company is a wholly-owned subsidiary of ABL and AGL. Copies of the Ascot Group Limited consolidated financial statements can be obtained from the Company Secretary, Victoria Place, 5th Floor, 31 Victoria Street, Hamilton, HM10, Bermuda.

At the statement of financial position date, outstanding amounts due to AUHL were $5,724 (2019: $nil) in respect of expenses incurred on the Company's behalf.

During the year the Company recharged tax losses of $1,372,967 (2019: $1,154,661) to ACNL. At the statement of financial position date, outstanding amounts due from ACNL were $1,372,967 (2019: $1,154,661).

A resolution was passed by the board of AUGL on 17 November 2016 to create up to 200,000,000 loan notes with a value of $1 per note. The loan notes were issued on 18 November 2016 and 150,000,000 were taken up by the Company's parent, ABL. At the statement of financial position date, outstanding amounts payable in respect of the $150m loan note were $150,000,000, including accrued and outstanding interest.

Other than those mentioned above and in the relevant disclosure notes, there are no other material related party transactions during the year.

18. Ultimate controlling party

The Company's immediate parent undertaking is ABL. Copies of ABL financial statements can be obtained from the Company Secretary, Victoria Place, 5th Floor, 31 Victoria Street, Hamilton, HM10, Bermuda.

The intermediate parent undertaking and largest group to consolidate these financial statements AGL. Copies of the AGL consolidated financial statements can be obtained from the Company Secretary, Victoria Place, 5th Floor, 31 Victoria Street, Hamilton, HM10, Bermuda.

The ultimate parent undertaking and controlling party is Canada Pension Plan Investment Board, incorporated in Canada with a registered address of: 1 Queen Street East, Suite 2500, Toronto ON M5C 2W5, Canada.