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SYNDICATE 1414

ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2016

CONTENTS

MANAGING AGENT – CORPORATE INFORMATION

Managing Agent	Ascot Underwriting Limited	
Directors	Sir Richard B Dearlove	Non-executive Chairman
	Andrew L Brooks	Chief Executive Officer
	Charles P T Cantlay	
	Yvonne M B Costello	
	Robert W E Dimsey	
	Edward J Lloyd	Non-executive
	Homi P R Mullan	Non-executive
	Mark L Pepper	
	Mark C Smith	
	Paul T Taylor	Non-executive
Company Secretary	Yvonne M B Costello	
Registered Office	20 Fenchurch Street London EC3M 3BY	
Active Underwriter	Andrew L Brooks	
Investment Managers	Conning Asset Management Limited	
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT	

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors of the managing agent, Ascot Underwriting Limited, present their strategic report for the year ended 31 December 2016.

Principal activity and review of the business

The principal activity of Syndicate 1414 ("the Syndicate") remains the transaction of general insurance and reinsurance business in the United Kingdom.

For the 2013 to 2016 years of account the Syndicate had two corporate members, Ascot Corporate Name Limited ("ACNL") and Ascot Employees Corporate Member Limited ("AECM"); ACNL was the sole corporate member for 2012 and prior underwriting years and will be the sole corporate member for 2017. The final allocated premium income capacity for each underwriting year and the corporate members providing the capacity are shown below:

		ACNL	AECM
Year	**£m**	**£m**	**£m**
2011	650 (originally £600m)	650	-
2012	650	650	-
2013	650	641	9
2014	650	636	14
2015	650	631	19
2016	600	591	9
2017	600	600	-

Under Lloyd's rules we closed the 2014 year of account at 31 December 2016 with a profit of £85.5m or 13.2% of stamp.

The managing agent of Syndicate 1414 is Ascot Underwriting Limited ("AUL"). AUL is a wholly owned subsidiary of Ascot Underwriting Holdings Limited.

During 2016 AUL wholly owned three subsidiaries: Ascot Insurance Services Limited, whose main activity is the provision of underwriting business and services to Syndicate 1414, Ascot Underwriting Asia (Pte) Limited, which manages business on behalf of Syndicate 1414 through the Lloyd's Asia Scheme, and Ascot Underwriting Inc., which is a service company operating in New York, Houston and Chicago and registered in Delaware, USA.

Results and performance

The result for the 2016 financial year, as set out on pages 9 – 12, is a profit of £31.3m (2015: profit £37.5m) and a combined ratio of 94.3% (2015: 89.9%). Profits will continue to be distributed by reference to the results of individual underwriting years.

Gross written premium increased slightly in 2016 from £567m in 2015 to £573m in 2016; however, when the effects of FX retranslation are taken into account, gross written premium was actually £66m lower in 2016 compared to 2015. While the market conditions remained challenging in 2016, Ascot's focus on underwriting discipline and reducing volatility within its portfolio has helped maintain an underwriting profit. The addition of the Personal Accident team in the second quarter broadened Ascot's client offering and further diversified its book.

Ascot underwent a significant change in 2016 with its acquisition by Canada Pension Plan Investment Board ("CPPIB"), which was completed in November. Ownership by CPPIB, a well-capitalized investor with a long investment horizon, will allow Ascot to move to the next stage in its development and to deliver a business plan for profitable growth over the long term with strongly aligned goals and objectives.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Key performance indicators

The key performance indicator for the Syndicate is considered to be profitability. The profitability on a GAAP basis is measured by the combined ratio. The combined ratio for the last two years is set out in the table below:

	Year ended 31 December 2016	Year ended 31 December 2015
Net loss ratio	**49.1%**	48.6%
Net expense ratio	**45.2%**	41.3%
Combined ratio	**94.3%**	89.9%

There were three major catastrophe losses in 2016 – Hurricane Matthew (gross loss £19m, net £9m), business interruption at Jubilee FPSO (gross loss £19m, net £3m) and the Space X explosion (gross loss £17m, net £5m). The major catastrophe losses in 2015 were the explosion in Tianjin (gross loss £27m, net £13m) and the explosion at the Abkatun platform (gross loss £20m, net £9m). Both 2016 and 2015 suffered from a large number of significant attritional losses. Syndicate 1414 achieved an overall profit for the financial year of £31.3m and a combined ratio of 94.3% (2015: £37.5m profit with a combined ratio of 89.9%).

Future outlook

The soft market conditions in 2016 are expected to continue in 2017 and despite rates in some lines falling below technical minimum, further reductions are again expected. In this challenging market Ascot remains committed to retaining key underwriting and business support staff, and acquiring new quality talent. Ascot is already leveraging the strength of CPPIB ownership with the acquisition of an experienced Healthcare team. Based in Ascot's office in Bermuda, the team will underwrite Healthcare, Casualty Treaty, and Specialty Reinsurance business for and on behalf of Syndicate 1414. The team's extensive experience will enable Ascot to offer its clients valuable expertise in this class of business.

Ascot is well positioned to capitalise on opportunities arising in 2017 and is extremely positive about the possibilities that CPPIB ownership and capital strength will bring.

Principal risks and uncertainties

The following are considered to be the principal risks for the Syndicate along with a brief overview of how these risks are managed. 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 with the Risk Committee. There are several sub-committees which are responsible for the identification and management of certain risks (for example, the Underwriting Management Committee (UMC) is responsible for many of the risks which are classified as Insurance Risk).

The Risk Committee members are represented on all governance committees. This allows key issues requiring the high level thinking 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.

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

Insurance risk – this is the risk arising from the uncertainty of the likelihood, magnitude and timing of insured losses. This risk is effectively the business of the Syndicate. Management of insurance risk includes a peer review process as well as reporting which includes aggregation management and profitability measures.

Credit risk – this represents the loss of assets via the inability of a third party to pay monies owing. The largest risk is the non-performance of the Syndicate's reinsurers. This is managed by monitoring the security rating of reinsurers the Syndicate is willing to trade with. Other credit risks are on investments and these are managed by maintaining investments in investment grade securities.

Market risk – this represents the potential loss in value or earnings arising from changes in the values at which assets and liabilities may be traded as a result of external market and economic factors.

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

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Principal risks and uncertainties (continued)

Liquidity risk - the risk is that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk of Syndicate 1414 is the obligation to pay claims to policyholders as they fall due. The projected settlement of these liabilities is modelled, on a regular basis, using actuarial techniques. To manage this risk the Syndicate's investments are short term to match the tail of the claims.

Currency risk - the risk is that the fair value or future cash flows of a financial instrument will fluctuate because of 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.

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

By order of the board

Andrew L Brooks
Chief Executive Officer
Ascot Underwriting Limited
7 March 2017

MANAGING AGENT'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors of the managing agency, Ascot Underwriting Limited, present their report and audited annual accounts for the year ended 31 December 2016.

This annual report is prepared using the annual basis of accounting as required by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Lloyd's Regulations").

As a result of the 2008 Lloyd's Regulations, managing agents are required to prepare annual accounts which comply with the provisions of the Companies Act 2006, subject to certain modifications as specified in the regulations, for each syndicate that they manage.

Results and performance

This has been discussed in the strategic report.

Future outlook

This has been discussed in the strategic report.

Directors

The directors and officers of Ascot Underwriting Limited who held office during the year are listed below:

Sir Richard B Dearlove	Non-executive Chairman	
Andrew L Brooks	Chief Executive Officer	
Charles P T Cantlay		
David T Carter	Non-executive	Resigned 07 March 2016
Robert W E Dimsey		
Yvonne M B Costello		
John Q Doyle	Non-executive	Resigned 07 March 2016
Edward J Lloyd	Non-executive	Appointed 06 September 2016
Seraina Maag	Non-executive	Resigned 07 March 2016
Homi P R Mullan	Non-executive	
Mark L Pepper		
Robert S H Schimek	Non-executive	Appointed 07 March 2016 Resigned 18 November 2016
Mark C Smith		
Paul T Taylor	Non-executive	
Gregory Wolyniec	Non-executive	Appointed 07 March 2016 Resigned 02 November 2016

Active Underwriter

Mr. Brooks was active underwriter of Syndicate 1414 throughout 2016. Mr. Brooks commenced his underwriting career at Lloyd's in 1983 and has served on many Lloyd's and industry committees.

Risk management

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

Statement of Managing Agent's responsibilities

The directors of the Managing Agent are responsible for preparing the strategic report and the managing agent's report and the annual accounts in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (IAD) requires the Managing Agent to prepare annual accounts for each financial year. Under that law the directors have prepared the Syndicate annual accounts 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) and Financial Reporting Standard 103 Insurance Contracts (FRS 103).

MANAGING AGENT'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of Managing Agent's responsibilities (continued)

The IAD requires that the directors must not approve the annual accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Syndicate and of the profit or loss of the Syndicate for that period. In preparing these Syndicate annual accounts, the Managing Agent is 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 & 103 have been followed, subject to any material departures disclosed and explained in the syndicate annual accounts; and
- prepare the annual accounts on the basis that the Syndicate will continue to write business unless it is inappropriate to presume that the Syndicate will do so.

The directors of the Managing Agent confirm that they have complied with the above requirements in preparing the Syndicate annual accounts.

The directors of the Managing Agent are responsible for keeping proper accounting records that are sufficient to show and explain the Syndicate's transactions and disclose with reasonable accuracy at any time the financial position of the Syndicate and enable them to ensure that the annual accounts comply with the IAD. They are also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of the managing agent are responsible for the maintenance and integrity of the Ascot website, on which these accounts may be published. Legislation in the UK concerning the preparation and dissemination of annual accounts may differ from legislation in other jurisdictions.

Charitable Donations

During the year the Syndicate made donations for charitable purposes of £nil (2015: £nil).

Disclosure of information to auditors

Each of the persons who are directors of the Managing Agent at the time this report is approved confirms that:

- as far as each of them is aware, there is no information relevant to the audit of the Syndicate's annual accounts for the year ended 31 December 2016 of which the auditors are unaware; and
- the directors have taken all steps that they ought to have taken in their duty as directors in order to make themselves aware of any relevant audit information and to establish that the Syndicate's auditors are aware of that information.

Independent auditors

As a result of the change in control of the Ascot Group, PricewaterhouseCoopers LLP will not be reappointed as auditors. At the request of CPPIB, Deloitte LLP will be appointed as group auditors at AUL's March board meeting.

By order of the board

Robert W E Dimsey
Chief Operating Officer
Ascot Underwriting Limited

7 March 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 1414

Report on the syndicate annual accounts

Our Opinion

In our opinion, Ascot Underwriting Limited's syndicate annual accounts (the "syndicate annual accounts"):

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

What we have audited

The syndicate annual accounts for the year ended 31 December 2016, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in members' balances;
- the statement of cash flows; and
- the notes to the syndicate annual accounts, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the Managing Agent has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on matter prescribed by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008

In our opinion the information given in the Managing Agent's Report for the financial year for which the syndicate annual accounts are prepared is consistent with the syndicate annual accounts.

Other matters on which we are required to report by exception

Under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 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
- the Managing Agent in respect of the syndicate has not kept adequate accounting records; or
- the syndicate annual accounts are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Responsibilities for the syndicate annual accounts and the audit

Our responsibilities and those of the Managing Agent

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 5, the Managing Agent is responsible for the preparation of the syndicate annual accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the syndicate annual accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 1414

Our responsibilities and those of the Managing Agent (continued)

This report, including the opinions, has been prepared for and only for the syndicate's members as a body in accordance with part 2 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of syndicate annual accounts involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the syndicate annual accounts sufficient to give reasonable assurance that the syndicate annual accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the syndicate's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Managing Agent; and
- the overall presentation of the syndicate annual accounts.

We primarily focus our work in these areas by assessing the Managing Agent's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the syndicate annual accounts.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited syndicate annual accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Matthew Nichols (Senior statutory auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 March 2017

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
TECHNICAL ACCOUNT – GENERAL BUSINESS			
Earned premiums, net of reinsurance			
Gross premiums written	3	573,475	566,892
Outward reinsurance premiums		(212,914)	(198,922)
Net premiums written		360,561	367,970
Change in the provision for unearned premiums			
Gross amount		18,175	14,115
Reinsurers' share		(585)	2,430
		17,590	16,545
Earned premiums, net of reinsurance		**378,151**	384,515
Allocated investment return transferred from the non-technical account		**(305)**	(789)
Total technical income		**377,846**	383,726
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		235,207	235,202
Reinsurers' share		(33,366)	(47,047)
		201,841	188,155
Change in the provision for claims			
Gross amount		22,464	(1,564)
Reinsurers' share		(38,695)	138
		(16,231)	(1,426)
Claims incurred, net of reinsurance		**185,610**	186,729
Net operating expenses	6	**170,799**	158,797
Total technical charges		**356,409**	345,526
Balance on the Technical Account for General Business	10	**21,437**	38,200

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2016

	Note	**2016 £'000**	2015 £'000
NON-TECHNICAL ACCOUNT			
Balance on the General Business Technical Account		**21,437**	38,200
Investment Income	7	5,689	5,852
Unrealised gains on investments		32	-
Investment expenses and charges		(480)	(489)
Unrealised (losses) on investments		(5,546)	(6,152)
Total Investment Return		**(305)**	(789)
Allocated investment return transferred to the general business technical account		305	789
Profit/(loss) on exchange		**9,885**	(702)
Profit for the financial year		**31,322**	37,498
Other comprehensive income – currency translation		**(4,558)**	2,180
Total comprehensive income		**26,764**	39,678

STATEMENT OF CHANGES IN MEMBERS' BALANCES

	2016 £'000	2015 £'000
Members' balances at the beginning of the reporting period	**41,406**	98,979
Profit for the financial year	31,322	37,498
Other comprehensive income – currency translation	(4,558)	2,180
Total comprehensive income for the year	26,764	39,678
Distribution of profit on closed year of account	(67,942)	(97,251)
Members' balances at the end of the reporting period	**228**	41,406

All items shown above derive from continuing operations. No operations were acquired or discontinued during the period.

There are no material differences between the profit for the financial year and the total comprehensive income stated above and their historical cost equivalents.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

ASSETS	Note	2016 £'000	2015 £'000
Investments			
Other financial investments	11	**378,514**	383,021
Reinsurers' share of technical provisions			
Provision for unearned premiums		27,938	24,417
Claims outstanding		162,023	104,224
		189,961	128,641
Debtors: due within one year	12		
Debtors arising out of direct insurance operations		42,134	42,296
Debtors arising out of reinsurance operations		139,606	118,221
Amount due from related companies		12	1,534
Other debtors		4,318	3,407
		186,070	165,458
Debtors: due after more than one year	12		
Debtors arising out of reinsurance operations		**5,312**	4,732
Other Assets			
Cash in bank and in hand	13	28,466	12,034
Other assets - Lloyd's overseas deposits		24,798	21,120
		53,264	33,154
Prepayments and accrued income			
Accrued interest and rent		1,696	2,136
Deferred acquisition costs		54,222	48,700
Other prepayments and accrued income		650	1,232
		56,568	52,068
TOTAL ASSETS		**869,689**	767,074
LIABILITIES			
Capital and reserves			
Members' balance		**228**	41,406
Technical provisions			
Provision for unearned premiums		248,587	230,560
Claims outstanding		553,084	459,025
		801,671	689,585
Creditors: amounts falling due within one year	14	**64,554**	33,369
Accruals and deferred income		**3,236**	2,714
TOTAL LIABILITIES		**869,689**	767,074

The annual accounts on pages 9 to 33 were approved at a meeting of the Board of Directors and signed on its behalf by:

Andrew L Brooks
Chief Executive Officer

Robert W E Dimsey
Chief Operating Officer

7 March 2017

STATEMENT OF CASH FLOWS
for the year ended 31 December 2016

	Note	**2016 £'000**	2015 £'000
Net cash generated from operating activities	15	**23,288**	29,113
Cash flow from investing activities			
Purchase of equity and debt instruments		(129,771)	(182,505)
Sale of equity and debt instruments		201,942	256,207
Investment income received		2,059	7,222
Net cash generated from investing activities		**74,230**	80,924
Cash flow from financing activities			
Distribution profit		(67,942)	(97,251)
Net cash used in financing activities		(67,942)	(97,251)
Net increase in cash and cash equivalents		**29,576**	12,786
Cash and cash equivalents at the beginning of the year		68,256	55,470
Cash and cash equivalents at the end of the year		**97,832**	68,256
Cash and cash equivalents consists of:			
Cash at bank and in hand		28,466	12,034
Short term deposits with credit institutions		69,366	56,222
Cash and cash equivalents at end of year		**97,832**	68,256

NOTES TO THE ANNUAL ACCOUNTS
for the year ended 31 December 2016

1 Statement of compliance

The individual annual accounts of Syndicate 1414 have been prepared in compliance with United Kingdom Accounting Standards, including 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 Underwriting Limited is the managing agent for Syndicate 1414 at The Corporation of Lloyd's. The company is a private company limited by shares and is incorporated in England. The address of its registered office is 20 Fenchurch Street, London EC3M 3BY.

The principal accounting policies applied in the preparation of these annual accounts 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 annual accounts.

a. Basis of preparation

These annual accounts are prepared on the basis that the Syndicate will continue to write future business, under the historical cost convention, as modified by certain financial assets and liabilities measured at fair value through profit or loss.

The Syndicate annual accounts have been prepared under regulation 5 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (IAD) and reflect the provisions of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ('SI2008/410') as modified by the IAD.

The Syndicate annual accounts have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

b. 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.

Significant judgements in applying the accounting policies

i Significant insurance risk

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. The key components of insurance risk faced by Ascot and the policies in place for identifying and mitigating these risks are discussed in more detail in note 4.

ii Allowance for risk and uncertainty within claims outstanding

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 g) of these accounts.

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

NOTES TO THE ANNUAL ACCOUNTS
for the year ended 31 December 2016

information and events and may result in significant adjustments to the amount provided. Adjustments to the amounts of provision are reflected in the accounts for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

ii Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is measured at amortised cost. The carrying value of these instruments is £15.1m (2015: £42.7m). The Syndicate uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. See Note 4 for discussion of the related risks.

iii 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 and an estimate of claims incurred but not reported in respect of the earned element.

c. 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.

d. 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.

e. 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.

f. 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.

g. 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.

h. 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 inflation;
- 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 Managing Agent 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.

i. 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.

j. Expense allocation and pensions

All expenses of the Syndicate 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.

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k. Foreign currency

i. Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates. The Syndicate's functional currency is the United States dollar. The Syndicate's presentation currency is the pound sterling consistent with that of the 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 average rate of exchange during the year; and
c) all resulting exchange differences are recognised in OCI.

l. Financial instruments

The Syndicate has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including cash and bank balances 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 are subsequently carried at amortised cost using the effective interest method.

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 publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

m. 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.

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

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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.

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.

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.

n. Taxation

No amount has been provided in these accounts for UK taxation on trading income. Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all basic rate UK income tax deducted from Syndicate investment income is recoverable by managing agents.

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment income. Any payments on account made by the Syndicate are recharged to the corporate members.

No provision has been made for any overseas tax payable by members on underwriting results.

o. Profit commission

Under the current agency agreement, Ascot Underwriting Limited ("AUL") charges profit commission to Ascot Corporate Name Limited based on the performance of the Syndicate and no profit commission is charged to the Syndicate or to Ascot Employees Corporate Member Limited.

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 2016

	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Reinsurance balance	Net technical result
			£'000s			
Direct						
Fire & other damage to property	202,403	214,515	(120,066)	(65,855)	(56,113)	**(27,519)**
Marine, aviation & transport	122,207	128,259	(66,293)	(44,588)	(4,981)	**12,397**
Energy	17,947	29,366	(21,061)	(10,657)	3,256	**904**
Motor (other)	(294)	(184)	3,655	440	455	**4,366**
Third-party liability	12,304	10,172	(9,855)	(3,340)	2,221	**(802)**
Miscellaneous	20,696	13,628	(3,839)	(5,517)	(863)	**3,409**
Total direct	**375,263**	**395,756**	**(217,459)**	**(129,517)**	**(56,025)**	**(7,245)**
Reinsurance acceptances	198,212	195,894	(40,212)	(45,790)	(80,905)	**28,987**
Total	**573,475**	**591,650**	**(257,671)**	**(175,307)**	**(136,930)**	**21,742**

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Year ended 31 December 2015

	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Reinsurance balance	Net technical result
			£'000s			
Direct						
Fire & other damage to property	203,759	208,749	(83,464)	(62,096)	(66,194)	**(3,005)**
Marine, aviation & transport	119,560	123,687	(82,317)	(41,480)	1,972	**1,862**
Energy	47,241	48,010	(24,176)	(19,960)	(217)	**3,657**
Motor (other)	1,311	9,159	(10,695)	(373)	2,589	**680**
Third-party liability	7,101	3,740	(1,967)	(1,194)	(672)	**(93)**
Miscellaneous	9,481	7,064	(643)	(2,091)	(392)	**3,938**
Total direct	**388,453**	**400,409**	**(203,262)**	**(127,194)**	**(62,914)**	**7,039**
Reinsurance acceptances	178,439	180,598	(30,376)	(35,504)	(82,768)	**31,950**
Total	**566,892**	**581,007**	**(233,638)**	**(162,698)**	**(145,682)**	**38,989**

(a) Gross operating expenses have been allocated to class groups in proportion to their respective gross premium income.
(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

	2016 £'000	2015 £'000
United Kingdom	514,856	514,539
United States of America	37,062	28,258
China	1,465	342
Singapore	20,092	23,753
Total gross written premium	**573,475**	566,892

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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*

Syndicate 1414 is managed by Ascot Underwriting Limited (AUL) and considers the business plan proposed and the risk and control environment as managed by AUL.

The ultimate governance of risk management and capital management for Syndicate 1414 is with the AUL Board of Directors. All aspects of the risk management framework have been approved by the Board of Directors. Details of the governance of risk management are described more fully below but the key committee in the daily management of risk is the Risk Committee, which reports to the AUL Board of Ascot and whose terms of reference include both risk management and capital modelling.

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 at Ascot. 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 areas of risk focus on those that have an impact on or a potential impact on the financial assets and liabilities of the Company. Areas such as operational and group risk are not discussed further under this section.

b. Insurance risk

Insurance risk for general insurance refers to fluctuations in the timing, frequency, and severity of insured events relative to the expectations at the time of underwriting. Insurance risk can also refer to fluctuations in the timing and amount of claim settlements. Some specific examples of insurance risk include variations in the amount or frequency of claims or the unexpected occurrence of multiple claims arising from a single cause (such as the "9-11" terrorism attack, and the world financial/economic crisis of 2008). Insurance risk also includes the potential for expense overruns relative to pricing or provisioning assumptions.
The key components of Insurance risk for Ascot are:

- Underwriting risk (including 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 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.

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

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 intends to adopt, 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, 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 Executive committee and Board;

- Ascot's approach to pricing long-term insurance contracts, including the determination of the appropriate level of any renewable premium;

- 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 assess the effectiveness of its risk transfer arrangements and manage 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.

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In addition, there are special committees/groups that are charged with responsibilities to identify special, catastrophic and emerging risks:

- The Ascot Probable Maximum Loss (PML) Committee is responsible for identifying catastrophic risks, and developing methods for monitoring overall and class exposures to those risks and recommending appropriate limits to the Board.

- 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.

The Syndicate'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 2016 result by £59.2m (2015: £58.1m). A 10% swing in the net loss ratio would change the result by £37.8m (2015: £38.5m).

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.

Credit risk: ability to pay

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

As at 31 December 2016	AAA	AA	A	BBB	BB & Below	Unrated	Total
				£'000s			
Shares and other variable yield securities and unit trusts	705	37,268	9,070	-	-	1,437	**48,480**
Debt securities	84,884	117,909	111,118	1,216	-	-	**315,127**
Participation in investment pools	-	10,673	4,234	-	-	-	**14,907**
Overseas deposits	12,274	2,804	2,777	964	-	5,979	**24,798**
Reinsurers' share of technical provisions - claims outstanding	-	68,332	48,842	-	-	44,849	**162,023**
Reinsurance debtors	-	1,165	1,588	-	-	6,292	**9,045**
Cash at bank and in hand	-	1,223	27,243	-	-	-	**28,466**
Insurance debtors	-	-	-	-	-	178,007	**178,007**
Other debtors *	-	-	-	-	-	88,836	**88,836**
Total credit risk	**97,863**	**239,374**	**204,872**	**2,180**	**-**	**325,400**	**869,689**

Within the unrated reinsurers' share of outstanding claims of £44.8m (2015: £9.5m), £21.9m relates to collateralised reinsurers (2015: £2.5m).

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As at 31 December 2015	AAA	AA	A	BBB	BB & Below	Unrated	Total
				£'000s			
Shares and other variable yield securities and unit trusts	-	1,213	29,386	-	-	-	**30,599**
Debt securities	93,296	128,256	97,625	19,179	-	-	**338,356**
Participation in investment pools	-	3,974	-	-	-	-	**3,974**
Deposits with credit institutions	-	-	10,092	-	-	-	**10,092**
Overseas deposits	11,126	3,523	2,591	3,721	70	89	**21,120**
Reinsurers' share of technical provisions - claims outstanding	-	53,678	41,058	-	-	9,488	**104,224**
Reinsurance debtors	-	1,268	3,040	-	-	338	**4,646**
Cash at bank and in hand	-	1,629	10,405	-	-	-	**12,034**
Insurance debtors	-	-	-	-	-	160,602	**160,602**
Other debtors *	-	-	-	-	-	81,427	**81,427**
Total credit risk	**104,422**	**193,541**	**194,197**	**22,900**	**70**	**251,944**	**767,074**

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 2016	Not yet due	0-90 Days	91-180 Days	181-365 Days	366+ Days	Total
				£'000s		
Shares and other variable yield securities and unit trusts	48,480	-	-	-	-	**48,480**
Debt securities	315,127	-	-	-	-	**315,127**
Participation in investment pools	14,907	-	-	-	-	**14,907**
Overseas deposits	24,798	-	-	-	-	**24,798**
Reinsurer' share of claims outstanding	162,023	-	-	-	-	**162,023**
Reinsurance debtors	9,045	-	-	-	-	**9,045**
Cash at bank and in hand	28,466	-	-	-	-	**28,466**
Insurance debtors	170,294	5,721	532	654	806	**178,007**
Other debtors *	88,836	-	-	-	-	**88,836**
Total credit risk	**861,976**	**5,721**	**532**	**654**	**806**	**869,689**

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At 31 December 2015	Not yet due	0-90 Days	91-180 Days	181-365 Days	366+ Days	Total
			£'000s			
Shares and other variable yield securities and unit trusts	30,599	-	-	-	-	**30,599**
Debt securities	338,356	-	-	-	-	**338,356**
Participation in investment pools	3,974	-	-	-	-	**3,974**
Deposits with credit institutions	10,092	-	-	-	-	**10,092**
Overseas deposits	21,120	-	-	-	-	**21,120**
Reinsurer' share of claims outstanding	104,224	-	-	-	-	**104,224**
Reinsurance debtors	4,646	-	-	-	-	**4,646**
Cash at bank and in hand	12,034	-	-	-	-	**12,034**
Insurance debtors - direct	151,318	6,642	1,387	967	288	**160,602**
Other debtors *	81,427	-	-	-	-	**81,427**
Total credit risk	**757,790**	**6,642**	**1,387**	**967**	**288**	**767,074**

*Other debtors comprise: Reinsurers' share of provision for unearned premiums; Other debtors; Accrued interest and rent; Deferred acquisition costs; Other prepayments and accrued income.

d. Market Risk

Market risk is defined as the potential loss in value or earnings arising from changes in the values at which assets and liabilities may be traded 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 the Syndicate's investments by an estimated £6.4m (2015: £6.1m decrease) and the impact on the result would be a decrease of £6.4m (2015: £6.1m decrease). A comparable decrease in interest rates would increase the valuation and increase the result by the same amount.

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.

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

At 31 December 2016	GBP	USD	EUR	CAD	AUD	JPY	OTH	Total
				£'000s				
Financial investments	23,147	317,537	12,711	25,119	-	-	-	**378,514**
Overseas deposits	3,005	6,917	-	5,696	6,253	-	2,927	**24,798**
Reinsurers' share of technical provisions	21,249	148,284	14,720	5,708	-	-	-	**189,961**
Insurance and reinsurance receivables	20,723	151,150	11,230	3,949	-	-	-	**187,052**
Cash and cash equivalents	14,355	3,458	10,604	5	-	-	44	**28,466**
Other assets	15,990	39,857	2,685	2,321	-	-	45	**60,898**
Total assets	**98,469**	**667,203**	**51,950**	**42,798**	**6,253**	**-**	**3,016**	**869,689**
Technical provisions	(122,690)	(601,298)	(49,575)	(28,108)	-	-	-	**(801,671)**
Insurance and reinsurance payables	(4,005)	(50,832)	(6,105)	(545)	-	-	(28)	**(61,515)**
Other creditors **	(3,867)	(2,330)	(40)	(25)	-	-	(13)	**(6,275)**
Total liabilities	**(130,562)**	**(654,460)**	**(55,720)**	**(28,678)**	**-**	**-**	**(41)**	**(869,461)**
Net assets	**(32,093)**	**12,743**	**(3,770)**	**14,120**	**6,253**	**-**	**2,975**	**228**

At 31 December 2015	GBP	USD	EUR	CAD	AUD	JPY	OTH	Total
				£'000s				
Financial investments	57,963	285,196	21,024	18,838	-	-	-	**383,021**
Overseas deposits	5,338	7,134	-	2,826	4,676	-	1,146	**21,120**
Reinsurers' share of technical provisions	24,570	94,085	9,117	869	-	-	-	**128,641**
Insurance and reinsurance receivables	19,589	133,158	9,762	2,740	-	-	-	**165,249**
Cash at bank and in hand	3,916	5,630	2,198	2	-	-	288	**12,034**
Other assets	17,792	34,468	2,859	1,811	(11)	-	90	**57,009**
Total assets	**129,168**	**559,671**	**44,960**	**27,086**	**4,665**	**-**	**1,524**	**767,074**
Technical provisions	(131,082)	(500,832)	(43,953)	(13,718)	-	-	-	**(689,585)**
Insurance and reinsurance payables	(4,184)	(26,190)	(2,543)	(447)	-	-	(5)	**(33,369)**
Other creditors **	(135)	(2,579)	-	-	-	-	-	**(2,714)**
Total liabilities	**(135,401)**	**(529,601)**	**(46,496)**	**(14,165)**	**-**	**-**	**(5)**	**(725,668)**
Net assets	**(6,233)**	**30,070**	**(1,536)**	**12,921**	**4,665**	**-**	**1,519**	**41,406**

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, profit would be lower by an estimated £2.7m (2015: £4.3m). Net assets would be impacted by £2.9m (2015: £4.3m).

**Other creditors comprise: Amounts owed to related companies and Accruals and deferred income.

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e. Liquidity Risk

Liquidity risk is the risk that Ascot is forced to sell assets at a potentially disadvantageous time 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 2016	**< 1 Year**	**1 – 2 Years**	**2 – 5 Years**	**> 5 Years**	**Total**
			£'000s		
Other financial investments	144,379	83,174	150,961	-	**378,514**
Reinsurers' share of technical provisions - claims outstanding	87,105	40,118	29,302	5,498	**162,023**
Debtors arising out of direct insurance operations	42,134	-	-	-	**42,134**
Debtors arising out of reinsurance operations	139,606	5,312	-	-	**144,918**
Cash at bank and in hand	28,466	-	-	-	**28,466**
Overseas deposits	24,798	-	-	-	**24,798**
Assets analysed	**466,488**	**128,604**	**180,263**	**5,498**	**780,853**
Claims outstanding	260,937	125,210	126,895	40,042	**553,084**
Creditors arising out of direct insurance operations	15,699	-	-	-	**15,699**
Creditors arising out of reinsurance operations	45,816	-	-	-	**45,816**
Liabilities analysed	**322,452**	**125,210**	**126,895**	**40,042**	**614,599**
Net assets analysed	**144,036**	**3,394**	**53,368**	**(34,544)**	**166,254**

At 31 December 2015	**< 1 Year**	**1 – 2 Years**	**2 – 5 Years**	**> 5 Years**	**Total**
			£'000s		
Other financial investments	175,479	68,605	138,937	-	**383,021**
Reinsurers' share of technical provisions - claims outstanding	57,258	27,043	18,033	1,890	**104,224**
Debtors arising out of direct insurance operations	42,296	-	-	-	**42,296**
Debtors arising out of reinsurance operations	118,221	4,732	-	-	**122,953**
Cash at bank and in hand	12,034	-	-	-	**12,034**
Overseas deposits	21,120	-	-	-	**21,120**
Assets analysed	426,408	100,380	156,970	1,890	**685,648**
Claims outstanding	213,715	111,229	105,246	28,835	**459,025**
Creditors arising out of direct insurance operations	2,787	-	-	-	**2,787**
Creditors arising out of reinsurance operations	30,582	-	-	-	**30,582**
Liabilities analysed	247,084	111,229	105,246	28,835	**492,394**
Net assets analysed	**179,324**	**(10,849)**	**51,724**	**(26,945)**	**193,254**

NOTES TO THE ANNUAL ACCOUNTS
for the year ended 31 December 2016

5 Claims development tables

The development of insurance liabilities provides a measure of the Syndicate's ability to estimate the earned value of claims. The tables below illustrate how the Syndicate'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	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
Estimate of gross claims				**£'000s**			
At end of reporting year	233,255	286,578	126,424	149,619	131,868	151,656	**1,079,400**
One year later	373,113	332,218	232,432	292,332	262,518	-	**1,492,613**
Two years later	402,925	349,231	244,264	307,471	-	-	**1,303,891**
Three years later	421,625	344,371	231,498	-	-	-	**997,494**
Four years later	398,323	341,648	-	-	-	-	**739,971**
Five years later	398,478	-	-	-	-	-	**398,478**
At 31 December 2016	398,478	341,648	231,498	307,471	262,518	151,656	**1,693,269**
Less: Gross claims paid	(376,098)	(293,840)	(187,032)	(206,305)	(100,253)	(24,256)	**(1,187,784)**
Gross claims reserves	**22,380**	**47,808**	**44,466**	**101,166**	**162,265**	**127,400**	**505,485**
Gross reserves 2010 & prior							**47,599**
Gross reserves in balance sheet							**553,084**

Pure underwriting year	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
Estimate of net claims				**£'000s**			
At end of reporting year	192,502	139,201	124,416	124,229	106,853	121,960	**809,161**
One year later	276,615	207,523	218,493	238,685	205,018	-	**1,146,334**
Two years later	271,023	202,596	225,014	240,958	-	-	**939,591**
Three years later	272,864	198,048	212,948	-	-	-	**683,860**
Four years later	261,400	193,716	-	-	-	-	**455,116**
Five years later	259,824	-	-	-	-	-	**259,824**
At 31 December 2015	259,824	193,716	212,948	240,958	205,018	121,960	**1,234,424**
Less: Net claims paid	(243,845)	(163,432)	(172,794)	(175,902)	(92,769)	(21,798)	**(870,540)**
Net claims reserves	**15,979**	**30,284**	**40,154**	**65,056**	**112,249**	**100,162**	**363,884**
Net reserves 2010 & prior							**27,177**
Net reserves in balance sheet							**391,061**

NOTES TO THE ANNUAL ACCOUNTS
for the year ended 31 December 2016

6 Net operating expenses

	2016 **£'000**	2015 £'000
Technical account:		
Acquisition costs	120,141	116,623
Change in deferred acquisition costs	2,139	(874)
	122,280	**115,749**
Administrative expenses	25,416	22,763
Reinsurance commissions and profit participations	(4,508)	(3,901)
Other acquisition costs	17,427	14,877
Other Lloyd's personal expenses	10,184	9,309
Total net operating expenses	**170,799**	158,797

Administration expenses include:	**2016** **£**	2015 £
Auditors' remuneration		
- fees payable to the Syndicate's auditors for the audit of the Syndicate annual accounts	158,104	166,706
- other services pursuant to such legislation	69,011	60,317
	227,115	227,023

Of the total acquisition costs of £120.1m shown above, £92.3m relates to direct business (2015: £93.5m).

Under the current agency agreement, Ascot Underwriting Limited ("AUL") charges profit commission to Ascot Corporate Name Limited based on the performance of the Syndicate. Syndicate 1414 and Ascot Employees Corporate Member Limited do not pay any profit commission to AUL.

Group administrative expenses are initially incurred and paid by Ascot Underwriting Holdings Limited which then recharges the Syndicate its share of group expenses.

7 Investment Income

	2016 **£'000**	2015 £'000
Income from financial instruments designated as at fair value through profit or loss	4,924	4,839
Interest on cash at bank	264	76
Income from assets held at amortised cost	81	157
Gains on the realisation of investments	420	780
	5,689	5,852

NOTES TO THE ANNUAL ACCOUNTS
for the year ended 31 December 2016

8 Staff costs

All staff are employed and paid by Ascot Underwriting Holdings Limited. The following amounts were recharged to the Syndicate in respect of salary costs:

	2016 £'000	2015 £'000
Salaries and related costs	13,585	12,075
Social security costs	1,634	1,339
Other pension costs	996	1,069
	16,215	14,483

The average number of employees of the Managing Agent who work for the Syndicate (including executive directors of the Managing Agent) during the year was as follows:

	2016 No.	2015 No.
Underwriting	57	53
Operations, Administration and IT	43	42
Claims	8	9
Executive management	6	6
Finance	11	11
Corporate	3	3
Risk management	7	8
Compliance	13	10
	148	142

9 Emoluments of the directors of Ascot Underwriting Limited

The directors of Ascot Underwriting Limited, including the active underwriter, received the following aggregate remuneration, of which £2.1m (2015: £2.1m) was charged to the Syndicate.

	2016 £'000	2015 £'000
Directors' remuneration	**13,450**	4,996

The active underwriter, who was also the highest paid director, received the following remuneration:

	2016 £'000	2015 £'000
Remuneration of active underwriter (highest paid director)	**4,639**	1,244

10 Movement in prior year's provision for claims outstanding

The profit on the technical account of £21.4m (2015: profit £38.2m) includes a run-off surplus of £21.5m for prior accident years (2015: £16.4m surplus). This included a surplus of £5.5m for reinsurance acceptance business and a surplus of £16.0m on direct business (2015: surplus of £5.8m for reinsurance acceptance business and a surplus of £10.6m on direct business).

NOTES TO THE ANNUAL ACCOUNTS
for the year ended 31 December 2016

11 Other financial investments

Total investments of the Syndicate, amounting to £378.5m (2015: £383.0m), 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.

Investments, all of which are listed apart from US Treasuries with market value £17.9m (2015: £8.9m) and included within Debt securities and other fixed income securities are analysed below:

	2016 £'000	2015 £'000
Market value		
Shares and other variable-yield securities and units in unit trusts	48,480	30,599
Debt securities and other fixed-income securities:		
Held at fair value through profit or loss	299,988	295,644
Held at amortised cost	15,139	42,712
Participation in investment pools	14,907	3,974
Deposits with credit institutions	-	10,092
	378,514	383,021
Cost		
Shares and other variable-yield securities and units in unit trusts	48,480	30,599
Debt securities and other fixed-income securities		
Held at fair value through profit or loss	302,838	299,950
Held at amortised cost	15,487	43,364
Participation in investment pools	14,907	3,974
Deposits with credit institutions	-	10,092
	381,712	387,979

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.

NOTES TO THE ANNUAL ACCOUNTS
for the year ended 31 December 2016

As at 31 December 2016	Level 1	Level 2	Level 3	Sub-total fair value	Assets held at amortised cost	Total
				£'000s		
Shares and other variable yield securities and units in unit trusts	712	47,768	-	**48,480**	-	**48,480**
Debt securities and other fixed income securities	-	299,988	-	**299,988**	15,139	**315,127**
Participation in investment pools	14,907	-	-	**14,907**	-	**14,907**
Overseas deposits	10,237	14,561	-	**24,798**	-	**24,798**
Total	**25,856**	**362,317**	**-**	**388,173**	**15,139**	**403,312**

As at 31 December 2015	Level 1	Level 2	Level 3	Sub-total fair value	Assets held at amortised cost	Total
				£'000s		
Shares and other variable yield securities and units in unit trusts	30,599	-	-	**30,599**	-	30,599
Debt securities and other fixed income securities	1,356	294,288	-	**295,644**	42,712	338,356
Participation in investment pools	3,974	-	-	**3,974**	-	3,974
Loans and deposits with credit institutions	10,092	-	-	**10,092**	-	10,092
Overseas deposits	13,343	7,777	-	**21,120**	-	21,120
Total	**59,364**	**302,065**	**-**	**361,429**	**42,712**	**404,141**

12 Debtors

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

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

	2016 £'000	2015 £'000
Debtors arising out of direct insurance operations		
Intermediaries	42,134	42,296
Debtors arising out of reinsurance operations		
Due from ceding insurers and intermediaries under reinsurance business	135,873	118,307
Due from reinsurers and intermediaries under reinsurance contracts ceded - Net reinsurance recoverable on paid claims	9,045	4,646
Amount due from related companies	12	1,534
Other debtors	4,318	3,407
Total debtors due	**191,382**	170,190

NOTES TO THE ANNUAL ACCOUNTS
for the year ended 31 December 2016

13 Cash at bank and in hand

	2016	2015
	£'000	£'000
Syndicate funds		
Syndicate premium trust funds	**28,466**	12,034

The above amounts relate to the underwriting activities of Syndicate 1414 and are held under the terms of Lloyd's Premium Trust Deeds in Premium Trust Funds (see note 11).

14 Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Creditors arising out of direct insurance operations	15,699	2,787
Creditors arising out of reinsurance operations	45,816	30,582
Amounts owed to related companies	3,039	-
	64,554	33,369

15 Reconciliation of profit to net cash inflow from operating activities

	2016	2015
	£'000	£'000
Operating result	31,322	37,498
Increase in gross technical provisions	112,086	8,791
(Increase) reinsurers' share of gross technical provisions	(61,320)	(7,294)
(Increase) in debtors	(25,692)	(83)
Increase in creditors	31,707	928
Movement in other assets/liabilities	(3,188)	2,731
Investment return	305	789
Other	(61,932)	(14,247)
Net cash generated from operating activities	**23,288**	29,113

16 Movement in opening and closing portfolio investments net of financing

	2016	2015
	£'000	£'000
Net cash inflow/(outflow) for the year	14,093	(7,793)
Cash flow arising from movement in:		
Overseas deposits	(425)	(1,861)
Portfolio investments	(78,930)	(58,137)
Movement arising from cash flows	**(65,262)**	(67,791)
Changes in market value and exchange rates	80,865	12,561
Total movement in portfolio investments	**15,603**	(55,230)
Total portfolio at 1 January	416,175	471,405
Total portfolio at 31 December	**431,778**	416,175

NOTES TO THE ANNUAL ACCOUNTS
for the year ended 31 December 2016

17 Movements in cash, portfolio investments and financing

	At 1 January 2016	Cash Flow	Changes to market value & currencies	At 31 December 2016
		£'000s		
Cash at bank	12,034	14,093	2,339	**28,466**
Overseas deposits	21,120	(425)	4,103	**24,798**
Portfolio investments:				
Shares and other variable-yield securities and units in unit trusts	30,599	11,935	5,946	**48,480**
Debt securities and other fixed-income securities	338,356	(88,973)	65,744	**315,127**
Participation in investment pools	3,974	10,161	772	**14,907**
Deposits with credit institutions	10,092	(12,053)	1,961	**-**
Total portfolio investments	383,021	(78,930)	74,423	**378,514**
Total cash, portfolio investments and financing	**416,175**	**(65,262)**	**80,865**	**431,778**

18 Net cash inflow on portfolio investments

	2016 £'000	2015 £'000
Sale of shares and other variable yield securities	891	65
Purchase of shares and other variable yield securities	(12,826)	(3,154)
Sale of debt securities and other fixed income securities	218,744	266,208
Purchase of debt securities and other fixed income securities	(129,771)	(194,493)
Sale of participation in investment pools	-	-
Purchase of participation in investment pools	(10,161)	(2,512)
Deposits with credit institutions	12,053	(7,977)
Net cash inflow on portfolio investments	**78,930**	58,137

19 Funds at Lloyd's

The Syndicate's corporate members, ACNL and AECM, are 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 members' 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 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 ACNL has met its Funds at Lloyd's requirement to support its underwriting capacity by way of cash to the value of $326.5m (£264.6m) and a Letter of Credit to the value of US$311.5m (£252.4m) (2015: Letter of Credit to the value of US$625.0m or £424.0m). At the balance sheet date AECM has met its Funds at Lloyd's requirement to support its underwriting capacity by way of cash deposits to the value of £7.9m (2015: £6.5m). The managing agent is able to make a call on the member's FAL to meet liquidity requirements or to settle losses. The managing agent believes that in the light of these capital arrangements it is appropriate to prepare the accounts on a going concern basis.

NOTES TO THE ANNUAL ACCOUNTS
for the year ended 31 December 2016

20 Movements in insurance liabilities and reinsurance assets

		2016			2015	
	Gross £'000	**RI £'000**	**Net £'000**	Gross £'000	RI £'000	Net £'000
At 1 January						
Unearned premium net of deferred acquisition costs	181,368	(23,926)	157,442	189,811	(20,933)	168,878
Notified claims	287,759	(60,704)	227,055	284,117	(60,465)	223,652
Incurred but not reported	171,266	(43,519)	127,747	160,280	(39,678)	120,602
Total at 1 January	**640,393**	**(128,149)**	**512,244**	**634,208**	**(121,076)**	**513,132**
Cash paid for claims settled in year	(234,473)	33,366	(201,107)	(235,202)	47,047	(188,155)
Increase in liabilities:						
- Arising from current year claims	186,348	(49,064)	137,284	169,985	(27,019)	142,966
- Arising from prior-year claims	70,589	(22,997)	47,592	63,653	(19,891)	43,762
Unearned premium net of deferred acquisition costs	12,997	(4,013)	8,984	(8,443)	(2,993)	(11,436)
Net exchange differences	71,594	(19,104)	52,490	16,192	(4,217)	11,975
Total at 31 December	**747,448**	**(189,961)**	**557,487**	**640,393**	**(128,149)**	**512,244**
Unearned premium net of deferred acquisition costs	194,365	(27,938)	166,427	181,368	(23,926)	157,442
Notified claims	358,551	(122,088)	236,463	287,759	(60,704)	227,055
Incurred but not reported	194,532	(39,935)	154,597	171,266	(43,519)	127,747
Total at 31 December	**747,448**	**(189,961)**	**557,487**	**640,393**	**(128,149)**	**512,244**

21 Related parties

The only related parties that have transacted with Syndicate 1414 are companies within the Ascot group of companies. All transactions were undertaken at arm's length under standard commercial terms that would be applied to any third party.

Ascot Underwriting Limited charged a managing agency fee of £6,205,500 to the Syndicate for 2016 (2015: £5,697,600). For 2016 the fee was set at 1.03% (2015: 0.88%) of the final managed capacity of the Syndicate. At 31 December 2016 the amount due to Ascot Underwriting Limited was £nil (2015: £nil). Ascot Insurance Services Limited charged a service fee of £16,701 to the Syndicate for 2016 (2015: £15,676); the fee is equal to the budgeted expenses relating to the introduction of business to Syndicate 1414, plus a mark-up of 5%. At 31 December 2016 the insurance balance owed by Ascot Insurance Services Limited to Syndicate 1414 was £2,352,541 (2015: £1,504,045). There were no bad debt provisions included within these balances.

Ascot Underwriting Asia (Private Limited) ("AUA") and Ascot Underwriting Inc. ("AUI") each charge an agency fee to Syndicate 1414 for managing its affairs in Singapore and USA respectively; this fee is equal to the company's total budgeted costs plus a mark-up of 5% and amounted to S$4,815,723 (2015: S$4,965,060) for AUA and US$9,429,040 (2015: US$8,254,007) for AUI. At 31 December 2016 the amount due from AUA was S$nil (2015: US$81,773) and the amount due from AUI was US$nil (2015: US$nil).

22 Ultimate parent undertaking of Managing Agent and Corporate Members

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