



ASCOT UNDERWRITING GROUP LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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Company Information

Directors	A L Brooks K H Chung T A Kalvik	Non-executive Non-executive
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Company Secretary	E H Guyatt
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Independent auditors	Deloitte LLP Statutory Auditor Hill House 1 Little New Street London EC4A 3TR
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Company bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
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Registered office	20 Fenchurch Street London EC3M 3BY
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Registered number	10360031
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Strategic report for the year ended 31 December 2018

The directors present their strategic report on the Company for the year ended 31 December 2018.

Principal activity and review of business

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

AUGL is a UK entity which was incorporated on 5 September 2016 but has no active trade currently, and operates as a holding company for AUHL, ACNL and AECM. AUHL operates as an intermediate holding company for AUL, AISL, AUAL, AUI and AUB. ACNL and AECM are UK based companies acting as limited liability corporate members of the Society of Lloyd's ("Lloyd's"), providing underwriting capacity to Syndicate 1414 ("the Syndicate"). AUL trades as a managing agent for Syndicate 1414. AUB trades as a managing agent for business written in Bermuda, on behalf of the Syndicate and third party entities. AISL, AUAL and AUI are wholly owned subsidiaries of AUL that act as service companies of Syndicate 1414.

On 31 January the Company sold its direct subsidiary, Ascot Underwriting (Bermuda) Limited and its indirect subsidiary Ascot Underwriting Inc. The gain resulting from these disposals has been recorded in the 2019 calendar year.

Results and performance

The results of the Company for the year, as set out on pages 12 to 20, show a loss on ordinary activities before taxation of \$6,077k (period from 5 September 2016 to 31 December 2017: loss of \$6,737k). The tax credit was \$1,369k (period from 5 September 2016 to 31 December 2017: credit of \$1,170k) leaving a total loss for the financial year of \$4,708k (period from 5 September 2016 to 31 December 2017: loss of \$5,567k). The total shareholders' funds of the Company at the end of the year are \$241,699k (period from 5 September 2016 to 31 December 2017: \$246,407k).

Key performance indicators

	2018	2017
	\$'000	\$'000
Net assets	241,699	246,407

The Company is primarily a holding company; it does not generate income. As a holding company the performance of its subsidiaries, notably ACNL, are the Key Performance Indicators. ACNL's result is directly linked to the performance of Syndicate 1414.

Future outlook

The Company is considered to be a going concern by the board of directors despite the losses reported through the statement of comprehensive income, as it is supported by the underwriting activities of its subsidiary companies and has the financial support of its parent group.

Syndicate 1414 will use Lloyd's Brussels (Lloyd's Insurance Company S.A) to underwrite European Union (EU) and European Economic Area (EEA) business post the UK's exit from the EU.

On 25 January 2019, Ascot Reinsurance Company Limited ("ARC") merged with Ascot Holdings Limited, with ARC continuing as the surviving entity. As a result of this amalgamation, ARC is now the immediate parent.

On the same date the Company sold its indirect subsidiaries, Ascot Underwriting (Bermuda) Limited and Ascot Underwriting Inc. The gain resulting from these disposals has been recorded in the 2019 calendar year.

Principal risks and uncertainties

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

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

Strategic report for the year ended 31 December 2018 (continued)

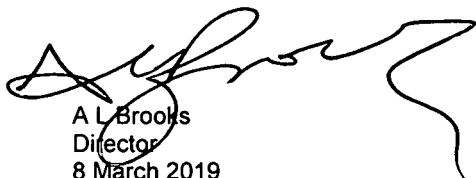
Principal risks and uncertainties (continued)

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, financial monitoring (where applicable), communication between entities across the group as well as a coordinated marketing and communications strategy.

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

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

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



A L Brooks
Director
8 March 2019

Directors report for the year ended 31 December 2018

The directors present their report and audited company financial statements for the year ended 31 December 2018.

Future outlook

This has been discussed in the Strategic Report.

Results and performance

This has been discussed in the Strategic Report.

Dividends

The Company did not pay or receive any dividends in the period (period from 5 September 2016 to 31 December 2017: \$nil).

Directors

The directors and officers who held office during the year and up to the board meeting are listed below.

A L Brooks		
K HE Chung	Non-executive	appointed 30 January 2018
T A Kalvik	Non-executive	
R T Selwood		resigned 30 January 2018

Company Secretary

E H Guyatt

Principal risks and uncertainties

This has been discussed in the Strategic Report.

Charitable Donations

No donations were made for charitable purposes during the year (period from 5 September 2016 to 31 December 2017: \$nil). No donations were made for political purposes during the year (period from 5 September 2016 to 31 December 2017: \$nil).

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report and the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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

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

Directors report for the year ended 31 December 2018 (continued)**Statement of directors' responsibilities (continued)**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to the auditors

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

Independent Auditors

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

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



A L Brooks
Director
8 March 2019

Independent auditor's report to the members of Ascot Underwriting Group Limited**Report on the audit of the financial statements****Opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 17.

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

Summary of our audit approach

Key audit matters	<p>The key audit matter that we identified in the current year was:</p> <ul style="list-style-type: none"> • Valuation of investments in subsidiaries. <p>This is a new key audit matter in the current year as explained further in "significant changes in our approach".</p>
Materiality	<p>The materiality that we used in the current year was \$4.8m. This was determined on the basis of 2% of the company's net assets.</p>
Scoping	<p>Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.</p>
Significant changes in our approach	<p>The company is no longer required to prepare group accounts in the current period, as consolidated accounts are prepared by the group parent. Therefore the key audit matters in the prior year relating to valuation of technical provisions and estimation of pipeline premiums on delegated authority business are no longer considered key audit matters in the current year as they relate to the group financial statements of which the company is the parent company. The key audit matter identified above in the current year relates to the company only.</p>

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Key audit matters

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

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

Valuation of investments in subsidiaries**Key audit matter description**

Investments in subsidiaries are stated in the balance sheet at \$456m.

FRS 102 requires that investments in subsidiaries are held at cost less impairment. The company must assess at the reporting date whether there is any indication that these investments in subsidiaries are impaired, and impairment losses must consequently be recognised in the statement of profit or loss.

Due to management judgements involved, such as expected future trading performance, assessment of both current and future market conditions and outlook, and the requirement to determine whether impairment of subsidiaries is required, we considered this a key audit matter.

Further details are included within the strategic report on pages 3 to 4 and notes 2 and 9 to the financial statements.

How the scope of our audit responded to the key audit matter

We have reviewed whether the cost of investments held require impairment as at 31 December 2018 through obtaining a copy of the latest audited financial information.

We have challenged the directors' judgements regarding the appropriateness of the carrying value and existence of indicators of impairment through gaining an understanding of the future trading performance of the subsidiaries by benchmarking against industry peers and by assessing the financial performance and position of the subsidiaries.

Key observations

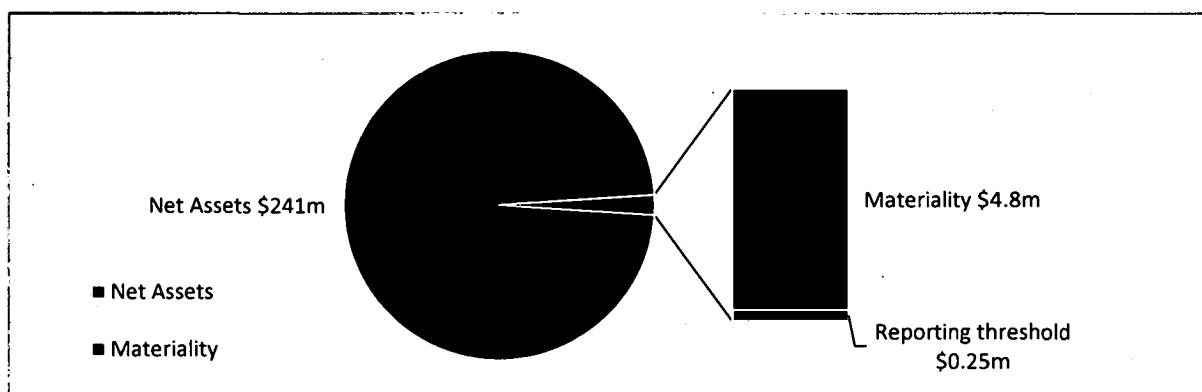
We concluded that the valuation of investments in subsidiaries was reasonable and that no impairment is required.

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

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

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

Materiality	\$4.8m (2017: \$4.9m)
Basis for determining materiality	Materiality was determined based on 2% of net assets (2017: 2% of net assets).
Rationale for the benchmark applied	The Company is the holding company for a privately owned group, underwriting insurance through a Lloyd's of London syndicate. As a holding company, we consider net assets to be the primary benchmark for users of the financial statements, being the parent company Ascot Reinsurance Company Limited.



We agreed with the Board of Directors that we would report to them all audit differences in excess of \$0.25m, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

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

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

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

We have nothing to report in respect of these matters.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Responsibilities of directors

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

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

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.

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

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

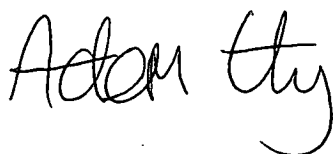
Directors' remuneration

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

We have nothing to report in respect of this matter.

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 ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
8 March 2019

**Statement of Comprehensive Income
for the year ended 31 December 2018**

		Period from 5 September 2016 to 31 December
	2018 \$'000	2017 \$'000
Note		
Administrative expenses	(63)	(20)
Operating loss	4 <u>(63)</u>	<u>(20)</u>
Interest payable and similar charges	7 (6,014)	(6,716)
Loss on ordinary activities before taxation	<u>(6,077)</u>	<u>(6,737)</u>
Tax on loss on ordinary activities	8 1,369	1,170
Loss for the financial year	<u>(4,708)</u>	<u>(5,567)</u>
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(4,708)</u>	<u>(5,567)</u>
All operations are continuing.		

The notes on pages 15 to 20 form an integral part of these financial statements.

**Statement of Financial Position
as at 31 December 2018**

	Note	2018 \$'000	2017 \$'000
Investment in subsidiaries	9	455,991	455,991
Total fixed assets		455,991	455,991
Debtors	10	2,387	1,170
Deferred tax asset	11	138	-
Total current assets		2,525	1,170
Creditors: amounts falling due within one year	12	(54,087)	(54,037)
Net current assets		(51,562)	(52,867)
Total assets less current liabilities		404,429	403,124
Creditors: amounts falling due after one year	13	(162,730)	(156,717)
Net assets		241,699	246,407
Called up share capital	14	252	252
Share Premium	14	251,722	251,722
Profit and loss account		(10,275)	(5,567)
Total Shareholders' funds		241,699	246,407

The notes on pages 15 to 20 form an integral part of these financial statements.

The financial statements on pages 12 to 20 were approved at a meeting of the Board of Directors and signed on its behalf by:



A L Brooks
Director
8 March 2019



K Chung
Director
8 March 2019

**Statement of Changes in Equity
for the year ended 31 December 2018**

	Note	Called-up Share Capital \$'000	Share Premium \$'000	Profit and Loss Account \$'000	Total \$'000
Balance as at 5 September 2016*		252	251,722	-	251,974
Loss for the period		-	-	(5,567)	(5,567)
Balances as at 31 December 2017		252	251,722	(5,567)	246,407
Balance as at 1 January 2018		252	251,722	(5,567)	246,407
Loss for the period		-	-	(4,708)	(4,708)
Balances as at 31 December 2018		252	251,722	(10,275)	241,699

*5th September 2016 was the date that the Company was incorporated

Notes to the financial statements for the year ended 31 December 2018**1. Statement of compliance**

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

2. Summary of significant accounting policies

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

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

Basis of presentation

The financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006, the accounting policies set out below, and in accordance with applicable accounting standards in the United Kingdom.

The Company's result is included within the consolidated financial statement of, Ascot Group Limited ("AGL"). Consequently the Company has taken advantage of section 401(2) of the Companies Act 2006, which exempts an intermediate parent company that is a subsidiary of a parent not established under the law of an EEA State from the requirement to prepare consolidated financial statements if it is included in the consolidated financial statements of a larger group drawn in a manner equivalent to the consolidated financial statements produced in accordance with the provisions of the Seventh Directive.

As such, the financial statements contain information about AUGL as an individual Company and do not contain consolidated financial information. This is the first period in which the Company has taken the exemption. The prior period financial statements were prepared on a consolidated basis.

Turnover

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

Expenditure

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

Interest receivable and payable

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

Taxation

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

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

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

Notes to the financial statements for the year ended 31 December 2018 (continued)**2. Summary of significant accounting policies (continued)*****Taxation (continued)***

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

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

Investment in subsidiaries and other financial investments

Investments in subsidiary undertakings and other investments are stated at cost and are reviewed for impairment when events indicate the carrying value may be impaired.

Foreign currencies

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

Financial assets and liabilities

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

3. Cash flow statement

The Company is consolidated into the financial statements of AGL (see note 16). Consequently, the Company has taken advantage of the exemption from preparing a statement of cash flows under the terms of FRS 102 which states that a qualifying entity is entitled to do so.

4. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	Period from 5 September 2016 to 31 December	
	2018 \$'000	2017 \$'000
Auditor's remuneration	28	20
Foreign exchange losses	11	-

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

5. Staff costs

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

Notes to the financial statements for the year ended 31 December 2018 (continued)

6. Directors' Remuneration

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

		Period from 5 September 2016 to 31 December
	2018 \$'000	2017 \$'000
Directors' emoluments	557	567
Other pension costs	56	57
Other benefits	8	9
Bonus and LTIP awards	491	3,900
	1,112	4,533

The highest paid director for the year ended 31 December 2018 received \$1,112,462 of remuneration in the year (2017: \$4,533,378).

7. Interest payable and similar charges

		Period from 5 September 2016 to 31 December
	2018 \$'000	2017 \$'000
Amounts accrued on interest bearing loans	6,482	6,716
Loan discounting	(468)	-
	6,014	6,716

8. Tax on profit on ordinary activities

a) Analysis of charge in the year

The tax charge comprises:

		Period from 5 September 2016 to 31 December
	2018 \$'000	2017 \$'000
Current Tax on loss on ordinary activities:		
UK Corporation tax	1,155	1,170
Adjustments in respect of prior years	76	-
Current tax on income for the year	1,231	1,170
Deferred taxation:		
Adjustments in respect of prior years	138	-
	1,369	1,170

Notes to the financial statements for the year ended 31 December 2018 (continued)

8. Tax on profit on ordinary activities (continued)

b) Factors affecting tax charge for the year

The standard rate of Corporate Tax in the UK changed from 20.00% to 19.00% with effect from 1 April 2017 and will change to 17.00% from 1 April 2020. Accordingly, the Company's profits for this accounting period are taxed at a rate of 19.00% (2017: 19.25%). The current tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for 2018 of 19.00% (2017: 19.25%). The differences are explained below:

	2018 \$'000	Period from 5 September 2016 to 31 December 2017 \$'000
Loss on ordinary activities before taxation	6,077	6,737
Loss on ordinary activities before tax multiplied by the standard rate of UK corporation tax of 19.00% (2017: 19.25%)	1,155	1,297
Expenses not deductible for tax purposes	88	127
Adjustments to tax charge in respect of prior years	126	-
Current tax charge on income for the year	<u>1,369</u>	<u>1,170</u>

9. Investment in subsidiaries

The related undertakings of Ascot Underwriting Group Limited at 31 December 2018:

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

Indirect related undertakings as at 31 December 2018 were:

Subsidiary undertaking	Principal Activity	Registered Address	Class	Percentage
Ascot Underwriting Limited	Managing Agent	20 Fenchurch Street, London, UK	Ordinary	100%
Ascot Insurance Services Limited	Service Company	20 Fenchurch Street, London, UK	Ordinary	100%
Ascot Underwriting Asia (Private Limited)	Service Company	Capita Green, 138 Market Street, Singapore	Ordinary	100%
Ascot Underwriting Incorporated	Service Company	1209 Orange Street, Wilmington, Delaware, USA	Ordinary	100%
Ascot Underwriting (Bermuda) Limited	Service Company	22 Victoria Street, Hamilton, Bermuda	Ordinary – director voting	30%
			Ordinary – director non-voting	100%

Notes to the financial statements for the year ended 31 December 2018 (continued)

10. Debtors

	2018 \$'000	2017 \$'000
Amounts due from subsidiaries	1,143	-
Corporation tax receivable (Group relief)	1,244	1,170
	<u>2,387</u>	<u>1,170</u>

11. Deferred tax asset / (liability)

Deferred tax is provided as follows:

	2018 \$'000	2017 \$'000
At 1 January (2017: 5 September 2016)	-	-
Deferred tax (credit) to other comprehensive income	138	-
At 31 December	<u>138</u>	<u>-</u>

The closing deferred tax balance comprise:

	2018 \$'000	2017 \$'000
Trading losses	138	-
	<u>138</u>	<u>-</u>

The net deferred tax asset expected to reverse in 2019 is £nil.

12. Creditors: amounts falling due within one year

	2018 \$'000	2017 \$'000
Amounts due to subsidiaries	31	-
Intercompany loan – due to intermediate parent	54,017	54,017
Accruals and deferred income	39	20
	<u>54,087</u>	<u>54,037</u>

The \$54m due from the Company to Ascot Group Limited ("AGL") arose as part of the business combination in 2016.

13. Creditors: amounts falling due after one year

	2018 \$'000	2017 \$'000
Loan notes issued to immediate parent	162,730	156,717
	<u>162,730</u>	<u>156,717</u>

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

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

The balance of the financial liability at the end of the year has been measured at amortised cost using the effective interest rate method (loan rate of 4%); this has given rise to a discount being credited to the statement of comprehensive income of \$467,662.

Notes to the financial statements for the year ended 31 December 2018 (continued)

14. Called up share capital

	Authorised \$	Allotted And fully Paid \$
251,975,086 ordinary shares of \$0.001 each	251,976	251,975

15. Related party transactions

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

During the year Ascot Underwriting Holdings Limited incurred \$31,176 expenses on behalf of the Company. At the statement of financial position date, outstanding amounts due from AUHL were \$31,176 (2017: \$nil).

During the year the Company recharged tax losses of \$1,143,882 (2017: \$£nil) to Ascot Corporate Name Limited. At the statement of financial position date, outstanding amounts due from ACNL were \$1,143,882 (2017: \$nil).

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

16. Ultimate controlling party

The Company's immediate parent undertaking is Ascot Holdings Limited. Copies of Ascot Holdings Limited financial statements can be obtained from Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda.

The intermediate parent undertaking and largest group to consolidate these financial statements is Ascot Group Limited. Copies of the Ascot Group Limited consolidated financial statements can be obtained from Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda.

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

17. Post Balance Sheet Events

On 25 January, 2019, Ascot Reinsurance Company Limited ("ARC") amalgamated with Ascot Holdings Limited, with ARC continuing as the surviving entity. As a result of this amalgamation, ARC is now the immediate parent.

On 31 January, 2019, Ascot Re completed the acquisition of Ascot Underwriting (Bermuda) limited from Ascot Underwriting Holdings Limited for cash consideration of \$2,176,392. A gain on sale of subsidiary has been recorded within AUH of \$2,176,262 in the 2019 calendar year.

On 31 January, 2019 Ascot US Holding Corporation completed the acquisition of Ascot Underwriting Inc from Ascot Underwriting Limited for a cash consideration of \$4,126,162. A gain on sale of subsidiary has been recorded within AUL of \$4,029,745 in the 2019 calendar year.