



ASCOT UNDERWRITING GROUP LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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Company Information

Directors	H R Jones-Bak K M Wilson J M Zaffino
Company Secretary	E H Guyatt
Independent auditors	Deloitte LLP Statutory Auditor 1 New Street Square London EC4A 3HQ
Company bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
Registered office	20 Fenchurch Street London England EC3M 3BY
Registered number	10360031

Strategic report for the year ended 31 December 2023

The directors present their strategic report on the Company for the year ended 31 December 2023.

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”), Ascot MGA Limited (“AMGA”) and Ascot Underwriting Limited (“AUL”), and its indirect subsidiary Ascot Insurance Services Limited (“AISL”). All entities are incorporated in the United Kingdom and collectively form the UK group.

AUHL operates as a service company by incurring expenses on behalf of and recharging to other companies within the UK group and to related parties within Ascot Group (being Ascot Group Limited and its subsidiaries). ACNL acts as a limited liability corporate member of the Society of Lloyd’s (“Lloyd’s”), providing underwriting capacity to Syndicate 1414 (“the Syndicate”). AECM is currently dormant. AUL trades as a managing agent for Syndicate 1414. AISL is a wholly owned subsidiary of AUL that acts as a service company of Syndicate 1414. AMGA was incorporated on 15 June 2022 and has since remained dormant.

During the year the Company received \$6,918,762 (2022: \$6,627,910) of dividends in total from UK subsidiaries AUHL and AUL.

Results and performance

The results of the Company for the year, as set out on pages 19 to 20, show a loss on ordinary activities before taxation of \$9,515k (2022: profit of \$264k). The Company has made a loss in the year due to the impairment in the investment of AECM of \$10,840k. The tax credit is \$1,587k (2022: \$1,404k) leaving a total loss for the financial year of \$7,928k (2022: profit of \$1,668k). The total shareholders’ funds of the Company at the end of the year are \$369,815k (2022: \$377,743k).

Key performance indicators

	2023	2022
	\$’000	\$’000
Net assets	369,815	377,743

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

Future outlook

The Company continues to 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 Company expects to continue in its capacity as a holding company for the UK group for the foreseeable future.

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 of the controls to mitigate these risks.

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. The only significant liquidity requirement of AUGL is the ability to service the Eurobond facility. The Company has sufficient cash reserves to settle the interest on the loan as it arises.

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.

Strategic report for the year ended 31 December 2023 (continued)**Environmental, Social and Governance Matters**

The directors of the Board would like to share the following statement as it represents the actions being taken by the "Ascot group" within the UK (being AUGL and its subsidiaries). The Board recognises the importance of building on our existing responsible business practices with continuing to embed environmental, social and governance factors.

Environment – Ascot recognises the need to address the impact of climate change on global communities. Ascot's carbon reduction plan, which is published on the Company website, states that Ascot Underwriting Limited is committed to achieving Net Zero Greenhouse Gas emissions by 2050 and has continued its progress to track its scope 1 and 2 emissions, along with a subset of scope 3 emissions. The emissions disclosed below cover emissions across Scope 1 and Scope 2 as well as Scope 3 transport emissions related to Ascot's grey fleet (business travel in rental cars or employee-owned vehicles where the Company is responsible for purchasing the fuel). In line with our commitment to improving the transparency of our contribution to climate change, the following table summarises the results of the Streamlined Energy and Carbon report (see Directors' Report), which has been calculated following the standards set out under the Greenhouse Gas (GHG) reporting regime:

2023-2022 greenhouse gas emission figures¹ (tonnes CO₂ equivalent)

Greenhouse Gas (GHG) Emissions	2023		2022 ²	
	GHG Emissions from UK Operations (tCO ₂ e)	% Contribution to Total Emissions (location/ market based)	GHG Emissions from UK Operations (tCO ₂ e)	% Contribution to Total Emissions (location/ market based)
Scope 1 – Direct	25	27% location based/ 89% market based	15	17% location based/ 86% market based
Scope 2: Electricity (Location-based; Indirect)	62	69%	71	80%
Scope 2: Electricity (Market-based; Indirect)	—	—%	—	—%
Scope 3 (Transport Fuel Reimbursed)	3	3% location based/ 11% market based	2	3% location based/ 14% market based
Total (Including Scope 2 location-based)	90	—	89	—
Total (including Scope 2 market-based)	28	—	18	—

Ascot Group has had an increase in greenhouse gas emissions compared to the previous year. The increase in scope 1 emissions is due to an increase in the consumption of natural gas. Despite this, there has been a decrease in scope 2 electricity consumption at 20 Fenchurch Street driven in part by a number of energy efficiency measures implemented throughout 2023 disclosed in the Streamlined Energy and Carbon report.

Social - Ascot endeavours not only to be a good corporate citizen and trusted insurer, but also a respected employer that prioritises the importance of staff well-being and success. Ascot is an equal opportunities employer and the Board continues to place emphasis on ensuring diversity in its broadest sense within the Company. The Board is committed to maintaining diverse representation at the Board and at the Company's executive level in line with targets that have been set across the Lloyd's market, as well as the development of diversity in senior management roles. The Company's Charity Committee supports the surrounding communities, striving to serve as a responsible business through empowering these communities as well as providing donations and volunteering opportunities. For more detail and examples of how Ascot has supported staff through 2023, and other social initiatives please refer to the Section 172 statement.

¹ The emission data disclosed within this report has been supplied by ERM Limited.

² Note that 2022 has been restated to exclude the Lloyd's location office.

Strategic report for the year ended 31 December 2023 (continued)

Governance - Ascot is committed to fostering and promoting responsible corporate governance and transparency. The Board delegates certain tasks to committees and individuals although the Board itself retains ultimate responsibility for the affairs and management of the Company. The Board's terms of reference contains a list of matters reserved to the Board which must not be delegated to a sub-committee or individual. The Board's terms of reference is reviewed at least annually and reapproved by the Board each year. Oversight and discussion of ESG related items takes place across various committees in the governance framework with notable developments escalated to the Syndicate Executive, the Board's Risk Committee and ultimately, 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
27 March 2024

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 ended 31 December 2023. In respect to this disclosure the Board has identified that its key stakeholders are the Ascot UK workforce, our ultimate majority shareholder Canada Pension Plan Investment Board (CPP Investments), 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. The Board 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 respect 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 and its employees, taking into account the strategic direction of the group as well as the possibility for the Board to approve the payment of any proposed dividends. The mix of business written by the Syndicate has continued to become more diversified and through this restructuring of the underwriting portfolios, allows for a platform providing greater future stability of results and overall profitability. The directors have also focused on areas of expansion and opportunity with the continued objective to improve the value and UK Group return for the ultimate majority shareholder, including the expansion of our consortium operations with the launch of a dedicated Aviation War Consortium "Approach", introducing new relationships and revenue streams. We continue to operate our business within a structured control environment, designed to ensure ongoing compliance with all regulatory matters. The Board continues to closely monitor the Company's implementation plan for the FCA's Consumer Duty requirements and approved the appointment of the Chair of the Audit Committee as the Consumer Duty Champion for the Company.

The interests of the employees working for the Ascot UK group

The directors strive to make Ascot an enjoyable and rewarding place to work. Annual employee surveys are conducted to measure the level of staff engagement and ensure these are in line with expectations. Where proposed improvements in working conditions are identified, the Board is pro-active in ensuring such improvements can be practically implemented. Employees are also encouraged to participate in the market-wide Culture Survey managed by Lloyd's. A report containing firm results measured against that market is shared by Lloyd's outlining any areas of concern or issues. Furthermore, Ascot holds regular town hall meetings for all staff to discuss the Ascot Group and UK regional results, updates to Ascot's strategy, and opportunities and challenges that are being seen across the market. These regular meetings ensure Ascot staff are well informed and aligned to Ascot's core strategy, helping to keep standards and engagement at the expected level.

The HR team has been proactive in ensuring all staff have access to well-being support which continues to be an area of priority, striving towards a supportive and engaging work environment, Ascot UK has over 15 Mental Health Champions in the UK who have received mental health first aid training. In recognition of Mental Health Awareness Week, Ascot promoted "Wear it Green Day" to raise vital awareness and funds for the Mental Health Foundation. Ascot also offer Employee Assistance Program services, well-being/fitness subsidies, and holds various internal awareness sessions. A hybrid in the office/at home working policy continues to be offered to all staff which is designed to promote a positive work life balance through increased work location flexibility.

Ascot's commitment to maintaining an inclusive culture and recognising and celebrating our diverse workforce is critical to creating an environment where everyone's contributions are appreciated and valued. This is enhanced by the formation of Ascot's Diversity & Inclusion Council. This employee led group's purpose is to champion cultural celebration and inclusion in the workplace, whilst spearheading corporate initiatives and events that support and celebrate the many diverse cultures at Ascot. Ascot has renewed its membership with the Insurance Supper Club, a global business community that provides personal, professional and business development for women in insurance and the 'Ascot Group Women and Allies' Employee Resources Group continues to serve to empower, develop, and support the continued success of female employees through mentorship, networking and philanthropic opportunities.

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 2023.

Section 172 Statement (Continued)

Our technical ability and capabilities are core to providing clients with value added risk solutions. During 2023 a number of Ascot individuals were recognised as top leaders or underwriters in their fields through market surveys and awards, reinforcing the value which suppliers and customers place in Ascot. We are fortunate to have a talented group of individuals at Ascot and this is testament to their commitment, hard work and dedication.

Ascot continues to implement the “Ascot Way” approach to business across the globe, whereby all staff members are encouraged to consider how we can better serve clients and utilise 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. 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. The underlying technology means that the approval process is automated, with staff able to approve invoices via mobile/email apps.

The impact of the UK group's operations on the community and the environment

The AUL Charity Committee 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 the participation of Ascot employees through a Company wide vote to nominate the chosen charity of the year 'Holding on letting go'. Donations have been made to charities by service company AUHL on behalf of the UK group throughout the year to local causes such as the East End Community Foundation and The Ben Kinsella Trust, as well as in response to emerging global emergencies through a donation to the Disasters Emergency Committee to support the Syrian and Moroccan earthquake appeals. Ascot remains partnered with the Sponsors for Educational Opportunity charity, supporting students from underserved and underrepresented backgrounds for career success via Internships.

The directors continue to consider the impact the UK group has on the environment, including a commitment to achieving net zero greenhouse gas emissions by 2050. This is detailed in the AUL carbon reduction plan, in accordance with Procurement Policy Note 06/21, and is annually published on the Lloyd's section of the Ascot website. AUL continues to make significant steps in advancing data collection in support of monitoring its emissions, including in 2023 improved waste data information and introducing a commuting survey to further understand categories in our scope 3 emissions. During 2023, operational initiatives to reduce our environmental impact included reducing energy and water consumption and increased energy efficiencies within the Fenchurch Street office.

Ascot's ethos to community is also embedded within its business operations, evidenced with the recent announcement of a new insurance facility 'Unity', which is led by Ascot and in collaboration with Marsh, Ukrainian institutions and Lloyd's, and will provide up to \$50 million Hull War and War Protection & Indemnity insurance to enable the export of grain and other critical food supplies from Ukraine. The launch of 'Unity' underscores Ascot's continued commitment to support global humanitarian efforts and mitigate the supply chain challenges and subsequent human suffering caused by food insecurity worldwide.

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 employee performance appraisal process. In order to ensure these high standards of business conduct are delivered, a relevant Board committee structure is in place with management sub-committees reporting to the AUL Board on key areas of the business, including (but not limited to) Audit, Investment, Nomination and Remuneration and Risk Committees and Syndicate Executive, Claims and Underwriting Management Sub-Committees.

Our key regulators are Lloyd's of London, the Prudential Regulation Authority and the Financial Conduct Authority. 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 speaking up (whistleblowing) ensuring employees are empowered to raise concerns in confidence and without fear of unfair treatment. An independent Non-Executive Director has been appointed as the designated Whistleblowers' Champion and the Audit Committee as a whole ensures that the processes in place are adequate; this includes the provision of an external whistleblowing hotline service. A whistleblowing report is presented to the Board of Directors annually by the Whistleblowers' Champion.

Section 172 Statement (Continued)

The need to act fairly between members of Ascot group

Ascot Group's principal owner is CPP Investments, with other minority investors being employees or former employees of Ascot. The Board includes a CPP Investments appointed member and Non-Executive Directors who also act in that capacity for AGL, the group's holding company, to assist in driving communication and collaboration across the group.

Directors' report for the year ended 31 December 2023

The directors present their report and audited Company financial statements for the year ended 31 December 2023.

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 \$6,918,762 of dividends (2022: \$6,627,910) in total from UK subsidiaries consisting of £2,200,000 from AUL (2022: £3,000,000), and £3,500,000 from AUHL (2022: £2,000,000). 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	Resigned 6 February 2023
H R Jones-Bak	
P Patel	Resigned 29 September 2023
K M Wilson	
J M Zaffino	Appointed 6 February 2023

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 (2022: \$nil). No donations were made for political purposes during the year (2022: \$nil). During the year service company AUHL made donations for charitable purposes of £239,806 (2022: £215,580) on behalf of the UK group.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual reports and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards 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 2023 (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 their 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 they are obliged to take as a director in order to make themselves 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 (being Ascot Underwriting Group Limited and its subsidiaries) 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.

Methodology

The method used for calculating GHG emissions is in line with the GHG Protocol Corporate Accounting and Reporting Standard. Ascot Group assessed all fuel and electricity consumption activities occurring at its leased office of operations, 20 Fenchurch Street and it was determined that the following sources of emissions should be recorded, in line with SECR guidelines:

- Natural Gas consumption (scope 1)
- Electricity consumption (scope 2)
- Transport Mileage Claims (business travel in rental cars or employee owned vehicles where the company is responsible for purchasing the fuel (scope 3))

GHG Emissions

Ascot Group's scope 1, 2 & 3 GHG emissions associated with its UK operations for 2023 are outlined below in Table 1. GHG emission intensity has been calculated using headcount and revenue.

Directors' report for the year ended 31 December 2023 (continued)

Table 1: Annual UK GHG Emissions and Intensity³

Greenhouse Gas (GHG) Emissions	2023		2022 ⁴	
	GHG Emissions from UK Operations (tCO ₂ e)	% Contribution to Total Emissions (location/ market based)	GHG Emissions from UK Operations (tCO ₂ e)	% Contribution to Total Emissions (location/ market based)
Scope 1 – Direct	25	27% location based/ 89% market based	15	17% location based/ 86% market based
Scope 2: Electricity (Location-based; Indirect)	62	0.69	71	0.8
Scope 2: Electricity (Market-based; Indirect)	0	0	0	0
Scope 3 (Transport Fuel Reimbursed)	3	3% location based/ 11% market based	2	3% location based/ 14% market based
Total (Including Scope 2 location-based)	90	0	89	0
Total (including Scope 2 market-based)	28	0	18	0

The emissions intensity of Ascot Group's UK operations as reported under SECR for 2023 is 0.062 and 0.019 tCO₂e per £m revenue for location based and market bases respectively. The emissions intensity for the employee intensity metric, are 0.270 and 0.083 tCO₂e per UK employee for location based and market based respectively.

Table 2: Ascot Group's Intensity metrics

tCO ₂ e vs normalisation metric Intensity Ratio	Unit	2023	2022
Market-based	tCO ₂ e/£M	0.019	0.013
Market-based	tCO ₂ e/FTE	0.083	0.060
Location-based	tCO ₂ e/£M	0.062	0.065
Location-based	tCO ₂ e/FTE	0.270	0.300

Energy Consumption

Ascot Group's total energy consumption associated with its UK operation's scope 1, 2 & 3 emissions for 2022 and 2023 are outlined below in Table 3. Total site area in square meters occupied by Ascot Group was used to calculate the associated energy intensity.

Energy consumption figures in kWh were obtained from electricity and natural gas invoices for each relevant site. Energy consumption through the use of fuel in the vehicle fleet was obtained through mileage figures for each vehicle. The mileage figures were converted into kWh totals using the 2023 UK Government (DEFRA/BEIS) GHG Conversion Factors for Company Reporting kWh conversion factors for passenger and delivery vehicles.

³ The emission data disclosed within this report has been supplied by ERM Limited.

⁴ Note that 2022 has been restated to exclude the Lloyd's location office.

Directors' report for the year ended 31 December 2023 (continued)

Table 3: UK Energy Consumption and Intensity

Source of Energy Consumption	2023		2022	
	Energy Consumption (kWh)	% Contribution to Total Energy Consumption	Energy Consumption (kWh)	% Contribution to Total Energy Consumption
Natural Gas	121,647	28.0%	75,973	16.9%
Electricity	300,830	69.5%	365,648	81.2%
Vehicle Fleet	10,664	2.5%	8,573	1.9%
Total	433,141	100%	450,194	100%

Energy efficiency measures

Energy efficiency measures Ascot Group has had an increase in greenhouse gas emissions compared to the previous year. The increase in scope 1 emissions is due to an increase in the consumption of natural gas. Despite this, there has been a decrease in scope 2 electricity consumption at 20 Fenchurch Street driven in part by the following energy efficiency measures implemented throughout 2023:

Light Sensors to impact:

- Group Size reduction; the sensors identify the capacity in the office and accordingly illuminate the areas required.
- Timeout; The length of time during which the lights stay switched on in a meeting room after the meetings have been concluded is reduced.
- Dimming; The distance from the nearest window determines the intensity of light, leading to efficient use of energy

Changes to climate controls systems operating hours: The AC systems have been updated to ensure climate controls are only activated during the office hours.

Project Go Dark: This initiative implemented motion sensors that illuminate only the required walking path in the office when triggered, thereby avoiding illumination of the entire floor hence saving energy.

Engagement: Increased engagement with Landlord and other tenants to actively identify energy reduction initiatives.

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
27 March 2024



K M Wilson
Director
27 March 2024

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'):

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- 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
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of Financial Position
- the statement of changes in equity;
- the related notes 1 to 19.

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	<p>The key audit matter that we identified in the current year was:</p> <ul style="list-style-type: none"> • Investment in subsidiaries <p>Within this report, key audit matters are identified as follows:</p> <ul style="list-style-type: none"> • Newly identified • Increased level of risk • Similar level of risk • Decreased level of risk
Materiality	The materiality that we used in the current year was \$11m (2022: \$11.3m) which was determined on the basis of 3% (2022: 3%) of net assets.
Scoping	Scoping Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. We involved the Deloitte Bermuda IT team in performing testing on key IT systems relevant for the Ascot Audit.
Significant changes in our approach	There were no significant changes in our approach in the current year.

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 assessment of the company's:

- Financial results - we considered the company's and the company's subsidiaries' profitability, net asset position and cash flow in 2023 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 the company and its subsidiaries operates.
- Accuracy of previous forecasts - we assessed the accuracy of historical forecasts via comparison to actuals.

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

- Going concern disclosures – we assessed the appropriateness of going concern disclosures made in the company's financial statements.

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.

5. 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 Investment in subsidiaries

Key audit matter description	<p>The company has investment in subsidiaries of \$496m as at 31 December 2023 (2022: \$507m), valued at cost and reviewed annually for indicators of impairment. These investments include investments in Ascot Underwriting Holdings Limited of \$255.8m and Ascot Corporate Name Limited of \$239.6m, which account for 99.9% of the balance and 95% of total assets.</p> <p>Judgement is required by the directors as to whether any of the investments should be impaired based on the financial position and future prospects of the investments. This takes into consideration a range of factors such as the trading performance, the expected revenue growth and discount rates.</p> <p>Further details are included within the strategic report on pages 3 to 5, critical accounting estimates and judgements note in note 2 and note 11 to the financial statements.</p>
How the scope of our audit responded to the key audit matter	<p>We evaluated management's assessment of whether impairment indicators existed at the balance sheet date, and the details of the assets and cash generating units on which this assessment was made.</p> <p>We evaluated this assessment against the requirements of FRS 102, to assess whether management had considered all the required elements from the standards. We assessed whether judgements made by management were justified and reasonable by considering these against the performance of the wider Ascot group and its position within the Lloyd's market.</p>
Key observations	<p>Based on the work performed we concluded that the valuation of investment in subsidiaries is appropriate.</p>

6. Our application of materiality

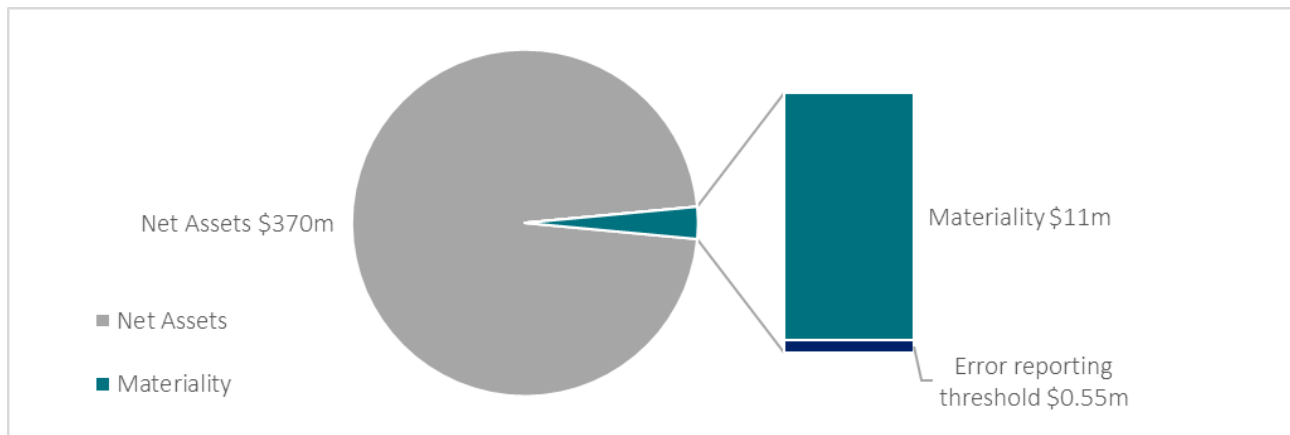
6.1 Materiality

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:

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

Materiality	\$11m (2022: \$11.3m)
Basis for determining materiality	3% of net assets (2022: 3% of net assets)
Rationale for the benchmark applied	We determined materiality based on net assets. We consider net assets to be of most concern to the key users of Ascot Underwriting Group Limited’s financial statements with respect to performance. We have chosen net assets as a benchmark as this is more reflective of performance by also showing the debt position of the holding company.



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 2023 audit (2022: 70%). In determining performance materiality, we considered the following factors:

- a. our risk assessment, including our assessment of the Company’s overall control environment and the relatively low complexity of balances; and
- b. 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 directors that we would report to the directors all audit differences in excess of \$0.55m (2022: \$0.56m), 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 company 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. The Deloitte Bermuda IT team was involved to perform testing on key IT systems relevant for the Ascot audit.

7.2 Our consideration of the control environment

The only key IT system relevant to the control environment is SunGL (general ledger system), and the related IT environmental and controls. We performed testing of key IT systems relevant to the audit and adopted an IT controls reliance approach. The work was performed by our Bermuda IT team this year and included testing of the joiners and leavers process, user access controls, change management controls and password controls. We were able to rely on these controls as part of our audit.

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

We planned to rely on controls with relation to expenses, cash, and the financial statement close process. We obtained an understanding of relevant controls for each of these areas and tested the relevant controls where required. We were able to rely on these controls as part of our audit.

7.3 Our consideration of climate-related risks

We obtained management's action plan to embed their approach to managing climate-related financial risks within their organisation.

We have assessed and challenged management's assertions via a review of the nature of Ascot's business and their potential exposures to climate risk.

For the financial year ended 31 December 2023, management have assessed that there are no material climate risks impacting upon the Ascot financial statements as at this year-end. We concur with this conclusion and have assessed whether the climate change disclosures in the annual report were consistent with our understanding of the business and the financial statements.

7.4 Working with other auditors

We involved our Bermuda IT team in performing testing of key IT systems relevant for the Ascot audit. We provided direction to our Bermuda IT team through planning calls and referral instructions. We attended frequent update calls to understand the progress of their work during the audit. We performed a review of their working papers and reviewed their concluding documentation for our audit files.

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 contained 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

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

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, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the company's sector;
- 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.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also 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. These included the Prudential Regulatory Authority (PRA), Lloyd's Acts and Byelaws and regulatory solvency requirements.

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.

In addition to the above, our procedures to respond to risks identified included the following:

- a. reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- b. enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- c. performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- d. reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with , Lloyds and the PRA; and
- a. in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, Bermuda IT team, 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.

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 FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
27 March 2024

**Statement of Comprehensive Income
for the year ended 31 December 2023**

	Note	2023 \$'000	2022 \$'000
Turnover		—	—
Gross profit		—	—
Administrative expenses		(11,049)	(840)
Operating loss	4	(11,049)	(840)
Interest receivable and similar income	7	247	240
Income from shares in group undertakings	8	6,919	6,628
Interest payable and similar charges	9	(5,632)	(5,764)
(Loss)/profit on ordinary activities before taxation		(9,515)	264
Tax credit on (loss)/profit on ordinary activities	10	1,587	1,404
(Loss)/profit for the financial year		(7,928)	1,668

All operations are continuing.

The notes on pages 22 to 28 form an integral part of these financial statements.

**Statement of Financial Position
as at 31 December 2023**

	Note	2023 \$'000	2022 \$'000
Investment in subsidiaries	11	495,887	506,727
Total fixed assets		495,887	506,727
Investments	12	5,431	12,347
Debtors	13	14,149	6,452
Cash at bank		145	46
Deferred tax asset	14	3,563	1,976
Total current assets		23,288	20,821
Creditors: amounts falling due within one year	15	(72)	(1,054)
Net current assets		23,216	19,767
Total assets less current liabilities		519,103	526,494
Creditors: amounts falling due after one year	16	(149,288)	(148,751)
Net assets		369,815	377,743
Called up share capital	17	306	306
Share Premium	17	355,685	355,685
Profit and loss account		13,824	21,752
Total Shareholders' funds		369,815	377,743

The notes on pages 22 to 28 form an integral part of these financial statements.

The financial statements on pages 19 to 28 were approved at a meeting of the Board of Directors and signed on its behalf by:



H R Jones-Bak
Director
27 March 2024



K M Wilson
Director
27 March 2024

**Statement of Changes in Equity
for the year ended 31 December 2023**

	Called-up Share Capital	Share Premium	Profit and Loss Account	Total
Note	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2022	306	355,685	20,084	376,075
Total comprehensive profit attributed to shareholders	—	—	1,668	1,668
Balances as at 31 December 2022	306	355,685	21,752	377,743
Balance as at 1 January 2023	306	355,685	21,752	377,743
Total comprehensive loss attributed to shareholders	—	—	(7,928)	(7,928)
Balances as at 31 December 2023	306	355,685	13,824	369,815

Notes to the financial statements for the year ended 31 December 2023**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

AUGL 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 Ascot Group Limited ("AGL"). 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 AGL publishes consolidated financial statements which include the affairs of this company. The consolidated financial statements of AGL, within which this company's affairs are included are publicly available (see note 19).

Going Concern

In arriving at a determination of going concern, the directors consider a number of risks, taking into account the economic, regulatory and environmental considerations as referenced in the Strategic Report;

- a. **Group risk** – the risk that the activities of companies within the UK group have an adverse impact on each other.
- b. **Liquidity risk** – the risk is that sufficient cash may not be available to settle obligations when due at a reasonable cost.
- c. **Operational risk** – the risk is the subsidiaries of the Company cannot trade due to the office infrastructure or people being unavailable.

The Company has concluded that it continues to be a going concern after taking into account the above risks, as it can evidence strong net 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.

Currently the only critical accounting judgement for AUGL is in relation to the assessment for impairment to the investments held in AUHL, AUL, AIS, ACNL and AMGA. The Company has taken the view, where applicable, that these investments continue to pertain to the same cash generating unit ("CGU") and as such consider impairment at the CGU level accordingly, rather than at the individual entity level. The Company is satisfied that this approach is in line with FRS 102 section 27 (Impairment of assets) due to the inter-dependence of each subsidiary on future group cashflows, forecasted profit and operational reliance within the UK group

Notes to the financial statements for the year ended 31 December 2023 (continued)***Critical accounting judgements and estimation uncertainty (continued)***

For each reporting period, the Company considers whether the investment in subsidiaries is impaired. This requires consideration of numerous indicators of impairment from both internal and external sources, upon which the Company makes a judgement based on all known facts and future plans. Where an indication of impairment is identified the estimation of recoverable amount requires estimation of the recoverable value of the single CGU described above. This requires estimation of the future cash flows of the UK group and also selection of an appropriate discount rate in order to calculate the net present value of those cash flows.

Key accounting policies***Dividends***

Income from shares in group undertakings 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. In addition, the Company is allocated a share of expenses, which are incurred in relation to its role as the holding entity of the UK group, from other group entities under the Group Resource Agreement.

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 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

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.

Notes to the financial statements for the year ended 31 December 2023 (continued)**3. Cash flow statement**

The Company is consolidated into the financial statements of AGL (see note 19). 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.

4. Operating loss

Operating loss is stated after charging:

	2023	2022
	\$'000	\$'000
Auditor's remuneration	26	25
Legal fees	—	58
Irrecoverable VAT	2	27
Impairment of investment in subsidiaries (note 11)	10,840	—
Foreign exchange (gain)	(589)	(749)
Recharges from Group companies	736	1,007
Professional fees	34	475

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

AMGA was incorporated as a subsidiary of AUGL on 15 June 2022 and has remained dormant since. In its capacity as the parent company of AMGA, during 2022 AUGL incurred expenses on behalf of AMGA in relation to its set up costs. In 2022, this amounted to expenses of \$552k expenses consisting largely of professional costs and legal fees.

The Company was allocated a share of expenses incurred in relation to its role as the holding entity of the UK group, from other group entities under the Group Resource Agreement.

5. Staff costs

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

6. Directors' Remuneration

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

Directors' emoluments	2023	2022
	\$'000	\$'000
Salary	924	1,035
Other pension costs	68	104
Other benefits	27	21
Short term and long term incentive plans	2,254	1,063
Stock salary - restricted stock awards	3,277	943
	6,550	3,166
Highest paid	4,775,807	1,731,824

The highest paid director for the year ended 31 December 2023 received \$4,775,807 of remuneration in the year (2022: \$1,731,824). Benefits, during the year, were expensed in respect of qualifying services for 5 directors.

Notes to the financial statements for the year ended 31 December 2023 (continued)**7. 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.

8. Income from shares in group undertakings

During the year the Company received \$6,918,762 of dividends (2022: \$6,627,910) in total from UK subsidiaries consisting of £2,200,000 from AUL (2022: £3,000,000), and £3,500,000 from AUHL (2022: £2,000,000). There are no proposed dividends by the Company post the date of this report.

9. Interest payable and similar charges

	2023	2022
	\$'000	\$'000
Amounts accrued on interest bearing loans	5,095	5,095
Loan discounting	537	669
	<u>5,632</u>	<u>5,764</u>

For further detail on the loan discount please refer to note 16 - Creditors: amounts falling due after one year.

10. Tax on profit on ordinary activities**a) Analysis of charge in the year**

The tax charge comprises:

	2023	2022
	\$'000	\$'000
Current Tax on profit on ordinary activities:		
UK Corporation tax	—	—
Adjustments in respect of prior years - Group Relief	—	699
Current tax on income for the year	<u>—</u>	<u>699</u>
Deferred taxation:		
Deferred tax – origination and reversal of timing differences	1,305	1,404
Adjustments in respect of prior years - Group Relief	—	(699)
Impact of change in tax rates	282	—
Deferred tax on income for the year (note 14)	<u>1,587</u>	<u>705</u>
Tax Credit	<u>1,587</u>	<u>1,404</u>

Notes to the financial statements for the year ended 31 December 2023 (continued)

b) Factors affecting tax charge for the year

The standard rate of Corporation Tax in the UK is 25% from 1st April 2023. Accordingly, the Company's profits for this accounting period are taxed at the pro-rated tax rate of 23.5% (2022: 19.00%). The current tax assessed for the year is lower (2022: lower) than the effective rate of Corporation Tax. The differences are explained below:

	2023 \$'000	2022 \$'000
(Loss)/ profit on ordinary activities before taxation	(9,515)	264
(Loss)/ profit on ordinary activities before tax multiplied by the effective blended rate of UK corporation tax of 23.5% (2022: 19.00%)	2,236	(50)
Income / (expenses) not deductible for tax purposes:		
Dividends	1,626	1,259
Impairment of investment in subsidiary	(2,548)	—
Legal and Professional - assumed on behalf of subsidiaries	—	(104)
Other expenses not deductible for tax purposes	(8)	—
Foreign exchange gain on capital transaction	(1)	(8)
Foreign exchange on prior year adjustment	—	(16)
Tax rate differences	282	323
Tax credit for the period	<u>1,587</u>	<u>1,404</u>

11. Investment in subsidiaries

The related undertakings of Ascot Underwriting Group Limited at 31 December 2023:

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	Dormant 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%
Ascot MGA Limited	Service Company	20 Fenchurch Street, London, UK	Ordinary	100%

Indirect related undertakings as at 31 December 2023 were:

Subsidiary undertaking	Principal Activity	Registered Address	Class	Percentage
Ascot Insurance Services Limited	Service Company	20 Fenchurch Street, London, UK	Ordinary	100%

Investment in subsidiary undertakings:

	2023 \$	2022 \$
Cost		
Ascot Corporate Name Limited	239,538,811	239,538,811
Ascot Employees Corporate Member Limited	—	10,840,000
Ascot Underwriting Holdings Limited	255,844,760	255,844,760
Ascot Underwriting Limited	503,296	503,296
Ascot MGA Limited	100	100
At Year End	<u>495,886,967</u>	<u>506,726,967</u>

Notes to the financial statements for the year ended 31 December 2023 (continued)**11. Investment in subsidiaries (continued)**

As part of management's annual impairment review of investments held by the Company, it was identified that due to the dormancy of AECM and AMGA, these subsidiaries no longer met the criteria to be included in a combined CGU with the other subsidiaries and were therefore assessed for impairment on an individual basis.

As the carrying value of the investment in AECM exceeded the net assets in AECM, management have elected to fully impair the investment. AMGA had no indicators of impairment.

12. Investments

Included within the investments balance within current assets is \$5,431k of Invesco money market short term investments (2022: \$12,347k).

13. Debtors

	2023	2022
	\$'000	\$'000
Amounts due from subsidiaries	14,121	6,416
Other debtors	5	—
Accrued Income	23	36
	<u>14,149</u>	<u>6,452</u>

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

14. Deferred tax asset

Deferred tax is provided as follows:

	2023	2022
	\$'000	\$'000
At 1 January	1,976	1,271
Deferred tax credit to other comprehensive income (note 10a)	1,587	705
At 31 December	<u>3,563</u>	<u>1,976</u>

The closing deferred tax balance comprise:

	2023	2022
	\$'000	\$'000
Trading losses	3,563	1,976
	<u>3,563</u>	<u>1,976</u>

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 2024 is \$3,563k (2023: \$281k). Deferred tax has not been recognised on pre-2017 losses of \$181k (2022: \$138k) as they are not expected to be utilised in future years.

15. Creditors: amounts falling due within one year

	2023	2022
	\$'000	\$'000
Amounts due to subsidiaries	44	1,030
Accruals and deferred income	28	24
	<u>72</u>	<u>1,054</u>

Amounts due to 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 2023 (continued)

16. Creditors: amounts falling due after one year

	2023	2022
	\$'000	\$'000
Loan notes issued to immediate parent	(149,288)	(148,751)
	<u>(149,288)</u>	<u>(148,751)</u>

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. In anticipation of maturation of the original loan facility, the Board passed a resolution on 17 June 2021 to relist the loan notes via the inception of a new facility on 18 November 2021, for a further five years.

The issuer (AUGL) will pay interest on the principal amount of each note at a rate of 3.35% 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 2026 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. The \$150m loan note instrument issued by AUGL is held by ABL and is listed on the Bermuda Stock Exchange.

The balance of the financial liability at the end of the year has been measured at amortised cost using the effective interest rate method (loan rate of 3.35%); this has given rise to the discount being partially unwound to the statement of comprehensive income of expense \$537,386 (2022: \$668,920) and a discount to the balance sheet value of the loan of receivable \$711,211 (2022: \$1,248,597).

17. Share capital and other reserves

	2023	2022
	\$	\$
Authorised	305,992	305,992
Allotted and fully paid	305,992	305,992

The capital consists of 305,992,274 ordinary shares of \$0.001 each. The entire issued share capital of the Company is owned by ABL.

	2023	2023	2023	2022	2022	2022
	Share	Share	Retained	Share	Share	Retained
	Capital	Premium	Earnings	Capital	Premium	Earnings
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January	306	355,685	21,752	306	355,685	20,084
(Loss)/ gain for the period	—	—	(7,928)	—	—	1,668
Balance at 31 December	306	355,685	13,824	306	355,685	21,752

18. Related party transactions

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 AGL consolidated financial statements can be obtained from the Company Secretary, Victoria Place, 5th Floor, 31 Victoria Street, Hamilton, HM10, Bermuda.

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

19. Ultimate controlling party

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

The largest group to consolidate these financial statements is 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.