

Ascot Underwriting Group Limited (AUGL)

Notable events:

- A dividend of £3m was declared to parent company AUG on 28 February 2022 from subsidiary Ascot Underwriting Limited (AUL).
- A dividend of £2m was declared to parent company AUG on 14 March 2022 from subsidiary Ascot Underwriting Holding Limited (AUHL).
- The \$150m principal loan notes on a \$200m drawdown facility with Ascot Bermuda Limited (ABL) was renewed in November 2021 at a 3.35% (previously 4%) interest rate, until the term end in November 2026.

Ascot Underwriting Group Limited (AUGL)

Statement of Comprehensive Income for the period ended 30 June 2022

	Jun 2022 \$	Jun 2021 \$	Dec 2021 \$
Administrative expenses	(81,676)	(335)	(110,306)
Operating profit/(loss)	(81,676)	(335)	(110,306)
Dividends received	6,627,910	5,837,131	5,868,840
Interest receivable and similar income	37,496	2,012	2,869
Interest payable and similar charges	(2,526,458)	(3,016,667)	(4,049,358)
Profit/(loss) before taxation	4,057,272	2,822,142	1,712,045
Taxation	478,898	566,305	776,576
Profit/(loss) after taxation	4,536,170	3,388,448	2,488,621
KPIs			
Effective tax rate	(11.8)%	(20.1)%	(45.4)%
Other information:			
Foreign exchange gains/(losses)	(57,302)	(6,847)	(29,048)

- Administrative expenses consist of foreign exchange loss (\$57.3k), and audit fees (\$17.9k), professional fees (\$4.5k) and Irrecoverable VAT and bank charge costs (\$1.8k).

- Dividends of £3m have been received from AUL in February 2022, and £2m from AUH in March 2022. These have been recorded at the spot rate at the date of Board approval, per the table below.

- Interest income represents interest on cash balances held by the Company.

- Interest payable has arisen on the \$150m loan notes held by Ascot Bermuda Limited (ABL). Interest is only being charged on the principle \$150m following repayments of interest amounts in 2021.

- Please refer to the tax appendix for an effective tax rate reconciliation.

- Foreign exchange losses have increased as AUG function in USD but hold assets in GBP; the decrease is in relation to a USD rate strengthening. In addition, \$32k of the FX loss is due to a large currency exchange of £5.7m with ACNL in March 2022 as part of the annual STIP settlement.

Date declared	Oanda Rate	Currency Code	Transaction Amount		Cnv USD	Cnv GBP
			USD	GBP		
28-Feb-22	1.34029	AUL to AUG	3,000,000	3,000,000	4,020,870	3,000,000
14-Mar-22	1.30352	AUH to AUG	2,000,000	2,000,000	2,607,040	2,000,000
					6,627,910	5,000,000

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Statement of Financial Position as at 30 June 2022

	Jun 2022	Dec 2021
	\$	\$
Investments in subsidiaries	506,726,867	506,726,867
Non-current assets	506,726,867	506,726,867
Investments	20,160,000	16,104,827
Cash	68,699	101,423
Debtors	18,460	4,465
Deferred tax asset	1,749,358	1,270,460
Current assets	21,996,517	17,481,175
Creditors due within one year	(29,723)	(50,551)
Net current assets	21,966,794	17,430,624
Total assets less current liabilities	528,693,661	524,157,491
Creditors due after more than one year	(148,082,483)	(148,082,483)
Net assets	380,611,178	376,075,008
Share capital	(305,993)	(305,993)
Share premium	(355,684,982)	(355,684,982)
Retained earnings brought forwards	(20,084,033)	(17,595,412)
Current period result	(4,536,170)	(2,488,621)
Total equity and reserves	(380,611,178)	(376,075,008)

- Investment in subsidiaries balance relates to AUGL's shareholding in Ascot Corporate Name Limited (ACN), Ascot Employees Corporate Member Limited (AEC), Ascot Underwriting Holdings Limited (AUH) and Ascot Underwriting Limited (AUL). Management will assess for indicators of impairment in Q4 2022.
- Cash at bank/ short term investments has increased by \$4m. The increase relates to the receipt of \$6.6m worth of dividends from AUL & AUH. This is partially offset by the settlement of interest on the intercompany loan arrangement with ABL (\$2.5m).
- Debtors balance is primarily in relation to accrued interest sweep accounts (\$18.5k).
- Deferred Tax Asset has increased by \$479k, as current year taxable losses are deferred for future offset.
- Creditors due within one year balance primarily relates to audit, tax fee and professional fee accruals (c\$29.6k).
- Creditors due after one year comprise of the intercompany loan arrangement with ABL.
 - \$150m principal loan notes on a \$200m drawdown facility with ABL.
 - The loan was renewed at 3.35% commencing November 2021 until November 2026.
 - The loan has been discounted to present value (\$1.9m discount).
- Share capital and share premium have remained constant within the period.

Ascot Underwriting Group Limited (AUGL)

Statement of Cash Flow as at 30 June 2022

	6 months to Jun-22	Current Month
	\$	\$
Cash flows from operating activities		
Operating profit/ (loss) for the financial year	4,536,169	(167,681)
<i>Adjustments for:</i>		
Decrease/ (increase) in trade receivables	(18,094)	(6,179)
Increase/ (decrease) in trade and other payables	(20,814)	1,827
Decrease/ (increase) in intercompany receivables	4,099	(0)
Increase/ (decrease) in intercompany payable	(14)	5,730
Cash from operating activities	4,022,449	(402,545)
Net increase/ (decrease) in cash and cash equivalents	4,022,449	(402,545)
Cash and cash equivalents at beginning of year	16,206,250	20,631,244
Cash and cash equivalents at end of year	20,228,699	20,228,699

- The monthly increase in trade receivables is primarily in relation to a \$6.1k increase in amounts held in accrued interest sweep accounts.

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Appendix – Debtor/Creditor Analysis

	Jun 2022	Dec 2021
	\$	\$
Amounts due from subsidiaries	-	4,099
VAT control account	-	216
Accrued Interest	18,460	150
Debtors	18,460	4,465
	-	0
	\$	\$
Amounts due to subsidiaries	(122)	(135)
Accruals and deferred income	(29,602)	(50,416)
Creditors due within one year	(29,723)	(50,551)
	(0)	(0)
	\$	\$
Amounts due to parents	(148,082,483)	(148,082,483)
Creditors due after more than one year	(148,082,483)	(148,082,483)

- Amounts due from subsidiaries is nil following settlement of \$4k which was due from Ascot Insurance Holdings Company (AIHL) in regards to group relief.
- Amounts due to subsidiaries is the £100 non settling intercompany with dormant subsidiary AEC.
- Accruals and deferred income represents accruals for tax and audit fees for both AUG and its subsidiary AEC. Accruals has decreased on year end due to the settlement of the 2021 Deloitte invoice.
- Amounts due to parents more than one year comprise of an intercompany loan arrangement – \$150m principal loan notes on a \$200m drawdown facility with Ascot Bermuda Limited (ABL), renewed at 3.35% through to November 2026. Note that loan is net of a discount of \$1.9m to value the loan at present value.

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Appendix – 2022 Forecast

	Jun 2022 \$	Forecast FY 2022 \$
Administrative expenses	(81,676)	(102,672)
Operating profit/(loss)	(81,676)	(102,672)
Dividend Received	6,627,910	6,627,910
Interest Receivable and similar income	37,496	37,496
Interest payable and similar charges	(2,526,458)	(5,132,709)
Profit/(loss) before taxation	4,057,272	1,430,025
Taxation	478,898	987,598
Valuation Allowance	-	-
Profit/(loss) after taxation	4,536,169	2,417,623

	Jun 2022 \$	Forecast FY 2022 \$
Investments in subsidiaries	506,726,867	506,726,867
Non-current assets	506,726,867	506,726,867
Investments	20,160,000	5,560,000
Cash	68,699	105,296
Debtors	18,460	12,204,904
Deferred tax asset	1,749,358	2,053,154
Current assets	21,996,517	19,923,354
Creditors due within one year	(29,723)	(37,190)
Net current assets	21,966,794	19,886,164
Total assets less current liabilities	528,693,661	526,613,031
Creditors due after more than one year	(148,082,483)	(148,120,401)
Net assets	380,611,178	378,492,630
Share capital	(305,993)	(305,993)
Share premium	(355,684,982)	(355,684,982)
Retained earnings brought forwards	(20,084,033)	(20,084,033)
Current period result	(4,536,170)	(2,417,623)
Total equity and reserves	(380,611,178)	(378,492,630)

- The deferred tax is forecast to continue increasing as 2022 taxable losses are deferred.
- The loan with ABL includes 1 year's unwinding of the discount adjustment.
- The debtor balance at the year end has increased due to a short term loan to ACNL.

USD	
Brought forward utilised losses	6,686,631
PY Credit	
2022 Forecast Loss	(1,430,025)
Exclude dividend income	6,627,910
Exclude disallowables	-
DTA Gross	11,884,517
DTA 19%	2,258,058
Group relief with AUL	- 204,904
Forecast DTA	2,053,154

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Appendix – Tax Reconciliation

	USD
PBT	4,057,272
Tax credit	(478,898)
Effective Tax Rate	-11.80%

		USD
		Expense/ (Credit)
Current tax	Current Year	-
Current tax	Prior Year	-
Deferred tax	Current Year	(478,898)
Deferred tax	Prior Year	-
		(478,898)

		USD
	Tax on PBT (19%)	770,882
	Tax per computation	(478,898)
	Difference	(1,249,780)
Explained by:		19%
Dividends	(6,627,910)	(1,259,303)
Legal and Professional (Eurobond renewal fees)	4,545	864
FX on dividends	41,336	7,854
FX on group relief	-	-
Disallowed AEC expenses	4,244	806
		(1,249,779)

We have reconciled the effective tax rate above. For the detailed reconciliation please refer to the below file:

[..\..\Tax\Q2 2022 AUG tax pack.xlsx](#)

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Appendix – June 2022 Asset Liability Matching

	Transactional Currency						
	CAD	EUR	GBP	USD	AUD	ZAR	SGD
Cash at bank	-	-	40,755	19,117	-	-	-
Investments	-	-	-	20,160,000	-	-	-
Investments in Subsidiaries	-	-	39,150,000	455,487,738	-	-	-
Total Cash and Invs	-	-	39,190,755	475,666,855	-	-	-
Debtors	-	-	(24,431)	18,460	-	-	-
Deferred Tax	-	-	-	1,749,358	-	-	-
Total Assets	-	-	39,166,324	477,434,672	-	-	-
Creditors: amounts falling due after one year - ico	-	-	-	-	-	-	-
Creditors: amounts falling due within one year	-	-	-	(148,082,484)	-	-	-
Total Liabilities	-	-	-	(148,082,484)	-	-	-
Net Assets	-	-	39,166,324	329,352,188	-	-	-
Share Capital	-	-	-	(305,993)	-	-	-
Share Premium	-	-	-	(355,684,982)	-	-	-
Retained Earnings	-	-	(39,166,324)	26,638,787	-	-	-
Equity	-	-	(39,166,324)	(329,352,188)	-	-	-
Surplus *Excl Inv in Subs 2022	-	-	16,324	(126,135,550)	-	-	-
Surplus *Excl Inv in Subs 2021	-	-	982,324	(134,479,350)	-	-	-

- The \$126m deficit in USD currency is in respect of the loan with parent company ABL – as AUG functional currency is USD this has no impact on the FX at either an entity or a consolidated level.
- The surplus in GBP is immaterial.

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Appendix – AUGL June Control Checklist

This appendix details what reconciliations have been completed in the month, who has completed and checked the reconciliation as well as a link to the reconciliation itself. This appendix ensures all relevant controls have been completed on a monthly basis, as the control packs for each entity will be completed on a quarterly basis.

Reconciliation	Preparer	Reviewer	Link
AUG - Accruals	TH	ED	..\..\Expenses\Accruals\Signed PDFS\202206 AUG Accruals.pdf
All - Intercompany matrix	TH	ED	..\..\Intercompany\IntCo_Matrix_202206.pdf
All - Expense Analytical Review	TH	ED	..\..\Expense Review\202206_Expense_Support.pdf
All - bank reconciliations	AP	ED	..\..\Bank Reconciliation\June 2022 - Final Bank Rec Sign off.pdf
FX Reconciliations	TH	ED	..\Control Packs\CtrIPack_202206_AUG.xls
Loan Reconciliation	TH	ED	..\Control Packs\CtrIPack_202206_AUG.xls
Tax Review	ED	SS	..\..\Tax\Tax sign offs\Q2 2022 AUG Tax.pdf

**Hyperlinks are accessible by right clicking on the link and selecting open hyperlink.*