ascot

ASCOT CORPORATE NAME LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

CONTENTS

COMPANY INFORMATION

Directors	Helen R Jones-Bak Mark C Smith Katy M Wilson
Company Secretary	Angus Banks
Independent auditor	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	4268348

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is to act as a limited liability corporate member of the Society of Lloyd's (Lloyd's) and to provide underwriting capacity to Syndicate 1414 (the Syndicate) managed by Ascot Underwriting Limited (AUL).

Ascot Corporate Name Limited (ACNL or the Company) has been the sole corporate member of Syndicate 1414 since 2017. Syndicate 1414's final allocated premium income capacity for each of the last four underwriting years and the prospective year is shown below:

	Syndicate Capacity
Year	**£m**
2020	650
2021	900
2022	950
2023	1,250
2024	1,250

KEY PERFORMANCE INDICATORS

It is the Company's objective, when providing capacity to Syndicate 1414, to achieve profitable underwriting through the Syndicate. In this respect, the key performance indicators (KPI's) used by the Company to analyse achievement of its objective are as follows:

	2023 £m	2022 £m	**Variance £m**
Gross written premium	**1,440.9**	1,350.2	90.7
Net written premium	**565.1**	548.1	17.0
Net earned premium	**538.0**	486.3	51.7
Balance on the technical account for general business	**137.5**	9.0	128.5
Total investment return	**71.7**	(40.3)	112.0
Profit/(loss) on ordinary activities before tax	**80.4**	(22.7)	103.1
Net loss ratio[1]	**49.3 %**	58.6 %	(9.3)%
Net expense ratio[2]	**38.4 %**	31.5 %	6.9 %
Combined ratio[3]	**87.7 %**	90.1 %	(2.5)%

Gross written premium increased from £1,350.2m in 2022 to £1,440.9m in 2023, an increase of 7%, this is being driven by a combination of rate increases and new business opportunities. The latter has come from organic growth in existing books of business and improved market conditions, as well as from new teams, principally in our Casualty product lines and the expansion of our consortium operations.

The Ascot syndicate enjoyed another year of very positive rate increases during 2023 with much of the out-performance of this metric attributable to the property lines of business. The profound corrections were witnessed in all the three main segments of property: binders, open market and treaty but these market dynamics were long overdue given that in the preceding six years the insured losses had been over $100bn five times. The hardening of the market did not stop with just rate but most importantly retentions and deductibles increased too so that all stake holders in the chain of (re)insurance could help share in the increased burden of losses. These dynamics gave us the opportunity to further re-shape our books and provide us with the perfect platforms to trade from in the next few years.

Net written premium increased from £548.1m in 2022 to £565.1m in 2023, an increase of 3%, this is being driven by the above mentioned increases in gross premiums written whilst continuing to protect the exposure of the syndicate with the use of an extensive reinsurance program where despite a harder reinsurance market in 2023, costs were well managed and in-line with 2022. Furthermore, the Company entered into a 60% (2022: 60%) whole account quota-share agreement in 2023 with Ascot Bermuda

[1] Net loss ratio is defined as claims incurred, net of reinsurance as a percentage of earned premiums, net of reinsurance
[2] Net expense ratio is defined as operating expenses as a percentage of earned premiums, net of reinsurance
[3] Combined ratio is defined as total costs (including claims and expenses) as a percentage of earned premiums, net of reinsurance

Limited (ABL) resulting in a premium retention ratio of 39% for 2023 versus 41% for 2022. For the 2023 calendar year the quota share amounted to £503.8m (2022: £439.6m).

Ascot's focus on underwriting discipline and reducing volatility within its portfolio continues to drive a profitable result.

Net loss ratio

	Note	Year ended 31 December 2023	Year ended 31 December 2022	Variance
Current accident year		**47.4%**	54.0%	(6.6)%
Prior accident years	11	**1.9%**	4.6%	(2.7)%
Net loss ratio		**49.3%**	**58.6%**	**(9.3)%**

The current accident year net loss ratio improved 6.6% from prior year driven by significantly lower major natural catastrophe activity, with the largest to impact the Syndicate in terms of scale being the Turkey Earthquake, gross loss of £22.6m and net £7.3m. Despite this, 2023 continued to be a year of high volume natural catastrophe events, with a significant number of worldwide windstorm, flood, cyclone and convective storm events. Examples of such events that impacted the Syndicate and their relative scale are; Slovenia Floods, gross of £6.0m and net £2.9m; Hurricane Otis, gross loss of £3.6m and net £1.1m; and Cyclone Gabrielle, gross loss of £2.0m and net £0.8m. With the change in the mix of business profile of the Syndicate the drivers of current loss ratios is less relevant to natural catastrophes than previous accounting periods.

The 2023 prior accident years loss position is driven predominantly by one class of business; Marine Liability which makes up 30% of the figure above or £6.1m. With experience accounting for over half of the adverse prior year development, the drivers for this class include increasing cost of personal injury claims and the effects of social inflation. The remaining impact for this class is from updates to expected loss ratios and development patterns in response to the emerging experience. Approximately £3.2m (12%) of the prior accident year losses relates to increased exposure, for which there is a respective premium recognition in the same accounting period. Estimates with respect to known prior year events have decreased during the 2023 calendar year.

Net expense ratio

	Year ended 31 December 2023	Year ended 31 December 2022	Variance
Acquisition cost ratio	**26.8%**	20.7%	6.1%
Administrative expenses ratio	**11.6%**	10.8%	0.8%
Net expense ratio	**38.4%**	**31.5%**	**6.9%**

Ascot's acquisition cost ratio is 6.1% higher than 2022 and is being driven by an underlying mix of business change.

2023 reflects a deterioration of 0.8% in the administrative expense ratio driven by growth in net earned premiums. Whilst administrative expenses (including other Lloyd's personal expenses) have increased from £44.4m to £51.8m, an increase of 14.3%, this is driven by increased staff costs due predominantly to the additional teams mentioned above, as well as continued improvements to our IT and data solutions.

In terms of non-technical expenses, there was an increase in charges of 38% in 2023 to £48.9m (2022: £35.4m). This is driven by an increase in the managing agency fee charged by AUL (note 12) and increased employee costs.

RESULTS AND PERFORMANCE

The result for the 2023 financial year, as set out on pages 15 and 16, is a profit before tax of £80.4m (2022: loss £22.7m) and a combined ratio of 87.7% (2022: 90.1%) on the technical account. Company profits have been supplemented by net unrealised gains on investments of £37.9m (2022: £53.7m losses) which was driven by the market's expectation of interest rate cuts, earlier than expected, on bonds. The tax charge was £17.1m (2022: tax credit £4.0m) giving a profit after tax of £63.3m (2022: loss £18.7m). No dividend was paid during the year (2022: £0.0m).

Profits will continue to be distributed by reference to the results of individual underwriting years. Under Lloyd's Accounting Rules, the trading result of a year of account will not normally be declared until the end of three years from commencement. The 2021 year of account was closed at 31 December 2023 with a profit of £97.6m (2020 year of account closed at 31 December 2022 with a profit: £28.6m) or 10.8% of stamp capacity of £900.0m.

FUTURE OUTLOOK

Over the past ten years we have added many new lines of business in the syndicate and we are proud to report that they now produce over 40% of our overall gross premium writings. These additions have principally been in Casualty lines where we had measured entries in the early years and have only really increased premium volumes in the past three to four years into the hardening market. These classes are now fully benefiting from the Ascot brand and are well set to continue to grow into 2024. These lines of business have made the syndicate even more balanced and resilient, and we are better set than ever to produce stable profitable earnings in the future.

Ascot has an extremely good profitable legacy and we are pleased to say this continued in 2023 with our four largest areas reporting strong underwriting profits. Most of this was down to positive market optics in most classes but some down to continued negative cycle management. We are being very cautious in our lines that are influenced by politics: Terrorism and Political Risks. With the global uncertainty that currently exists and with this likely to further escalate during 2024, we will continue to be thoughtful around the coverages we give and where we grant them. We are very disappointed that the Terrorism market didn't harden post the events impacting Ukraine and the Syndicate has deliberately written less than half its projected premium volume in this class which was the right course of action, especially given the outset of the war in the Middle East. We hope for better times in these classes but 2024 seems like a good time to not be focused on top line premium. This cycle management is what Ascot is about and is at the very core of it's culture and this will most certainly continue into 2024 and beyond.

Syndicate 1414 has produced a strong combined ratio for 2023 which is the result of the continued dedication and hard work of Ascot's talented workforce. We believe we are well positioned to continue building on this success and take advantage of the positive trading environment for the year ahead.

PRINCIPAL RISKS AND UNCERTAINTIES

The following are considered to be the principal risks for the Company along with a brief overview of how these risks are managed. In addition, the Company also has risks which are closely aligned with the Syndicate given their relationship. Risks are managed through the Risk Management Framework.

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. Responsibility for the oversight of risk lies on a day to day basis with the Risk Committee, and ultimately with the Board. There are several sub-committees that are responsible for the identification and management of certain risks (for example, the Underwriting Management Committee (UMC) is responsible for many of the risks that are classified as Insurance risk).

The Risk Committee members are represented on all governance committees. This allows key issues requiring the oversight and consideration of the Risk Committee from a strategic perspective to be reported by members and discussed. The Risk Committee thus forms a quasi-independent body that can monitor the workings of the other committees and ensure consistency in the approach to risk across Ascot. In the event that the Risk committee cannot be quorate, any decisions and oversight will be undertaken 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.

Insurance risk - this includes Underwriting and Reserving risk. It is the risk arising from uncertainty in the likelihood, magnitude and timing of insured losses, the risk of inadequate pricing and the risk of insufficient claims provisions. Insurance risk includes the risk of increased or prolonged claims inflation. This risk is effectively the business of the Syndicate. Management of insurance risk includes a comprehensive underwriting peer review process, management information that includes aggregation management and profitability measures, independent external reserve reviews and the strict control of terms and conditions of contractual wordings to manage liabilities.

Credit risk - this is the risk of loss arising from the inability of reinsurers or intermediaries to meet their financial obligations to Ascot. The largest risk is the non-performance of the Syndicate's reinsurers. This is managed by monitoring the concentration to and security rating of each of our reinsurance partners.

Market risk - this represents the potential loss of value or earnings arising from changes in the market price of assets as a result of external market and economic factors. The risk is managed through conservative asset allocation and concentration limits. Liquidity risk and Currency risk are part of market risk but discussed separately below.

Operational risk - the risk is that the Syndicate's operations are adversely impacted from inadequate or failed internal processes, people or systems or from external events. Key risks considered here include Operational Resilience, Culture, Outsourcing, Legal and Regulatory risk and Information Security risk. To counter the impact, the Company maintains various contingency plans (e.g. server backups) to mitigate the impact of these risks.

Liquidity risk - the risk is that sufficient cash may not be available to settle obligations when due at a reasonable cost. The primary liquidity risk of the Syndicate is the obligation to pay claims to policyholders following catastrophe events. The projected settlements of these liabilities are modelled on a regular basis using actuarial techniques. To manage this the duration of the Syndicate's investments are shorter than the liabilities.

Currency risk - the risk is that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in foreign exchange rates. The Syndicate maintains four separate currency funds: Sterling, Euros, United States dollars and Canadian dollars. The Syndicate seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency, subject to regulatory funding requirements.

Group risk - the risk that the activities of companies within Ascot 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 and communication between entities across the group as well as a coordinated marketing and communications strategy.

Climate risk - this risk is associated with climate change and takes into account physical, transitional and liability risk. The Syndicate's approach to managing the financial risk from climate change sits with the Chief Risk Officer, who also has overall responsibility and oversight of the risk management function. The monitoring and reporting of climate risks straddle across all parts of the business with key outputs flowing up to the Risk Committee and ultimately the Board.

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 tables summarise the results of the Streamlined Energy and Carbon report, which has been calculated following the standards set out under the Greenhouse Gas (GHG) reporting regime:

2023-2022 greenhouse gas emission figures[4] (tonnes CO_2 equivalent)

Greenhouse Gas (GHG) Emissions	2023		2022[5]	
	GHG Emissions from UK Operations (tCO_2e)	% Contribution to Total Emissions (location/ market based)	GHG Emissions from UK Operations (tCO_2e)	% 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**	–

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%**

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.

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.

[4] The emission data disclosed within this report has been supplied by ERM Limited.
[5] Note that 2022 has been restated to exclude the Lloyd's location office.

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.

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 Ascot Underwriting Holdings Limited (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.

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 principles of identifying and the policies in place for mitigating risk within Ascot are discussed further within note 4.

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

H Jones-Bak

Helen Jones-Bak
Director
27 March 2024

SECTION 172 STATEMENT

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 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 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.

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 together with the audited financial statements of the Company for the year ended 31 December 2023.

Results and performance

This has been discussed in the strategic report.

Future outlook

This has been discussed in the strategic report.

Environmental, social and governance matters

This has been discussed in the strategic report.

Dividends

The Company did not pay a dividend in 2023 (2022: £0.0m). There are no proposed dividends by the Company post the date of this report.

Issue of ordinary shares

During the year there was no issuance of shares by the Company (2022: nil).

Directors and directors' interests

The directors who held office during the year and up to the date of signing are listed below:

Helen R Jones-Bak

Mark C Smith

Katy M Wilson

None of the directors had any financial interest in the Company during the year.

Company Secretary

Angus Banks

Principal risks and uncertainties

This has been discussed in the strategic report within Principal risks and uncertainties.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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. 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 UK Accounting Standards have been followed, including FRS 102 & 103, 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.

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.

Charitable contributions

The Company has not made any political or charitable contributions during the year (2022: £nil). No donations were made for political purposes (2022: £nil). During the year service company AUH made donations for charitable purposes of £239,806 (2022: 215,580), on behalf of the UK group.

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 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 and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Directors' and officers' liability insurance

During the year the Company did not maintain any liability insurance for its directors and other officers; however, they are covered under the Group policy held in Ascot Group Limited's name, a company registered in Bermuda.

Employee involvement

The Company had no employees during the year. All UK staff are employed by Ascot Underwriting Holdings Limited.

Engagement with suppliers, customers and others

Ascot strives to have a client-centric approach to business, and is constantly reviewing how we engage with both our customers and our suppliers 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.

Energy and carbon reporting
This has been discussed in the strategic report within Environmental, Social and Governance Matters.

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

Helen Jones-Bak
Director
27 March 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASCOT CORPORATE NAME LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Ascot Corporate Name 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 profit 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; and
- the related notes 1 to 23.

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).

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
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.

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.

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASCOT CORPORATE NAME LIMITED (CONTINUED)

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.

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.

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included in the UK Companies Act, tax legislation; and
- 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 regulatory solvency requirements, environmental regulations, and legislation regarding fraud and money laundering.

We discussed among the audit engagement team including relevant internal specialists such as tax, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.
In addition to the above, our procedures to respond to the 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 Lloyd's, and the PRA.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASCOT CORPORATE NAME LIMITED (CONTINUED)

Report on other legal and regulatory requirements

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.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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, UK

27 March 2024

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2023

TECHNICAL ACCOUNT - GENERAL BUSINESS	Note	2023 £'000	2022 £'000
Earned premiums, net of reinsurance			
Gross premiums written	3	1,440,916	1,350,246
Outwards reinsurance premium		(875,862)	(802,179)
Net premiums written		**565,054**	548,067
Change in the provision for unearned premiums			
Gross amount		(34,396)	(44,166)
Reinsurers' share		7,329	(17,644)
		(27,067)	(61,810)
Earned premiums, net of reinsurance		**537,987**	486,257
Allocated investment return transferred from the non-technical account		71,195	(38,934)
Total technical income		**609,182**	447,323
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		512,118	476,426
Reinsurers' share		(344,942)	(321,166)
Net claims paid		**167,176**	155,260
Change in the provision for claims			
Gross amount		157,882	378,492
Reinsurers' share		(59,904)	(248,792)
		97,978	129,700
Claims incurred, net of reinsurance		**265,154**	284,960
Net operating expenses	6, 9	206,505	153,325
Total technical charges		**471,659**	438,285
Balance on the Technical Account for General Business		**137,523**	9,038

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
for the year ended 31 December 2023

NON-TECHNICAL ACCOUNT	Note	2023 £'000	2022 £'000
Balance on the General Business Technical Account		**137,523**	9,038
Investment income	8	35,278	17,889
Investment expenses and charges	8	(1,472)	(4,546)
Unrealised gains on investments		39,797	556
Unrealised loss on investments		(1,911)	(54,211)
Total investment return		**71,692**	(40,312)
Allocated investment return transferred to the general business technical account		(71,195)	38,934
Non-technical account - investment return		**497**	(1,378)
Non-technical account - Other charges	12	(48,889)	(35,431)
Non-technical account - (loss)/profit on exchange		(8,779)	5,063
Profit/(loss) on ordinary activities before tax	7	**80,352**	(22,708)
Taxation on (loss)/profit on ordinary activities	13	(17,094)	3,966
Profit/(loss) for the period		**63,258**	(18,742)
Other Comprehensive Income			
Currency translation differences		(3,209)	8,811
Other comprehensive income after tax		**(3,209)**	8,811
Total comprehensive income/ (loss)		**60,049**	(9,931)

All items shown above derive from continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

	Note	2023 £'000	2022 £'000
ASSETS			
Investments			
Other financial investments	14	**1,243,462**	991,132
Deposits with ceding undertakings		**439**	2,115
Reinsurers' share of technical provisions			
Provision for unearned premiums		110,013	109,258
Claims outstanding		506,011	610,284
		616,024	**719,542**
Debtors			
Debtors arising out of direct insurance operations	15	49,635	60,287
Debtors arising out of reinsurance operations	15	565,765	539,226
Amount due from related companies		1,543	435
Deferred taxation	17	–	5,239
Other debtors		30,617	30,686
		647,560	635,873
Other Assets			
Cash at bank and in hand	16	12,312	8,660
Lloyd's overseas deposits		78,985	57,357
		91,297	66,017
Prepayments and accrued income			
Accrued interest and rent		8,163	5,037
Deferred acquisition costs		132,613	126,508
Other prepayments and accrued income		6,575	4,448
		147,351	135,993
TOTAL ASSETS		**2,746,133**	2,550,672

STATEMENT OF FINANCIAL POSITION (CONTINUED)
as at 31 December 2023

	Note	2023 £'000	2022 £'000
LIABILITIES			
Capital and reserves			
Called up share capital	19	–	–
Profit and loss account		105,441	45,392
Share premium account		–	–
Total shareholder's funds		**105,441**	45,392
Technical provisions			
Provision for unearned premiums		561,113	548,946
Claims outstanding		1,515,660	1,420,340
		2,076,773	1,969,286
Provisions for liabilities			
Deferred taxation	17	**11,784**	–
Creditors due within one year	18	**512,614**	503,434
Accruals and deferred income		**39,521**	32,560
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**2,746,133**	2,550,672

The notes on pages 20 to 43 form an integral part of these financial statements.

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

M. Smith

Mark C Smith
Director
27 March 2024

Helen Jones-Bak
Director
27 March 2024

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	Note	Called-up share capital	Profit and loss account	Total Equity
		£'000	£'000	£'000
Balance as at 1 January 2023		–	**45,392**	**45,392**
Profit for the financial year		–	63,258	63,258
Other comprehensive loss		–	(3,209)	(3,209)
Balance as at 31 December 2023		–	**105,441**	**105,441**
Balance as at 1 January 2022		–	**55,323**	**55,323**
Loss for the financial year		–	(18,742)	(18,742)
Other comprehensive income		–	8,811	8,811
Balance as at 31 December 2022		–	**45,392**	**45,392**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023

1. **Statement of compliance**

The individual financial statements of Ascot Corporate Name Limited 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), Financial Reporting Standard 103, "Insurance Contracts" (FRS 103) 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 Corporate Name Limited acts primarily as a private corporate member of Syndicate 1414 at The Corporation of Lloyd's and is limited by its shares. The Company is incorporated in the United Kingdom and 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 years presented, unless otherwise stated. The Syndicate has adopted FRS 102 and FRS 103 in these financial statements.

a. **Basis of preparation**
The financial statements have been prepared on the going concern basis, under the historical cost convention, modified to include certain items at fair value, 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 Bermuda Limited (ABL). Consequently, the Company has taken advantage of FRS 102.1.11, 1.12 and 1.13 of the Companies Act 2006, which exempts a qualifying entity from the requirement to prepare a statement cash flows 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, and the requirement to disclose its share-based payment arrangements given the equivalent disclosures are included within the consolidated financial statements of ABL.

b. **Going Concern**
In arriving at a determination of going concern, the Company considers a number of risks, taking into account economic, regulatory and environmental considerations as referenced in the Strategic Report:

i. Insurance risk - this includes Underwriting and Reserving risk.
ii. Credit risk - this is the risk of loss arising from the inability of reinsurers or intermediaries to meet their financial obligations to the Company.
iii. Market risk - this represents the potential loss of value or earnings arising from changes in the market price of assets as a result of external market and economic factors.
iv. Operational risk - the risk is that the Syndicate's operations are adversely impacted from inadequate or failed internal processes, people or systems or from external events.
v. Liquidity risk - the risk is that sufficient cash may not be available to settle obligations when due at a reasonable cost.
vi. Currency risk - the risk is that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in foreign exchange rates.
vii. Group risk - the risk that the activities of companies within Ascot Group have an adverse impact on each other.
viii. Climate risk - the risk of climate change on the Syndicate's underwriting and investment portfolios.

The Company has concluded that it continues to be a going concern after taking into account the these risks, as it can evidence a strong asset position and ability to meet the financial obligations due for not less than one year from the signing of the accounts.

c. **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 for the Company.

Sources of estimation uncertainty
The Syndicate makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i. **The ultimate liability arising from claims made under insurance contracts**
The estimation of the ultimate liability arising from claims made under insurance contracts is the Syndicate's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Syndicate will ultimately pay for such claims. The most significant assumptions made relate to the level of future claims, the level of future claims settlements and the legal interpretation of insurance policies.

Whilst the directors consider that the gross provision for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amount provided.

Adjustments to the amounts of provision are reflected in the Financial Statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

In setting the provision for insurance liabilities, a best estimate is determined on an undiscounted basis and an allowance for risk and uncertainty is added. The method and considerations made in setting the claims provisions are discussed in more detail in note 2 (part j) of these financial statements.

ii. **Pipeline premium**
The Syndicate makes an estimate of premiums written during the year that have not yet been notified by the financial year ('pipeline premiums') end based on prior year experience and current year business volumes. The pipeline premium is booked as written and an assessment is made of the related unearned premium provision (note 3) and an estimate of claims incurred but not reported in respect of the earned element (note 5).

Sensitivities have been run on the pipeline premium balance, a 5% reduction in pipeline premium would result in a decrease of £8.8m (2022: £8.2m) in gross written premium and a 5% increase in pipeline premiums would result in an increase of £8.8m (2022: £8.2m).

d. Basis of accounting for underwriting activities
The technical results of Syndicate 1414 are presented on an annual accounting basis in accordance with FRS 103, under which insurance profits and losses are recognised as they are earned.

e. Gross premiums written
Under the annual basis of accounting, written premiums comprise both inward and outward premiums on contracts incepting in the financial year. Estimates are comprised of pipeline premiums due but not yet notified. Written premiums are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on premiums.

Outwards reinsurance premiums are accounted for in the accounting period that they incept.

f. Unearned premiums
For business accounted on an annual basis, a provision for unearned premiums is made which represents that part of gross premiums written, and the reinsurers' share of premiums written, that is estimated to be earned in the following or subsequent financial years. The provision for unearned premiums is calculated on a daily pro-rata basis.

g. Deferred acquisition costs
Acquisition costs represent the expenses, both direct and indirect, of acquiring insurance policies written during the financial year. Acquisition costs are accrued over an equivalent period to that over which the underlying business is written and are charged to the accounting periods in which the related premiums are earned. Deferred acquisition costs represent the proportion of acquisition costs incurred in respect of unearned premiums at the balance sheet date.

h. Claims incurred

Claims incurred comprise claims and related expenses paid in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

Outwards reinsurance recoveries are accounted for in the same accounting period as the claims for the related direct or inwards reinsurance business being reinsured.

i. Claims provisions and related reinsurance recoveries

The provision for claims outstanding is based on information available at the balance sheet date. Subsequent information and events may result in the ultimate liability being less or greater than the amount provided. Any differences between provisions and subsequent settlements are dealt with in the general business technical account of later periods.

The Directors consider that the provision for gross claims and related reinsurance recoveries are fairly stated on the basis of information currently available to them.

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported to the Syndicate. The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. The Syndicate takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The estimation of claims incurred but not reported ('IBNR') is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Syndicate, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insured until many years after the event giving rise to the claims has happened. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of volatility.

In calculating the estimated cost of unpaid claims the Syndicate uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- changes in Syndicate processes which might accelerate or slow down the development and/or recording of paid or incurred claims compare with the statistics from previous periods;
- changes in the legal environment;
- the effects of any change in the inflationary environment;
- changes in the mix of business;
- the impact of large losses; and
- movements in industry benchmarks.

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these the Syndicate has regard to the claim circumstance as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Large claims impacting each relevant business class are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these large claims.

Where possible the Syndicate adopts multiple techniques to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

j. **Unexpired risk provision**
Provision has been made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses after taking into account future investment return on the investments supporting the unearned premiums provision and unexpired risks provision. The expected claims are calculated having regard to events that have occurred prior to the balance sheet date.

Unexpired risk surpluses and deficits are offset where business classes are managed together and a provision is made if an aggregate deficit arises.

k. **Expense allocation and pensions**
The Company's own expenses and the Syndicate non-technical charges and income, are recognised in the non-technical account. All Syndicate operating expenses are recognised in the technical account. Pension contributions to employees' money purchase schemes are charged to the profit and loss account when they fall due.

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

m. **Interest receivable and payable**
Interest is recognised in the financial statements in the year to which it relates.

n. **Foreign currency**
i. Functional and presentation currency
The functional currency is the currency of the primary economic environment in which the entity operates. The Company's functional currency is the United States dollar. The Company's presentation currency is the pound sterling consistent with that of the Syndicate and Managing Agent.

ii. Transactions and balances
At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the monthly average exchange rate prevailing at the time of the transaction and non-monetary items measured at fair value are measured using the monthly average exchange rate when fair value was determined.

Foreign exchange gains and losses, resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the non-technical profit and loss account.

In accordance with FRS 103, all assets and liabilities arising from insurance contracts are treated as monetary items.

The results and financial position of the syndicate are translated into the presentation currency as follows:
a) assets and liabilities are translated at the closing rate at the balance sheet date;
b) income and expenses are translated at the monthly average rates of exchange; and
c) all resulting exchange differences are recognised in OCI.

o. **Financial instruments**
The Company has chosen to adopt the Sections 11 (Basic Financial Instruments) and 12 (Other Financial Instruments Issues) of FRS 102 in respect of financial instruments.

Basic financial assets and liabilities, including cash and bank balances, loans and investments in commercial paper are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets and liabilities are subsequently carried at amortised cost using the effective interest 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.

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

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment. Unrealised gains and losses are tracked separately through the statement of comprehensive income based on advice from Lloyd's.

Overseas deposits are stated at market value based on quarterly statements from Lloyd's.

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

Basic financial liabilities, including loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Interest charges are charged to the statement of comprehensive income, reflected as Other charges in the non-technical account.

p. **Investment return**

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest. Dividends are recorded on the date on which the shares are quoted ex-dividend and include the imputed tax credits. Interest and expenses are accounted for on an accruals basis.

Realised gains and losses on investments carried at fair value through profit and loss are calculated as the difference between net sales proceeds and purchase price. In the case of investments included at amortised cost, realised gains and losses are calculated as the difference between sale proceeds and their latest carrying value. Movements in unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price or their fair value at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Investment return is initially recorded in the non-technical account. Other than investment return on Funds in Syndicate which is shown as non-technical account income, a transfer is made from the non-technical account to the technical account to reflect the investment return on funds supporting underwriting business. The Company's own investment return remains in the non-technical account.

q. **Dividends**

Interim dividends are recognised when paid and final dividends are recognised as a liability when they are approved by members passing a written resolution.

r. **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 balance sheet 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.

3. Segmental information

All premiums are underwritten in the United Kingdom by Syndicate 1414 at Lloyd's.

Analysis of gross premium written, gross premium earned, gross claims incurred, gross operating expenses and the reinsurance balance are shown below.

Year ended 31 December 2023	**Gross Premiums Written**	**Gross Premiums Earned**	**Gross Claims Incurred**	**Gross Operating Expenses**	**Reinsurance Balance**	**Net Technical Result**
			£'000			
Direct						
Fire & Other Damage to Property	357,352	335,138	(139,035)	(96,357)	(75,100)	**24,646**
Third-Party Liability	326,831	309,876	(148,860)	(97,326)	(54,116)	**9,574**
Marine	148,993	143,359	(86,783)	(41,188)	(12,153)	**3,235**
Transport	129,490	127,645	(50,676)	(36,049)	(30,038)	**10,882**
Pecuniary Loss	27,526	27,716	(18,688)	(10,112)	505	**(579)**
Energy	18,669	18,973	(20,366)	(5,885)	4,817	**(2,461)**
Accident & Health	14,008	12,752	(6,700)	(5,584)	813	**1,281**
Other	1,992	1,269	(242)	(248)	(320)	**459**
Motor	–	–	523	8	(617)	**(86)**
Total Direct	**1,024,861**	**976,728**	**(470,827)**	**(292,741)**	**(166,209)**	**46,951**
Reinsurance Accepted	416,055	429,792	(199,173)	(97,314)	(113,928)	**19,377**
Total	**1,440,916**	**1,406,520**	**(670,000)**	**(390,055)**	**(280,137)**	**66,328**

Year ended 31 December 2022	Gross Premiums Written	Gross Premiums Earned	Gross Claims Incurred	Gross Operating Expenses	Reinsurance Balance	Net Technical Result
			£'000			
Direct						
Fire & Other Damage to Property	312,850	281,201	(157,954)	(101,270)	(46,830)	(24,853)
Third-Party Liability	268,424	243,161	(121,455)	(41,784)	(46,504)	33,418
Marine	138,712	136,657	(66,092)	(38,977)	(23,983)	7,605
Transport	126,379	112,221	(44,892)	(32,752)	(29,456)	5,121
Pecuniary Loss	24,511	22,569	(40,589)	(8,150)	22,430	(3,740)
Energy	18,260	21,789	(37,461)	(6,140)	15,170	(6,642)
Accident & Health	10,701	10,189	(9,405)	(16,081)	5,589	(9,708)
Other	348	363	86	(54)	(276)	119
Motor	–	–	(60)	133	(14)	59
Total Direct	900,185	828,150	(477,822)	(245,075)	(103,874)	1,379
Reinsurance Accepted	450,061	477,930	(377,096)	(104,344)	50,103	46,593
Total	1,350,246	1,306,080	(854,918)	(349,419)	(53,771)	47,972

a. Gross operating expenses have been allocated to class groups in proportion to their respective gross premium income. The difference between the gross operating expenses and that on the

Statement of Comprehensive Income relates to reinsurance commissions and profit participations, as detailed in note 6.

b. The reinsurance balance comprises outward reinsurance premiums payable less reinsurance recoveries receivable less ceded commissions receivable.
c. Brokerage and commission is deducted from gross premiums received by the Syndicate on normal commercial terms.
d. The above segmental analysis is based on a mapping from Syndicate 1414's own business classes to the required Prudential Regulatory Authority classes.

Geographical analysis by origin

For the purposes of segmental reporting under FRS 102 and FRS 103, the Lloyd's insurance market has been treated as one geographical segment. All premium business is concluded in the United Kingdom. For the purposes of the table below, premium income has been categorised by the office location of where the associated negotiations took place.

Geographical analysis by underwriting location

	2023 £'000	2022 £'000
United Kingdom	1,289,701	1,220,520
United States of America	107,884	85,677
Bermuda	43,331	44,049
Total gross written premium	**1,440,916**	1,350,246

4. Risk management

a. Overview

The Ascot risk management programme is made up of three key elements which all contribute to managing the risks faced:

i. Risk governance - the control and management of risk and capital management
ii. Risk appetite - the measurement of risk taken
iii. Risk register - details of the risks, controls, responsibilities and reporting

ACNL is a corporate member participating on Syndicate 1414, which is managed by Ascot Underwriting Limited (AUL). ACNL when choosing to participate on Syndicate 1414 considers the business plan proposed and the risk and control environment as managed by AUL.

The ultimate governance and approval of the risk management and capital management for Syndicate 1414 is with the AUL Board of Directors. Details of the governance of risk management are described more fully below but the key committee in the management of the risk framework is the Risk Committee, which reports to the AUL Board and whose terms of reference include the responsibility for both risk management and capital modelling. In the event that the Risk committee cannot be quorate, any decisions and oversight will be undertaken by the Board of Directors.

Our approach is that every member of staff contributes to the overall risk management of the Company; this is stressed to new joiners during their induction program. The business is controlled by the diligence of staff in their day to day activities, with the overlay of monitoring reports and committees contributing to the management of risk. The risk management function is responsible for sitting above these business processes and ensuring that there are no gaps between the level of control expected by the Board (as defined in the risk appetite) and the actual controls in place. We have created a positive risk management culture at Ascot, whereby all staff members understand their roles and the importance to the success of the business in carrying out those roles. Furthermore, this culture allows individuals to raise issues or areas where they believe improvements could be made with more senior members of staff and thus all areas of the business are constantly looking at ways to self-improve and better align actual practices with risk appetite.

The following risk areas focus on those that have an impact on or a potential impact on the financial assets and liabilities of the Company and the methods of assessing the sensitivity and financial impacts of these risks are discussed further below. Areas such as operational and group risk are not discussed further under this section.

b. Insurance risk

Insurance risk for general insurance refers to the risk arising from uncertainty in the likelihood, magnitude and timing of insured losses, the risk of inadequate pricing and the risk of insufficient claims provisions. Some specific examples of insurance risk include the unexpected occurrence of multiple claims arising from a single cause (such as the Covid-19 pandemic), and insufficient reserves held in respect of late reported claims or the nature of the underlying exposure giving rise to claims not foreseen at point of underwriting.

The key components of insurance risk for Ascot are:

- Underwriting risk (including underwriting cycle, gross losses, pricing)
  The risk arising from uncertainties about the ultimate amount of net cash flows from premiums, commissions, claims and claims settlement expenses paid under a contract (prospective in nature).

- Claims management
  The risk arising from the uncertainties associated with the quantum and timing of claims that will be paid out on policies underwritten.

- Catastrophes & aggregation and reinsurance risk
  The risk arising from concentration of exposures by industry, geography, line of business, a single insured or single insured event, and, in particular:
    - Risk arising from concentration of exposures exposed to catastrophe perils;
    - Clash risk, or risks arising from exposures in which multiple insureds suffer losses from the same occurrence, or the same cause of loss, such as a wild fire, a train crash, or a batch of component parts.

- Reserving risk
  The risk that the estimation of future claims payments in respect of earned premium is insufficient.

  A key driver of uncertainty, which cuts across all areas of insurance risk, is the impact of inflation. When not adequately allowed for in pricing, claim management and reserving, it has the potential to adversely impact the underwriting result when claims are ultimately settled. Inflation is a risk that has been in focus over recent years, given the heightened economic inflationary environment seen across most markets globally. As central banks put inflation management policies in place, some signs of stability are starting to show. While the longer-term impact is yet to be seen, the risks from rising social inflation remain.

Ascot has a number of policies in place for identifying the various elements of insurance risk and mitigating the potential downside from these risks. These include:

- The classes and characteristics of insurance business that Ascot is prepared to accept;

- The underwriting (including catastrophe underwriting) criteria that Ascot applies, including how these can influence its rating and pricing decisions;

- Ascot's approach to limiting significant aggregations of insurance risk, including aggregation from concentration of catastrophe perils, for example, by setting aggregate limits and/or loss assessment that can be underwritten firm-wide, in each region, in each country, by line of business, or for one insured for Ascot's in-force portfolio;

- Ascot's approach to monitor overall aggregate risk profile at the firm-wide level, by region, by country, by profit centre, and by entity on a regular basis; and its procedures of reporting material changes in current or prospective aggregate risk to the Executive committee and Board;

- Ascot is cognisant of the risk the inflation uncertainty has on potential future performance and therefore, allowance for inflation in pricing has been a key focus for all underwriting teams. From a claims management perspective, all claims continue to be reviewed at least quarterly, ensuring case estimates are regularly updated to reflect current settlement costs as underlying valuations are impacted by inflation. From a capital setting perspective, elevated mean and increased volatility of inflation are reflected within the model, driving an increase in required capital all else being equal.

A Claims Inflation Forum has been established for the syndicate, with a view to managing inflation risk between claims and actuarial function, with wider input from underwriting and risk functions.

- Ascot's approach to managing its expense levels, including acquisition costs, recurring costs, and one-off costs, taking account of the margins available in both the prices for products and in the technical provisions in the balance sheet;
- Ascot's approach to assessing the effectiveness of its risk transfer arrangements and managing the residual or transformed risks. For example, how it intends to handle disputes over contract wordings, and potential pay-out delays;
- A summary of the data and information to be collected and reported on underwriting, claims, and risk control (including internal accounting records), management reporting requirements, and external data for risk assessment purposes;
- The risk measurement and analysis techniques to be used for setting underwriting premiums, technical provisions in the balance sheet, and assessing capital requirements; and
- Ascot's approach to stress testing and scenario analysis of its exposures.

Ascot will identify, assess/measure, control, mitigate and monitor insurance risk in line with the strategy and risk appetite set by the Board (and its relevant sub-committees).

During the business planning process, the Ascot Board of Directors agrees the Annual Business Plan or Syndicate Business Forecast (SBF) submission to Lloyd's. This plan will consider the performance of the portfolio, the external environment, proposed line sizes and reinsurance structure, the rating environment, and other factors.

On an ongoing basis, there are:

- Processes for identifying the underwriting risks associated with a particular policyholder or a group of policyholders. For example, processes for collecting information on the claims histories of insureds, including whether they have made any potentially false or inaccurate claims, to identify possible adverse selection or moral hazard problems;
- Processes for establishing underwriting and distribution procedures that must be followed by all classes of business and all types of distribution channels; these procedures should include details in respect of the information that must be gathered in order to assess the level of insurance Risk that a particular contract brings to Ascot;
- Processes for identifying aggregations of risk that may give rise to a large catastrophic loss. Specific information can include, for example, risk address, locations value, construction, year built, occupancy, and number of stories. Policy information and reinsurance information must be gathered in order to assess the level of additional aggregate exposure and enable the calculation of marginal contribution to modelled loss assessment risk that a particular account or contract brings to Ascot.
- Process for reviewing current rating and inflationary environment relative to the forecast assumptions of rate and inflation included within the business plan. To the extent that the actual rate or inflation deviates from the business plan forecast, this is recognised relative to expected performance within the reserving process.

In addition, there are committees and groups that are charged with responsibilities to identify and manage underwriting, catastrophe, reserving and emerging risks:

- The Ascot Exposure Management Committee (EMC) is responsible for identifying catastrophe and liability risks, and developing methods for monitoring overall and class exposures to those risks and recommending appropriate limits to the Board via the Risk Committee.
- Ascot Underwriting Management Committee (UMC) is responsible for identifying new types of risk that may alter the claims pattern for the Syndicate in the future.

- Ascot Claims Committee is responsible for discussing and setting gross and net of reinsurance reserves for claim events, where there is an aggregation of loss across multiple classes and/or cedants. The committee also discusses significant individual losses and is responsible for ensuring appropriate case reserves are held.

- Ascot Reserve Committee is responsible for setting the ultimate reserves on a gross and net of reinsurance basis for all classes of business and all years of account. In particular, the reserve committee signs off on the general Incurred But Not Reported (IBNR) provision held in addition to all incurred losses and specific IBNR set by the claims committee.

- Ascot Risk Committee is a Board level committee responsible for the oversight of Ascot's risk framework, including risk appetites set annually, the risk register and emerging risks. Insurance risk is the most material risk under this framework; the committee has oversight of how underlying risks are monitored, managed and mitigated and acts as an escalation point to other Ascot committees.

ACNL's sensitivity to insurance risk can be demonstrated by analysing the impact of a swing in the gross and net loss ratios on the income statement: A 10% swing in the gross loss ratio would change the 2023 result net of tax by £107.6m (2022: £105.8m). A 10% swing in the net loss ratio would change the result net of tax by £41.2m (2022: £39.4m).

c. Credit risk

Credit risk is the risk of default of a counterparty or obligor including the risk of default under mitigating contracts like reinsurance, financial instruments, guarantees and premium payments from policyholders. It also includes the assessment and management of the aggregation or concentration of credit risk, whether by counterparty, industry or rating. Two major risks associated with credit risk relate to 1) the inability or 2) unwillingness of a counterparty to perform its contractual obligations in a timely manner.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

Credit risk: ability to pay

The Company mitigates credit risk through the application of detailed counterparty credit assessments. The Company's maximum exposure to counterparty credit risk analysed by credit quality is detailed below:

As at 31 December 2023	AAA	AA	A	BBB	BB & Below	Unrated	Total
				£'000			
Shares and other variable yield securities and unit trusts	638	89,153	68,986	–	–	2,351	**161,128**
Debt securities	394,820	158,427	435,795	93,292	–	–	**1,082,334**
Overseas deposits	38,399	5,027	5,494	4,484	3,227	22,354	**78,985**
Deposits with ceding undertakings	–	–	439	–	–	–	**439**
Reinsurer' share of claims outstanding	162	81,032	288,402	–	–	136,415	**506,011**
Reinsurance debtors	–	11,588	215,358	–	–	2,165	**229,111**
Other Insurance and reinsurance debtors	–	–	–	–	–	386,289	**386,289**
Cash at bank and in hand	–	619	11,693	–	–	–	**12,312**
Other debtors[1]	–	–	–	–	–	289,524	**289,524**
Total credit risk	**434,019**	**345,846**	**1,026,167**	**97,776**	**3,227**	**839,098**	**2,746,133**

Within the unrated reinsurers' share of outstanding claims of £136.4m (2022: £101.7m), £136.3m relates to collateralised reinsurers (2022: £101.6m). Within the unrated reinsurance debtors of £2.2m (2022: £3.6m), £2.1m relates to collateralised reinsurers (2022: £3.6m).

As at 31 December 2022	AAA	AA	A	BBB	BB & Below	Unrated	Total
				£'000			
Shares and other variable yield securities and unit trusts	617	29,809	28,574	–	–	8,790	67,790
Debt securities	375,298	145,318	331,606	71,120	–	–	923,342
Overseas deposits	29,339	6,962	4,823	3,837	2,675	9,721	57,357
Deposits with ceding undertakings	–	–	2,115	–	–	–	2,115
Reinsurer' share of claims outstanding	165	114,079	394,309	–	–	101,731	610,284
Reinsurance debtors	–	9,035	200,430	–	–	3,560	213,025
Other Insurance and reinsurance debtors	–	–	–	–	–	386,488	386,488
Cash at bank and in hand	–	1,774	6,886	–	–	–	8,660
Other debtors	–	–	–	–	–	281,611	281,611
Total credit risk	405,419	306,977	968,743	74,957	2,675	791,901	2,550,672

[1] Other debtors comprise: reinsurers' share of provision for unearned premiums; amounts due from related companies; deferred tax asset; other debtors; accrued interest and rent; deferred acquisition costs; other prepayments and accrued income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

Credit risk: willingness to pay
Unwillingness to perform contractual requirements also gives rise to credit risk. The Company seeks to mitigate risk from this source by:

- Working to ensure that contractual terms are fit for purpose and that full disclosure of relevant information is made, and
- Exerting significant contractual and other credit control measures in pursuit of premium and reinsurance recoveries due. Overdue insurance receivables (i.e. those greater than 60 days) were as follows:

At 31 December 2023	Not yet due	0-90 Days	91-180 Days	181-365 Days	366+ Days	Total
			£'000			
Shares and other variable yield securities and unit trusts	161,128	–	–	–	–	**161,128**
Debt securities	1,082,334	–	–	–	–	**1,082,334**
Overseas deposits	78,985	–	–	–	–	**78,985**
Deposits with ceding undertakings	439	–	–	–	–	**439**
Reinsurer' share of claims outstanding	506,011	–	–	–	–	**506,011**
Reinsurance debtors	229,111	–	–	–	–	**229,111**
Cash at bank and in hand	12,312	–	–	–	–	**12,312**
Insurance debtors	44,074	4,029	649	426	457	**49,635**
Other debtors[2]	589,589	26,512	4,269	2,801	3,007	**626,178**
Total credit risk	**2,703,983**	**30,541**	**4,918**	**3,227**	**3,464**	**2,746,133**

At 31 December 2022	Not yet due	0-90 Days	91-180 Days	181-365 Days	366+ Days	Total
			£'000			
Shares and other variable yield securities and unit trusts	67,790	–	–	–	–	**67,790**
Debt securities	923,342	–	–	–	–	**923,342**
Overseas deposits	57,357	–	–	–	–	**57,357**
Deposits with ceding undertakings	2,115	–	–	–	–	**2,115**
Reinsurer' share of claims outstanding	610,284	–	–	–	–	**610,284**
Reinsurance debtors	213,025	–	–	–	–	**213,025**
Cash at bank and in hand	8,660	–	–	–	–	**8,660**
Insurance debtors	53,252	4,316	805	1,341	573	**60,287**
Other debtors	571,742	22,129	4,127	6,875	2,939	**607,812**
Total credit risk	**2,507,567**	**26,445**	**4,932**	**8,216**	**3,512**	**2,550,672**

d. Market Risk

Market risk is defined as the potential loss of value or earnings arising from changes in the market price of assets as a result of external market and economic factors including:

i. Changes in the overall level of interest rates;
ii. Change in the shape of yield curve;
iii. Changes in the overall level of credit spreads;
iv. Changes in the shape of the credit spread curve; and
v. Exchange rate movements;

Market risk: interest rate risk
The majority of the Investment portfolio is made up of debt securities and other fixed income securities. An increase of 100 basis points in interest yields, with all other variables constant, would decrease the valuation of ACNL's investments by an estimated £28.7m (2022: £18.9m decrease) and the impact on the pre-tax result would be a decrease of £28.7m (2022: £18.9m

[2] Other debtors comprise: premium due on inwards reinsurance; reinsurers' share of provision for unearned premiums; amount due from related companies; deferred taxation asset; other debtors; accrued interest and rent; deferred acquisition costs; other prepayments and accrued income.

decrease). A comparable decrease in interest rates would increase the valuation and increase the result by an estimated £29.4m (2022: £19.5m).

Market risk: currency risk
Foreign exchange risk is the risk that the value of future cash flows in the business will fluctuate due to changes in foreign exchange rates.

The Syndicate maintains four separate currency funds: Sterling, Euros, United States dollars and Canadian dollars. The Syndicate seeks to ensure an approximate currency match of assets and liabilities, subject to regulatory funding requirements.

The carrying value of total assets and total liabilities categorised by currency is as follows:

At 31 December 2023	**GBP**	**USD**	**EUR**	**CAD**	**AUD**	**ZAR**	**SGD**	**Total**
					£'000			
Other financial investments	128,133	877,364	114,102	123,863	–	–	–	**1,243,462**
Overseas deposits	16,280	6,224		23,026	24,896	3,127	5,432	**78,985**
Reinsurers' share of technical provisions	56,022	458,968	77,140	23,894	–	–	–	**616,024**
Insurance and reinsurance debtors	98,585	449,860	36,863	30,092	–	–	–	**615,400**
Cash at bank and in hand	7,012	536	4,044	4	–	–	716	**12,312**
Other debtors[3]	40,323	107,542	19,955	12,130	–	–	–	**179,950**
Total assets	**346,355**	**1,900,494**	**252,104**	**213,009**	**24,896**	**3,127**	**6,148**	**2,746,133**
Technical provisions	(289,796)	(1,472,486)	(188,777)	(125,714)	–	–	–	**(2,076,773)**
Insurance and reinsurance creditors	(61,325)	(344,690)	(45,131)	(19,954)	(1,773)	(261)	(672)	**(473,806)**
Other creditors[4]	(20,329)	(67,449)	(2,209)	(126)	–	–	–	**(90,113)**
Total liabilities	**(371,450)**	**(1,884,625)**	**(236,117)**	**(145,794)**	**(1,773)**	**(261)**	**(672)**	**(2,640,692)**
Net assets/(liabilities)	**(25,095)**	**15,869**	**15,987**	**67,215**	**23,123**	**2,866**	**5,476**	**105,441**

At 31 December 2022	GBP	USD	EUR	CAD	AUD	ZAR	SGD	Total
					£'000			
Other financial investments	88,585	724,250	68,820	109,477	–	–	–	991,132
Overseas deposits	5,013	5,969	–	18,441	21,259	2,694	3,981	57,357
Reinsurers' share of technical provisions	63,910	592,833	41,962	20,837	–	–	–	719,542
Insurance and reinsurance debtors	75,844	457,211	39,096	27,362	–	–	–	599,513
Cash at bank and in hand	2,977	804	4,132	5	–	–	742	8,660
Other debtors	34,703	112,402	15,969	11,235	134	25	–	174,468
Total assets	271,032	1,893,469	169,979	187,357	21,393	2,719	4,723	2,550,672
Technical provisions	(238,558)	(1,500,937)	(122,425)	(107,366)	–	–	–	(1,969,286)
Insurance and reinsurance creditors	(46,847)	(353,688)	(45,385)	(32,709)	(4,520)	(597)	37	(483,709)
Other creditors	(17,190)	(33,205)	(1,543)	(347)	–	–	–	(52,285)
Total liabilities	(302,595)	(1,887,830)	(169,353)	(140,422)	(4,520)	(597)	37	(2,505,280)
Net assets/(liabilities)	(31,563)	5,639	626	46,935	16,873	2,122	4,760	45,392

If the Canadian dollar, Euro, US dollar, Australian dollar, South African rand and Singapore dollar were to weaken against sterling by 10%, with all other variables remaining constant, pre-tax profit would be lower by an estimated £11.9m (2022: £7.0m). Net assets would be impacted by £11.9m (2022: £7.0m).

[3] Other debtors consist of: deposits with ceding undertakings; amount due from related companies, deferred taxation asset, other debtors, accrued interest and rent, deferred acquisition costs and prepayments and accrued income.
[4] Other creditors consist of: amounts due to related companies, other creditors, corporation tax payable and accruals & deferred income.

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for the year ended 31 December 2023

e. Liquidity Risk

Liquidity risk is the risk that Ascot is forced to sell assets at a potentially disadvantageous price in order to meet outgoing cash flow and collateral requirements. To manage this risk, the Company's and the Syndicate's investments are fairly short-term to match the tail of the claims. The following tables show the undiscounted expected timing of future cash flows in the Company.

At 31 December 2023	< 1 Year	1 - 2 Years	2 - 5 Years	> 5 Years	Total
			£'000		
Other financial investments	347,245	178,064	491,963	226,190	**1,243,462**
Reinsurer' share of claims outstanding	226,989	85,036	136,494	57,492	**506,011**
Debtors arising out of direct insurance operations	49,635	–	–	–	**49,635**
Debtors arising out of reinsurance operations	546,681	19,084	–	–	**565,765**
Cash at bank and in hand	12,312	–	–	–	**12,312**
Overseas deposits	78,985	–	–	–	**78,985**
Assets analysed	**1,261,847**	**282,184**	**628,457**	**283,682**	**2,456,170**
Claims outstanding	505,489	318,676	463,900	227,595	**1,515,660**
Creditors arising out of direct insurance operations	7,095	–	–	–	**7,095**
Creditors arising out of reinsurance operations	466,711	–	–	–	**466,711**
Liabilities analysed	**979,295**	**318,676**	**463,900**	**227,595**	**1,989,466**
Net assets/(liabilities) analysed	**282,552**	**(36,492)**	**164,557**	**56,087**	**466,704**

At 31 December 2022	< 1 Year	1 - 2 Years	2 - 5 Years	> 5 Years	Total
			£'000		
Other financial investments	313,289	189,807	393,493	94,543	**991,132**
Reinsurer' share of claims outstanding	320,605	99,695	131,367	58,617	**610,284**
Debtors arising out of direct insurance operations	60,287	–	–	–	**60,287**
Debtors arising out of reinsurance operations	518,022	21,204	–	–	**539,226**
Cash at bank and in hand	8,660	–	–	–	**8,660**
Overseas deposits	57,357	–	–	–	**57,357**
Assets analysed	**1,278,220**	**310,706**	**524,860**	**153,160**	**2,266,946**
Claims outstanding	496,038	305,245	422,477	196,580	**1,420,340**
Creditors arising out of direct insurance operations	9,432	–	–	–	**9,432**
Creditors arising out of reinsurance operations	474,277	–	–	–	**474,277**
Liabilities analysed	**979,747**	**305,245**	**422,477**	**196,580**	**1,904,049**
Net assets/(liabilities) analysed	**298,473**	**5,461**	**102,383**	**(43,420)**	**362,897**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

5. Claims development tables

The development of insurance liabilities provides a measure of the Company's ability to estimate the earned value of claims. The tables below illustrate how the Company's estimate of earned gross and net claims for each underwriting year has changed at successive year-ends. The tables reconcile the cumulative gross and net claims to the amounts appearing in the balance sheet.

Pure underwriting year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimate of gross claims						£'000s					
At end of reporting year	145,791	129,546	125,893	488,684	307,349	124,388	178,643	328,229	416,462	313,089	2,558,074
One year later	285,160	256,484	311,563	668,445	472,531	251,462	378,119	637,779	693,145	–	3,954,688
Two years later	303,130	280,816	323,458	662,930	493,264	288,344	416,492	657,032	–	–	3,425,466
Three years later	293,289	272,651	312,541	671,808	501,361	333,191	449,575	–	–	–	2,834,416
Four years later	319,700	278,995	316,265	683,768	494,755	337,166	–	–	–	–	2,430,649
Five years later	309,021	285,790	320,967	692,768	499,796	–	–	–	–	–	2,108,342
Six years later	307,034	287,316	324,470	697,149	–	–	–	–	–	–	1,615,969
Seven years later	308,515	285,501	326,834	–	–	–	–	–	–	–	920,850
Eight years later	309,506	288,496	–	–	–	–	–	–	–	–	598,002
Nine years later	309,045	–	–	–	–	–	–	–	–	–	309,045
As at 31 December 2023	309,045	288,496	326,834	697,149	499,796	337,166	449,575	657,032	693,145	313,089	4,571,327
Less: Gross claims paid	(302,112)	(271,750)	(306,619)	(650,263)	(444,230)	(253,066)	(266,282)	(321,940)	(226,499)	(30,009)	(3,072,770)
Gross claims reserves	**6,933**	**16,746**	**20,215**	**46,886**	**55,566**	**84,100**	**183,293**	**335,092**	**466,646**	**283,080**	**1,498,557**
Gross claims reserves 2013 & prior											17,103
Gross reserves in balance sheet											**1,515,660**

Pure underwriting year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimate of net claims						£'000s					
At end of reporting year	121,179	104,589	99,577	189,822	110,842	83,836	133,964	199,541	269,009	265,699	1,578,058
One year later	233,110	201,073	230,708	281,963	236,029	165,444	246,810	431,159	480,297	–	2,506,593
Two years later	238,271	212,831	239,464	284,326	271,130	182,283	259,184	451,505	–	–	2,138,994
Three years later	232,059	207,538	235,107	288,767	275,380	200,082	276,133	–	–	–	1,715,066
Four years later	237,506	211,181	237,364	294,578	277,355	203,461	–	–	–	–	1,461,445
Five years later	232,003	217,116	239,568	298,466	284,006	–	–	–	–	–	1,271,159
Six years later	230,957	217,762	242,309	304,800	–	–	–	–	–	–	995,828
Seven years later	232,173	216,996	243,613	–	–	–	–	–	–	–	692,782
Eight years later	233,440	218,535	–	–	–	–	–	–	–	–	451,975
Nine years later	233,081	–	–	–	–	–	–	–	–	–	233,081
As at 31 December 2023	233,081	218,535	243,613	304,800	284,006	203,461	276,133	451,505	480,297	265,699	2,961,130
Less: Net claims paid	(226,390)	(203,667)	(230,500)	(261,979)	(235,223)	(140,457)	(157,155)	(213,655)	(169,736)	(28,726)	(1,867,488)
Net claims reserves	**6,691**	**14,868**	**13,113**	**42,821**	**48,783**	**63,004**	**118,978**	**237,850**	**310,561**	**236,973**	**1,093,642**
Net claims reserves 2013 & prior											13,053
Quota share arrangement with Ascot Bermuda Limited											(97,046)
Net reserves in balance sheet											**1,009,649**

The inflationary impact on the Syndicate's reserving approach has been identified as part of insurance risk for 2023, as referenced in note 4b.

Inflation has been higher over the last two years than any period in the syndicate's history. During 2022 we estimated an inflation allowance by class of business based on calendar year payment projections combined with inflation forecasts. This was held as an explicit monetary load on short-tailed classes of business. In addition, further implicit allowances for inflation are included within the best estimate reserve position for longer tailed lines.

As at year-end 2023, the inflation load across the short-tailed classes for the 2022 & prior years of account continues to be held in full as a monetary amount. That is, no reduction has been given for any inflationary impact which is within the current case reserves, due to the uncertainty around any calculation of reserved inflation effects. On a net best estimate basis, the explicit load amounts to £11.25m, which is 0.79% of total net best estimate reserves. As at year-end 2022 this represented 0.85% of net best estimate reserves at the time, with the reduction due to growth in net best estimate reserves over the 2023 calendar year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

In addition to this explicit load, the following implicit allowances are in place for longer tailed lines and 2023 year of account (YOA):

- For long-tailed classes of business, we continue to monitor three inflation scenarios (fast, medium, and slow reversion of inflation rates) quarterly against impact of implicit inflation assumptions. As at Q4 2023 there is sufficient implicit allowance for inflation within the long-tail classes.
- For the 2023 YOA, inflation is incorporated in the expected loss ratios as opposed to a monetary load, this is another example of implicit allowance for inflation. The initial expected loss ratio in the 2023 planning cycle incorporated an explicit estimate of premium and claims inflation.
- Further, case reserves continue to be updated to reflect the current inflationary environment with no offsetting reduction to any inflation loadings, implicit or explicit.

In aggregate, the explicit and implicit inflation loadings continue to be upheld, recognising the uncertainty of inflation to the ultimate reserving position persists.

More broadly, an increased focus on inflation within pricing and feedback loops into planning and reserving are in place to manage the associated risks to pricing and reserving.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

6. Net operating expenses

	2023 £'000	2022 £'000
Technical account:		
Acquisition costs	306,018	280,026
Change in deferred acquisition costs	(11,064)	(8,372)
	294,954	271,654
Administrative expenses	51,791	44,371
Reinsurance commissions and profit participations	(183,550)	(196,094)
Other acquisition costs	32,561	25,073
Other Lloyd's personal expenses	10,749	8,321
Total net operating expenses	**206,505**	153,325

Of the total acquisition costs of £306.0m (2022: £280.0m) shown above, £238.4m relates to direct business (2022: £203.2m).

Of the total reinsurance commissions and profit participations of £183.6m (2022: £196.1m) shown above, £155.2m (2022: £166.1m) relates to the quota share arrangements with ABL.

7. Profit/(Loss) on ordinary activities before tax

The profit/(loss) on ordinary activities before tax is stated after charging:

	2023 £'000	2022 £'000
Auditor's remuneration		
fees payable to the auditor for the statutory audit of the ACNL annual report	20	19

8. Investment income

ACNL investment income arises from investments that are classified as fair value through profit and loss. Income from investments includes interest on bonds and short-term investments.

	2023 £'000	2022 £'000
Income from financial instruments designated as at fair value through profit or loss	25,323	15,865
Interest on cash at bank	7,035	1,240
Interest on Syndicate Central Fund Loans	414	414
Gains on the realisation of investments	2,506	370
Net investment income	**35,278**	17,889

There was no Funds in Syndicate held therefore, nil investment income in 2023 (2022: £0.2m).

2023 saw a decrease in investment expenses and charges to £1.5m (2022: £4.5m). This is mainly due to there being no realisation of losses on the sale of investments on Funds in Syndicate in 2023 (2022: £1.9m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

9. Staff costs

All staff are employed by Ascot Underwriting Holdings Limited.

The following are the staff costs recharged to the Syndicate and those that ACNL incurs directly both of which are included within net operating expenses:

	2023 £'000	2022 £'000
Salaries and related costs	54,607	39,214
Social security costs	5,114	4,743
Other pension costs	2,035	1,725
	61,756	45,682

10. Directors' remuneration

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

Analysis of staff costs:	**2023 £**	2022 £
Salaries & related costs	80,636	112,759
Other pension costs	8,064	11,276
Other benefits	1,869	2,477
Short Term and Long Term Incentive Plans	1,317,073	507,430
Stock Salary - Restricted Stock Awards	246,173	380,678
	1,653,815	**1,014,620**

The highest paid director for the year ended 31 December 2023 received £705,647 of remuneration in the year (2022: £453,124). Benefits are accruing in respect of qualifying services for 4 directors.

11. Movement in prior year's provision for claims outstanding

The profit on the technical account of £137.5m (2022: profit £9.1m) includes a run-off deficit of £10.1m for prior accident years (2022: £22.4m deficit). This included a deficit of £5.3m for reinsurance acceptance business and a deficit of £4.8m for direct business (2022: deficit of £20.6m for reinsurance acceptance business and a deficit of £1.8m on direct business).

12. Other charges

Other charges generated from non-Syndicate activities:

	2023 £'000	2022 £'000
Letter of credit and FAL guarantee fees	3,609	7,657
Administrative expenses	45,280	27,774
	48,889	35,431

Within administrative expenses is the managing agency fee charged by AUL which is calculated for 2023 YOA as 0.9% of the member's Syndicate Business Forecast gross premium in relation to the Managed Syndicate for that year of account, excluding certain consortia agreements wherein the Managing Agent is designated the Consortium manager (2022 YOA: 1% on the first £700m of managed capacity and 0.25% the excess). In 2023 this was a charge of £13.3m (2022: £7.6m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

13. Income tax

a. Tax on profit/(loss) on ordinary activities

	2023 £'000	2022 £'000
UK Corporation tax on profit/(loss) for the year	–	–
Foreign income tax on profits for the year	(49)	(3)
Total current tax	**(49)**	**(3)**
Deferred tax charge/(credit) - origination and reversal of timing differences	17,641	(3,798)
Adjustment in respect of rate changes	(200)	–
Adjustment in respect of prior years - Correction of brought forward taxable losses	173	117
Adjustment in respect of prior years - Foreign Taxation	(471)	(282)
Tax on profit/(loss) on ordinary activities	**17,094**	(3,966)

b. Reconciliation of tax charge

The standard rate of Corporation tax in the UK is 25.00% from 1 April 2023. The Company's profits for this accounting period are taxed at the pro-rated tax rate of 23.50% (2022: 19.00%). The current tax assessed for the year is lower (2022: higher) than the standard rate of Corporation Tax. The differences are explained below:

	2023 £'000	2022 £'000
Profit/(Loss) on ordinary activities before tax	80,352	(22,708)
Profit/(Loss) on ordinary activities before tax multiplied by the standard blended rate of UK corporation tax of 23.5% (2022: 19%)	18,883	(4,315)
Expenses not deductible for tax purposes	–	–
Three year funded	(2,511)	657
Irrecoverable foreign tax	140	(3)
Recoverable foreign tax	(189)	–
Re-measurement of deferred tax - change in UK tax rates	1,198	(487)
Adjustment in respect of prior years - Rate Changes	173	117
Adjustment in respect of prior years - Foreign Taxation	(471)	(282)
Foreign exchange	(128)	347
Tax charge / (credit) for the period	**17,094**	(3,966)

14. Other financial investments

Total investments of the Syndicate, amounting to £1,237.1m (2022: £989.5m), are held under the terms of Lloyd's Premium Trust Deeds. Under the terms of the deeds, these assets are held as security for obligations to policyholders and amounts may only be released under certain limited circumstances. Other investments comprise asset-backed securities.

Other than US Treasuries with market value £75.3m (2022: £144.2m) and the Lloyd's central fund loans noted below, all other investments are listed and analysed below:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

	2023 £'000	2022 £'000
Market value		
Shares and other variable yield securities and units in unit trusts	161,128	67,790
Debt securities and other fixed income securities		
Held at fair value through profit or loss	1,082,334	923,342
	1,243,462	991,132
Cost		
Shares and other variable yield securities and units in unit trusts	150,129	56,791
Debt securities and other fixed income securities		
Held at fair value through profit or loss	1,108,984	988,389
	1,259,113	1,045,180

The directors believe that the carrying value of the investments is supported by their underlying net assets. For financial instruments held at fair value in the balance sheet, an analysis for each class of financial instrument is shown in the table below of the level in the fair value hierarchy into which the fair value measurements are categorised. The levels are defined as follows:

- **Level 1** The fair value based on the unadjusted quoted price in an active market for an identical asset.
- **Level 2** The fair value based on inputs other than quoted prices included within Level 1 that are developed using market data for the asset, either directly or indirectly.
- **Level 3** The fair value based on a valuation technique when market data is unavailable for the asset.

For the 2019 and 2020 Underwriting Years, Lloyd's of London required syndicates to make loans to the Lloyd's central fund in order to facilitate the injection of capital into Lloyd's Brussels. The amount of the loans by Syndicate was in reference to total premium income, rather than in relation to the amount of business transacted by the Syndicate through Lloyd's Brussels, which is less than 10% of total premium income. There have been three loans made by the Syndicate to date with an aggregate face value of £11.0m (2022: £11.0m) [fair value of £10.3m (2022: £9.8m)]; each of the three loans is for a minimum term of five years and pays interest on an annual basis. The first loan for the 2019 year of account is due to be repaid by Lloyd's in March 2024.

As the central fund loans are deemed to have discretionary features they are reported within other variable-yield securities and classed as a level 3 asset. Per FRS 102, section 11, this arrangement constitutes a financing transaction and this being so where the financial asset is not already deemed at present value, it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition. As there are no similar loan instruments, the loans due in 2025 onwards are recorded at fair value using a valuation model which is provided to Lloyd's of London and it's managing agencies, from an external valuation firm, and updated every six months. The valuation model requires significant subjective inputs especially in determining appropriate credit and illiquidity premiums and, since there is no market where the loans can be traded, the values attributed to the loans remain extremely subjective and can vary substantially.

As at 31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
		£'000		
Shares and other variable yield securities and units in unit trusts	150,854	–	10,274	**161,128**
Debt securities and other fixed income securities	75,257	1,007,077	–	**1,082,334**
Overseas deposits	18,454	60,531	–	**78,985**
Total	**244,565**	**1,067,608**	**10,274**	**1,322,447**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

As at 31 December 2022	Level 1	Level 2	Level 3	Total
		£'000		
Shares and other variable yield securities and units in unit trusts	57,967	–	9,823	67,790
Debt securities and other fixed income securities	144,229	779,113	–	923,342
Overseas deposits	8,450	48,907	–	57,357
Total	210,646	828,020	9,823	1,048,489

15. Debtors

	2023 £'000	2022 £'000
Amounts due within one year		
Debtors arising out of direct insurance operations	49,635	60,287
Debtors arising out of reinsurance operations	546,681	518,022
Amounts due from group undertakings	1,543	435
Deferred tax asset	–	5,239
Income taxes receivable	–	2,470
Other debtors	30,617	28,216
	628,476	614,669
Amounts due after more than one year		
Debtors arising out of reinsurance operations	19,084	21,204
Total debtors due	**647,560**	635,873

The debtors arising out of direct insurance operations are all due from insurance intermediaries.

The debtors due after more than one year all relate to reinstatement premiums due on gross outstanding claims on the treaty class of business.

Amounts due from group undertakings are repayable on demand and do not have any associated terms and conditions.

16. Cash at bank and in hand

	2023 £'000	2022 £'000
Syndicate premium trust fund cash deposits	11,941	8,540
Unencumbered cash deposits	370	119
Funds at Lloyd's cash (see note 20)	1	1
	12,312	8,660

Syndicate premium trust fund cash deposits above relate to the underwriting activities of Syndicate 1414 and are held under the terms of Lloyd's Premium Trust Deeds in Premium Trust Funds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

17. Deferred taxation

The movement in deferred tax is detailed below:

	2023 £'000	2022 £'000
At 1 January	**5,239**	1,267
Deferred tax (credit)/charge to other comprehensive income	(17,023)	3,972
At 31 December	**(11,784)**	5,239

The closing deferred tax balances comprise:		
Result on 2023 underwriting year	1,960	–
Result on 2022 underwriting year	(28,276)	3,944
Result on 2021 underwriting year	(13,685)	(15,441)
Result on 2020 underwriting year	–	(4,757)
Trade Losses	16,852	12,987
Managing agency fee	7,523	6,162
Long term incentive plans and restricted stock awards	3,078	2,052
Foreign Tax Pool	764	292
	(11,784)	5,239

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 liability expected to reverse in 2024 is £2,070k (2022: asset £1,017k to reverse in 2023).

18. Creditors

	2023 £'000	2022 £'000
Amounts due within one year		
Creditors arising out of direct insurance operations	7,095	9,432
Creditors arising out of reinsurance operations	466,711	474,277
Amounts due to group undertakings	38,535	19,725
Corporation tax	273	–
Total creditors	**512,614**	503,434

Amount due to group undertakings are repayable on demand and do not have any associated terms and conditions

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

19. Called up share capital and reserves

	Authorised £	Allotted & fully paid £
At 1 January 2023	1,340	1,340
Shares issued during the year	–	–
As at 31 December 2023	**1,340**	**1,340**

The issued shares in 2023 by each class of share capital is as follows:

	Nominal value	Authorised		Issued		Paid for
Class Year 2001	0.01	3,000	£30	1,088	£10.88	11
Class Year 2002	0.01	3,000	£30	1,338	£13.38	13
Class Year 2003	0.01	3,000	£30	1,638	£16.38	16
Class Year 2004	0.01	3,000	£30	1,653	£16.53	17
Class Year 2005	0.01	3,000	£30	1,653	£16.53	17
Class Year 2006	0.01	3,000	£30	1,625	£16.25	16
Class Year 2007	0.01	3,000	£30	1,625	£16.25	16
Class Year 2008	0.01	3,000	£30	1,625	£16.25	16
Class Year 2009	0.01	3,000	£30	–	£0.00	–
Class Year 2010	0.01	3,000	£30	–	£0.00	–
Class Year 2011	0.01	3,000	£30	–	£0.00	–
Ordinary	1.00	1,010	£1,010	11	£11.00	11
		34,010	**£1,340**	**12,256**	**£133.45**	**133**

Ordinary shares have both economic and voting rights. The remaining class shares have economic benefit but no voting rights.

ACNL has an issued capital of £133 (2022: £133), which is wholly owned by Ascot Underwriting Group Limited.

The profit and loss reserve of £105.4m (2022: £45.4m) represents cumulative profits or losses, net of dividends paid, the conversion of the share premium account of £38.8m in 2020 and other adjustments.

20. Funds at Lloyd's

The Company is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's (FAL). These funds are intended primarily to cover circumstances where syndicate assets prove insufficient to meet participating member's underwriting liabilities and can therefore be considered as the capital supporting the operations of the Syndicate. The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on Prudential Regulatory Authority (PRA) requirements and *resource criteria*.

FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and assessment of the reserving risk in respect of business that has been underwritten.

At the balance sheet date the Company has met its FAL requirement to support its underwriting capacity by way of cash deposits of £1,126 (2022: £1,076); cash and securities provided by fellow group companies to the value of £405.2m [US$515.9m] (2022: £367.2m [US$441.7m]); and a Letter of Credit to the value of £169.4m [US$216.0m] (2022: £207.8m [US$250.0m]).

Syndicates which are wholly aligned are able to retain closed year profits as capital to support their underwriting activities. As stated above, the Company can hold cash and investments in the Syndicate (FIS) which are used to support the Syndicate's capital requirement of FAL. This gives the Syndicate the ability to manage these funds under the same Investment Managers as the other funds of the Syndicate that are held within the premium trust funds. The Company held FIS in 2022 which was released by the prior year balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

21. Movements in insurance liabilities and reinsurance assets

	2023			2022		
	Gross £'000	**RI £'000**	**Net £'000**	Gross £'000	RI £'000	Net £'000
At 1 January						
Unearned premium net of deferred acquisition costs	422,438	(109,258)	313,180	343,434	(101,873)	241,561
Notified claims	599,270	(219,323)	379,947	484,183	(183,737)	300,446
Incurred but not reported	821,070	(390,961)	430,109	471,170	(222,540)	248,630
Total at 1 January	**1,842,778**	**(719,542)**	**1,123,236**	1,298,787	(508,150)	790,637
Cash paid for claims settled in year	(512,118)	344,942	(167,176)	(476,426)	321,166	(155,260)
Movement in provision in the period	670,000	(404,846)	265,154	854,918	(569,958)	284,960
Movement in unearned premium net of deferred acquisition costs	6,062	(755)	5,307	79,004	(7,385)	71,619
Net exchange differences	(62,562)	164,177	101,615	86,495	44,785	131,280
Total at 31 December	**1,944,160**	**(616,024)**	**1,328,136**	1,842,778	(719,542)	1,123,236
Unearned premium net of deferred acquisition costs	428,500	(110,013)	318,487	422,438	(109,258)	313,180
Notified claims	593,871	(137,854)	456,017	599,270	(219,323)	379,947
Incurred but not reported	921,789	(368,157)	553,632	821,070	(390,961)	430,109
Total at 31 December	**1,944,160**	**(616,024)**	**1,328,136**	1,842,778	(719,542)	1,123,236

22. Related party transactions

All transactions were undertaken at arm's length under standard commercial terms that would be applied to any third party.

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 Ascot Group Limited (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.

23. Ultimate parent undertaking

The immediate parent undertaking of the Corporate Member and the Managing Agent is AUGL. Copies of AUGL's financial statements can be obtained from the Company Secretary, Ascot Underwriting Group Limited, 20 Fenchurch Street, London, EC3M 3BY.

The intermediate parent undertaking and smallest group to consolidate these financial statements is ABL. Copies of the ABL consolidated 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 (CPPIB), incorporated in Canada with a registered address of 1 Queen Street East, Suite 2500, Toronto ON M5C 2W5, Canada.