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SYNDICATE 1414

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

CONTENTS

MANAGING AGENT - CORPORATE INFORMATION

Managing Agent	Ascot Underwriting Limited	
Directors	Sir Richard B Dearlove	Non-executive Chairman
	Helen R Jones-Bak	
	Pascal Keutgens	Non-executive
	Mark L Pepper	
	Andrew Moss	Non-executive
	Samantha J Hoe-Richardson	Non-executive
	Robert P Sewell	Non-executive
	Susan J Sutherland	Non-executive
	Jonathan M Zaffino	
Company Secretary	Elizabeth H Guyatt	
Registered Office	20 Fenchurch Street London England EC3M 3BY	
Active Underwriter	Mark L Pepper	
Investment Managers	Conning Asset Management Limited	
Independent Auditor	Deloitte LLP Statutory Auditor 1 New Street Square London EC4A 3HQ	

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors of the managing agent, Ascot Underwriting Limited (AUL), present their strategic report for the year ended 31 December 2023.

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 2023 year of account Ascot Corporate Name Limited (ACNL) is the sole corporate member, a company incorporated in England and Wales, and ultimately owned by Canada Pension Plan Investment Board. The final allocated premium income capacity for each of the last four underwriting years and the prospective year is shown below:

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

The managing agent of Syndicate 1414 is AUL. AUL is a wholly owned subsidiary of Ascot Underwriting Group Limited (AUGL), which is also the parent of ACNL.

AUL owned one subsidiary during the year, Ascot Insurance Services Limited (AIS) a service company for Syndicate 1414 providing services between the Syndicate and businesses who are acting as coverholders for the Syndicate.

Syndicate 1414 utilises Lloyd's Brussels (Lloyd's Insurance Company SA) to underwrite European Union (EU) and European Economic Area (EEA) business following the UK's exit from the EU.

KEY PERFORMANCE INDICATORS

The key performance indicator for the Syndicate is considered to be profitability. The directors measure profitability of the syndicate by reference to the combined ratio. The combined ratio for the last two years is set out in the table below:

	Year ended 31 December 2023	Year ended 31 December 2022
Net loss ratio[1]	**51.9%**	60.3%
Net expense ratio[2]	**34.7%**	34.4%
Combined ratio[3]	**86.6%**	94.7%

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

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

Net written premium increased from £987.7m in 2022 to £1,068.9m in 2023, an increase of 8%, with a premium retention ratio of 74% for 2023 versus 73% for 2022. This is being driven by the above mentioned increases in gross premiums written whilst the exposure of the Syndicate continues to be protected with

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

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

the use of an extensive reinsurance programme where despite a harder reinsurance market in 2023, costs were well managed and in-line with 2022.

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

Net loss ratio

	Note	Year ended 31 December 2023	Year ended 31 December 2022	Variance
Current accident year		**49.9%**	55.6%	(5.7)%
Prior accident years	10	**2.0%**	4.7%	(2.7)%
Net loss ratio		**51.9%**	**60.3%**	**(8.4)%**

The current accident year net loss ratio improved 5.7% from prior year driven by significantly lower major natural catastrophe activity, with the largest to impact the Syndicate in terms of scale being the Turkey Earthquake, gross loss of £22.6m and net £14.8m. Despite this, 2023 continued to be a year of high volume natural catastrophe events, with a significant number of worldwide windstorm, flood, cyclone and convective storm events. Examples of such events that impacted the Syndicate and their relative scale are; Slovenia Floods, gross and net of £6.0m; Hurricane Otis, gross loss of £3.6m and net £2.4m; and Cyclone Gabrielle, gross loss of £2.0m and net £1.5m. With the change in the mix of business profile of the Syndicate the drivers of current loss ratios is less relevant to natural catastrophes than previous accounting periods.

The 2023 prior accident year's loss position is driven predominantly by one class of business; Marine Liability which makes up 60% of the figure above or £12.5m. With experience accounting for over half of the adverse prior year development, the drivers for this class include increasing cost of personal injury claims and the effects of social inflation. The remaining impact for this class is from updates to expected loss ratios and development patterns in response to the emerging experience. Approximately £6.5m (25%) of the prior accident year losses relates to increased exposure, for which there is a respective premium recognition in the same accounting period. Estimates with respect to known prior year events have decreased during the 2023 calendar year.

Net expense ratio

	Year ended 31 December 2023	Year ended 31 December 2022	Variance
Acquisition cost ratio	**28.7%**	28.7%	–%
Administrative expenses ratio	**6.0%**	5.7%	0.3%
Net expense ratio	**34.7%**	**34.4%**	**0.3%**

Ascot's acquisition cost ratio of 28.7% is the same as 2022 due to minor changes in business mix.

2023 reflects a marginal increase of 0.3% in the administrative expense ratio. Whilst administrative expenses (including other Lloyd's personal expenses) have increased from £52.7m to £62.5m, an increase of 18.6% this is driven by increased staff costs due predominantly to the additional teams mentioned above, as well as continued improvements to our IT and data solutions.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

RESULTS AND PERFORMANCE

The result for the 2023 financial year, as set out on pages 13 and 14, is a profit of £202.0m (2022: profit of £13.3m) and a combined ratio of 86.6% (2022: 94.7%). Syndicate profits have been supplemented by an overall investment return gain of £71.2m (2022: £40.4m loss) which was driven by the market's expectation of interest rate cuts, earlier than expected, on bonds.

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

FUTURE OUTLOOK

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

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

The following are considered to be the principal risks for the 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 on a day to day basis with the Chief Risk Officer who reports into the Risk Committee, and ultimately with the Board. There are several sub-committees that are responsible for the identification and management of certain risks (for example, the Underwriting Management Committee (UMC) is responsible for many of the risks that are classified as Insurance risk).

The Risk Committee members are represented on all governance committees. This allows key issues requiring the oversight and consideration of the Risk Committee from a strategic perspective to be reported by members and discussed. In the event that the Risk committee cannot be quorate, any decisions and oversight will be undertaken by the Board of Directors.

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

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

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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

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

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

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

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

Group risk – the risk that the activities of companies within Ascot Group have an adverse impact on each other. The key risks considered are sharing of resources (including financial, labour and infrastructure) and brand damage from negative publicity. These are mitigated through clear governance structures and communication between entities across the group as well as a coordinated marketing and communications strategy.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Whilst there is no disclosure requirement for the Syndicate to include the below, the directors of the Board would like to share the following statement as it represents the actions being taken by the "Ascot Group", within the UK (being AUGL and its subsidiaries). In addition to the ESG disclosures below, the Board's responsibilities in respect of Lloyd's ESG requirements are re-confirmed annually through the Oversight Principles Attestation, and the Board continues to monitor requirements from Lloyd's as they develop.

The Board recognises the importance of building on our existing responsible business practices with continuing to embed environmental, social and governance factors.

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

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2023-2022 greenhouse gas emission figures* (tonnes CO_2 equivalent)

Greenhouse Gas (GHG) Emissions	2023 GHG Emissions from UK Operations (tCO_2e)	2023 % Contribution to Total Emissions (location/ market based)	2022** GHG Emissions from UK Operations (tCO_2e)	2022** % Contribution to Total Emissions (location/ market based)
Scope 1 – Direct	25	27% location based/ 89% market based	15	17% location based/ 86% market based
Scope 2: Electricity (Location-based; Indirect)	62	69%	71	80%
Scope 2: Electricity (Market-based; Indirect)	-	-%	-	-%
Scope 3 (Transport Fuel Reimbursed)	3	3% location based/ 11% market based	2	3% location based/ 14% market based
Total (Including Scope 2 location-based)	**90**	**-%**	**89**	**-%**
Total (including Scope 2 market-based)	**28**	**-%**	**18**	**-%**

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

UK Energy Consumption and Intensity

Source of Energy Consumption	2023 Energy Consumption (kWh)	2023 % Contribution to Total Energy Consumption	2022 Energy Consumption (kWh)	2022 % Contribution to Total Energy Consumption
Natural Gas	121,647	28%	75,973	17%
Electricity	300,830	70%	365,648	81%
Vehicle Fleet	10,664	3%	8,573	2%
Total	**433,141**	**100%**	**450,194**	**100%**

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

Light Sensors to impact:

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

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

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

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

Social - Ascot endeavours not only to be a good corporate citizen and trusted insurer, but also a respected employer that prioritises the importance of staff well-being and success. Ascot is an equal opportunities employer and the Board continues to place emphasis on ensuring diversity in its broadest sense within the Company.
Ascot's commitment to maintaining an inclusive culture and recognising and celebrating our diverse workforce is critical to creating an environment where everyone's contributions are appreciated and valued. This is enhanced by the formation of Ascot's Diversity & Inclusion Council. This employee led

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

group's purpose is to champion cultural celebration and inclusion in the workplace, whilst spearheading corporate initiatives and events that support and celebrate the many diverse cultures at Ascot.

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

Governance - Ascot is committed to fostering and promoting responsible corporate governance and transparency.

The Board comprises an independent Chair, four independent Non-Executive Directors, a Non-Executive Director representative of the principal shareholder, the Chief Executive Officer, the Chief Financial Officer and the Chief Underwriting Officer. The Company's Non-Executive Directors bring a wide range of experience and skills to the Board. All new directors receive a tailored induction which is dependent on their current skill set, experience and knowledge. This is designed to ensure that the collective Board has the correct tools to address and balance stakeholders' interests with the Company's business needs. Directors continue to keep their knowledge and familiarity with the business up to date by engaging with senior management, attending appropriate briefing sessions and participating in a Board training plan.
The Board delegates certain tasks to committees and individuals although the Board itself retains ultimate responsibility for the affairs and management of the Company. The Board's terms of reference contains a list of matters reserved to the Board which must not be delegated to a sub-committee or individual. The Board's terms of reference is reviewed at least annually and reapproved by the Board each year. Oversight and discussion of ESG related items takes place across various committees in the governance framework with notable developments escalated to the Syndicate Executive, the Board's Risk Committee and ultimately, the Board.

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

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

Jonathan M Zaffino
Chief Executive Officer
Ascot Underwriting Limited
23 February 2024

MANAGING AGENT'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors of the managing agency, Ascot Underwriting Limited, present their report and audited annual financial statements for the year ended 31 December 2023.

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 financial statements 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.

Environmental, social and governance matters

This has been discussed in the strategic report.

Directors

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

Sir Richard B Dearlove	Non-executive Chairman	
Andrew L Brooks	Chief Executive Officer	Resigned 06 February 2023
Andrew S Birrell	Non-executive	Resigned 20 February 2023
Samuel Blaichman	Non-executive	Resigned 21 July 2023
Charles P T Cantlay		Resigned 31 January 2023
Katherine H E Chung	Non-executive	Resigned 21 July 2023
Helen R Jones-Bak		
Pascal Keutgens	Non-executive	Appointed 21 July 2023
Edward J Lloyd	Non-executive	Resigned 17 February 2023
Aman Malik	Non-executive	Resigned 21 July 2023
Andrew Moss	Non-executive	Appointed 21 July 2023
Homi P R Mullan	Non-executive	Resigned 20 February 2023
Parth Patel		Resigned 21 July 2023
Mark L Pepper		
Samantha J Hoe-Richardson	Non-executive	Appointed 21 July 2023
Robert P Sewell	Non-executive	Appointed 21 July 2023
Susan J Sutherland	Non-executive	Appointed 21 July 2023
Paul T Taylor	Non-executive	Resigned 20 February 2023
Katy M Wilson		Resigned 21 July 2023
Jonathan M Zaffino	Chief Executive Officer	Appointed 06 February 2023

Company Secretary

Elizabeth H Guyatt

Active Underwriter

Mark L Pepper was active underwriter of Syndicate 1414 throughout 2023. Mr Pepper began his career in insurance in 1987 and joined Ascot at its inception in 2001 to lead the Treaty team. He was promoted to the role of Chief Underwriting Officer in 2009 and is a member of the Board.

Risk management

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

MANAGING AGENT'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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 financial statements 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 financial statements for each financial year. Under that law the directors have prepared the Syndicate annual financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and Financial Reporting Standard 103 Insurance Contracts (FRS 103).
The IAD requires that the directors must not approve the annual financial statements 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 financial statements, 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 financial statements; and
- prepare the annual financial statements 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 financial statements. 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 financial statements 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 financial statements may be published. Legislation in the UK concerning the preparation and dissemination of annual financial statements may differ from legislation in other jurisdictions.

Charitable Donations

During the year the Syndicate made donations for charitable purposes of £nil (2022: £nil). No donations were made for political purposes (2022: £nil). During the year service company Ascot Underwriting Holdings Limited (AUH) made donations for charitable purposes of £239,806 (2022: £215,580), on behalf of the UK group.

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 financial statements for the year ended 31 December 2023 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

Deloitte LLP have expressed their willingness to continue in office as auditors.
Approved by order of the board

Helen R Jones-Bak
Chief Financial Officer
Ascot Underwriting Limited
23 February 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 1414

Report on the audit of the syndicate annual financial statements

Opinion

In our opinion the syndicate annual financial statements of Syndicate 1414 (the 'syndicate'):

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2023 and of its profit/ for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

We have audited the syndicate annual financial statements which comprise:

- the statement of comprehensive income;
- the statement of changes in member's balances;
- the statement of financial position;
- the statement of cash flow; and
- the related notes 1 to 22.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the syndicate annual financial statements section of our report.

We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate annual financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the managing agent's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the syndicate's ability to continue in operations for a period of at least twelve months from when the syndicate financial statements are authorised for issue.

Our responsibilities and the responsibilities of the managing agent with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the syndicate annual financial statements and our auditor's report thereon. The managing agent is responsible for the other information contained within the annual report. Our opinion on the syndicate annual financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the syndicate annual financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 1414 (CONTINUED)

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

In preparing the syndicate annual financial statements, the managing agent is responsible for assessing the syndicate's ability to continue in operation, disclosing, as applicable, matters related to the syndicate's ability to continue in operation and to use the going concern basis of accounting unless the managing agent intends to cease the syndicate's operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the syndicate annual financial statements
Our objectives are to obtain reasonable assurance about whether the syndicate annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these syndicate annual financial statements.

A further description of our responsibilities for the audit of the syndicate annual financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the syndicate and its control environment, and reviewed the syndicate's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005); and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the syndicate's ability to operate or to avoid a material penalty. These included in the requirements of Solvency II.

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

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our procedures performed to address them are described below:

- Estimation of pipeline premiums requires significant management judgement and therefore there is potential for management bias through manipulation of core assumptions. In response our testing included, on a sample basis, comparing management's estimates on prior year policies against actual premiums received as well as to historical experience on similar policies.
- Valuation of technical provisions includes assumptions and methodology requiring significant management judgement and involves complex calculations, and therefore there is potential for management bias. There is also a risk of overriding controls by making late adjustments to the technical provisions. In response to these risks we involved our actuarial specialists to develop independent estimates of the technical provisions and we tested the late journal entries to technical provisions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 1414 (CONTINUED)

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with Lloyd's and the PRA.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the managing agent's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the managing agent's report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the syndicate and its environment obtained in the course of the audit, we have not identified any material misstatements in [the strategic report or] the managing agent's report.

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 in respect of the following matters if, in our opinion:

- the managing agent in respect of the syndicate has not kept adequate accounting records; or
- the syndicate annual financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the syndicate's members, as a body, in accordance with regulation 10 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Ely, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK

23 February 2024

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2023

TECHNICAL ACCOUNT – GENERAL BUSINESS	Note	2023 £'000	2022 £'000
Earned premiums, net of reinsurance			
Gross premiums written	3	1,440,916	1,350,246
Outward reinsurance premiums		(371,973)	(362,501)
Net premiums written		**1,068,943**	987,745
Change in the provision for unearned premiums			
Gross amount		(34,396)	(44,166)
Reinsurers' share		7,329	(17,644)
		(27,067)	(61,810)
Earned premiums, net of reinsurance		**1,041,876**	925,935
Allocated investment return transferred from the non-technical account		71,195	(38,934)
Total technical income		**1,113,071**	887,001
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		512,118	476,426
Reinsurers' share		(167,342)	(188,886)
Net claims paid		**344,776**	287,540
Change in the provision for claims			
Gross amount		157,882	378,492
Reinsurers' share		38,525	(107,591)
		196,407	270,901
Claims incurred, net of reinsurance		**541,183**	558,441
Net operating expenses	6 , 9	361,551	318,836
Total technical charges		**902,734**	877,277
Balance on the Technical Account for General Business	10	**210,337**	9,724

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

NON-TECHNICAL ACCOUNT	Note	2023 £'000	2022 £'000
Balance on the General Business Technical Account		**210,337**	9,724
Investment income	7	34,781	17,833
Investment expenses and charges	7	(1,472)	(4,546)
Unrealised gains on investments		39,797	556
Unrealised losses on investments		(1,911)	(54,211)
Total investment return		**71,195**	(40,368)
Allocated investment return transferred to the general business technical account		(71,195)	38,934
Non-technical account - investment return		–	(1,434)
Non-technical account – loss on exchange		(8,312)	5,012
Profit for the period		**202,025**	13,302
Other comprehensive income – currency translation		(21,855)	(7,557)
Total comprehensive income		**180,170**	5,745

Statement of Changes in Members' Balances

	2023 £'000	2022 £'000
Members' balances at the beginning of the reporting period	**65,845**	89,957
Profit for the financial year	202,025	13,302
Other comprehensive income – currency translation	(21,855)	(7,557)
Total comprehensive income for the year	**180,170**	5,745
Distribution of profit on closed year of account	(12,345)	(6,075)
Funds in Syndicate (released)	–	(26,743)
Other	–	2,961
Members' balances at the end of the reporting period	**233,670**	65,845

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 2023

ASSETS	Note	2023 £'000	2022 £'000
Investments			
Other financial investments	11	**1,237,135**	989,549
Deposits with ceding undertakings		439	2,115
Reinsurers' share of technical provisions			
Provision for unearned premiums		110,013	109,258
Claims outstanding		408,965	467,868
		518,978	577,126
Debtors			
Amounts due within one year:			
Debtors arising out of direct insurance operations		49,635	60,287
Debtors arising out of reinsurance operations		372,438	384,386
Amount due from related companies		–	411
Other debtors		30,617	28,216
Amounts due after more than one year:			
Debtors arising out of reinsurance operations		19,084	21,204
	12	**471,774**	494,504
Other Assets			
Cash at bank and in hand	13	11,941	8,540
Lloyd's overseas deposits		78,985	57,357
		90,926	65,897
Prepayments and accrued income			
Accrued interest and rent		8,129	5,035
Deferred acquisition costs		132,613	126,508
Other prepayments and accrued income		6,353	4,448
		147,095	135,991
TOTAL ASSETS		**2,466,347**	2,265,182

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

LIABILITIES	Note	2023 £'000	2022 £'000
Capital and reserves			
Member's balance		**233,670**	65,845
Technical provisions			
Provision for unearned premiums		561,113	548,946
Claims outstanding	5	1,515,660	1,420,340
		2,076,773	1,969,286
Creditors			
Amounts due within one year:			
Creditors arising out of direct insurance operations		7,095	9,432
Creditors arising out of reinsurance operations		124,079	200,803
Amount due to related companies		6,045	1,369
		137,219	211,604
Accruals and deferred income		**18,685**	18,447
TOTAL LIABILITIES		**2,466,347**	2,265,182

The annual financial statements on pages 13 to 42 were approved at a meeting of the Board of Directors and signed on its behalf by:

Jonathan M Zaffino
Chief Executive Officer
23 February 2024

Helen R Jones-Bak
Chief Financial Officer
23 February 2024

STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Net cash flows from operating activities	15	**233,128**	262,825
Cash flows from investing activities			
Purchase of equity and debt instruments		(480,182)	(442,200)
Sale of equity and debt instruments		307,729	207,211
Investment income received		42,104	9,567
Movements in deposits with ceding undertakings		1,568	2,618
Net cash generated from investing activities		**(128,781)**	(222,804)
Cash flows from financing activities			
Distribution profit		(12,345)	(6,075)
Profit (released) as Funds in Syndicate		–	(26,743)
Net cash used in financing activities		**(12,345)**	(32,818)
Net increase in cash and cash equivalents		**92,002**	7,203
Cash and cash equivalents at the beginning of the year		65,307	53,623
Foreign exchange on cash and cash equivalents		(45)	4,481
Cash and cash equivalents at the end of the year		**157,264**	65,307
Cash and cash equivalents consists of:			
Cash at bank and in hand		11,941	8,540
Short term deposits with credit institutions		145,323	56,767
Cash and cash equivalents at end of year		**157,264**	65,307

1. **Statement of compliance**

   The individual annual financial statements 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, England, EC3M 3BY. The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The syndicate has adopted FRS 102 and FRS 103 in these annual financial statements.

   a. **Basis of preparation**
   These annual financial statements 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 financial statements 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 financial statements 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. **Going concern**
   In arriving at a determination of going concern, the directors consider a number of risks, taking into account economic, regulatory and environmental considerations as referenced in the Strategic Report:

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

   The directors have concluded that the Syndicate continues to be a going concern after taking into account these risks, as it can evidence that there is no impact on the ability of the Syndicate to remain profitable for the foreseeable future, being not less than one year from the signing of the accounts.

   c. **Critical accounting judgements and estimation uncertainty**
   Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no critical accounting judgements for the Syndicate.

   The Syndicate makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i. **The ultimate liability arising from claims made under insurance contracts**

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

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

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

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

ii. **Pipeline premium**

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

Sensitivities have been run on the pipeline premium balance, a 5% reduction in pipeline premium would result in a decrease of £8.8m (2022: £8.2m) in the reported 2023 gross written premium and a 5% increase in pipeline premiums would result in an increase of £8.8m (2022: £8.2m).

d. **Basis of accounting for underwriting activities**

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

e. **Premiums written**

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

f. **Unearned premiums**

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

g. **Deferred acquisition costs**

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

h. **Claims incurred**

Claims incurred comprise claims and related expenses paid in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries. Outwards reinsurance recoveries are accounted for in the same accounting period as the claims for the related direct or inwards reinsurance business being reinsured.

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

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

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

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

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

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

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

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

Where possible the 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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

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

k. **Expense allocation and pensions**
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.

l. **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 monthly average rates of exchange; and
c) all resulting exchange differences are recognised in OCI.

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

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

Such assets and liabilities are subsequently carried at amortised cost using the effective interest method. The interest rate used is generally that as stated in the loan agreement (if applicable) or a standard market rate for a similar product. The unwinding of the associated discount is subsequently recognised in the Statement of Comprehensive Income.

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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

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

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

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

n. Cash and cash equivalents

Cash and cash equivalents in the Statement of Cash Flows comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

o. 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 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.

p. Taxation

No amount has been provided in these Financial Statements 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 member.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. Segmental information

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

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

Year ended 31 December 2023	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Reinsurance balance	Net technical result
			£'000s			
Direct						
Fire & Other Damage to Property	357,352	335,138	(139,035)	(96,357)	(49,592)	50,154
Third-Party Liability	326,831	309,876	(148,860)	(97,326)	(33,991)	29,699
Marine	148,993	143,359	(86,783)	(41,188)	498	15,886
Transport	129,490	127,645	(50,676)	(36,049)	(11,492)	29,428
Pecuniary Loss	27,526	27,716	(18,688)	(10,112)	3,147	2,063
Energy	18,669	18,973	(20,366)	(5,885)	1,436	(5,842)
Accident & Health	14,008	12,752	(6,700)	(5,584)	117	585
Other	1,992	1,269	(242)	(248)	(196)	583
Motor	–	–	523	8	(718)	(187)
Total Direct	**1,024,861**	**976,728**	**(470,827)**	**(292,741)**	**(90,791)**	**122,369**
Reinsurance Accepted	416,055	429,792	(199,173)	(97,314)	(116,532)	16,773
Total	**1,440,916**	**1,406,520**	**(670,000)**	**(390,055)**	**(207,323)**	**139,142**

Year ended 31 December 2022	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Reinsurance balance	Net technical result
			£'000s			
Direct						
Fire & Other Damage to Property	312,850	281,201	(157,954)	(101,270)	(23,310)	(1,333)
Third-Party Liability	268,424	243,161	(121,455)	(41,784)	(28,001)	51,921
Marine	138,712	136,657	(66,092)	(38,977)	(4,100)	27,488
Transport	126,379	112,221	(44,892)	(32,752)	(8,388)	26,189
Pecuniary Loss	24,511	22,569	(40,589)	(8,150)	20,697	(5,473)
Energy	18,260	21,789	(37,461)	(6,140)	19,172	(2,640)
Accident & Health	10,701	10,189	(9,405)	(16,081)	5,594	(9,703)
Other	348	363	86	(54)	(36)	359
Motor	–	–	(60)	133	85	158
Total Direct	900,185	828,150	(477,822)	(245,075)	(18,287)	86,966
Reinsurance Accepted	450,061	477,930	(377,096)	(104,344)	(34,798)	(38,308)
Total	1,350,246	1,306,080	(854,918)	(349,419)	(53,085)	48,658

a. Unless specific to a class, gross operating expenses have been allocated to class groups in proportion to their respective gross premium income. The difference between the gross operating expenses in note 4 and that on the Statement of Comprehensive Income relates to reinsurance commissions and profit participations, as detailed in note 6.
b. The reinsurance balance comprises outward reinsurance premiums payable less reinsurance recoveries receivable less ceded commissions receivable.
c. Brokerage and commission is deducted from gross premiums received by the Syndicate on normal commercial terms.
d. The above segmental analysis is based on a mapping from Syndicate 1414's own business classes to the required Prudential Regulatory Authority classes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

Geographical analysis by origin

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

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

4. Risk management

a. Overview

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

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

Syndicate 1414 is managed by AUL and considers the business plan proposed and the risk and control environment as managed by AUL.

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

b. Insurance risk

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

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

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

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

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

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

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

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

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

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

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

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

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

- Ascot's approach to managing its expense levels, including acquisition costs, recurring costs, and one-off costs, taking account of the margins available in both the prices for products and in the technical provisions in the balance sheet;

- Ascot's approach to assessing the effectiveness of its risk transfer arrangements and managing the residual or transformed risks. For example, how it intends to handle disputes over contract wordings, and potential pay-out delays;

- A summary of the data and information to be collected and reported on underwriting, claims, and risk control (including internal accounting records), management reporting requirements, and external data for risk assessment purposes;

- The risk measurement and analysis techniques to be used for setting underwriting premiums, technical provisions in the balance sheet, and assessing capital requirements; and

- Ascot's approach to stress testing and scenario analysis of its exposures.

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

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

On an ongoing basis, there are:

- Processes for identifying the underwriting risks associated with a particular policyholder or a group of policyholders. For example, processes for collecting information on the claims histories of insureds, including whether they have made any potentially false or inaccurate claims, to identify possible adverse selection or moral hazard problems;

- Processes for establishing underwriting and distribution procedures that must be followed by all classes of business and all types of distribution channels; these procedures should include details in respect of the information that must be gathered in order to assess the level of insurance risk that a particular contract brings to Ascot;

- Processes for identifying aggregations of risk that may give rise to a large catastrophic loss. Specific information can include, for example, risk address, locations value, construction, year built, occupancy, and number of stories. Policy information and reinsurance information must be gathered in order to assess the level of additional aggregate exposure and enable the calculation of marginal contribution to modelled loss assessment risk that a particular account or contract brings to Ascot.

- Process for reviewing current rating and inflationary environment relative to the forecast assumptions of rate and inflation included within the business plan. To the extent that the actual rate or inflation deviates from the business plan forecast, this is recognised relative to expected performance within the reserving process.

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

- The Ascot Exposure Management Committee (EMC) is responsible for identifying catastrophe and liability risks, and developing methods for monitoring overall and class exposures to those risks and recommending appropriate limits to the Board via the Risk Committee.

- Ascot Underwriting Management Committee (UMC) is responsible for identifying new types of risk that may alter the claims pattern for the Syndicate in the future.

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

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

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

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 2023 result by £140.7m (2022: £130.6m). A 10% swing in the net loss ratio would change the result by £104.2m (2022: £92.6m).

c. Credit risk

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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 2023	**AAA**	**AA**	**A**	**BBB**	**BB & Below**	**Unrated**	**Total**
				£'000s			
Shares and other variable yield securities and unit trusts	638	85,289	66,523	–	–	2,351	**154,801**
Debt securities	394,820	158,427	435,795	93,292	–	–	**1,082,334**
Overseas deposits	38,399	5,027	5,494	4,484	3,227	22,354	**78,985**
Deposits with ceding undertakings	–	–	439	–	–	–	**439**
Reinsurers' share of technical provisions - claims outstanding	162	81,032	191,356	–	–	136,415	**408,965**
Reinsurance debtors	–	11,588	41,115	–	–	2,165	**54,868**
Cash at bank and in hand	–	619	11,322	–	–	–	**11,941**
Insurance debtors	–	–	–	–	–	49,635	**49,635**
Other debtors[1]	–	–	–	–	–	624,379	**624,379**
Total credit risk	**434,019**	**341,982**	**752,044**	**97,776**	**3,227**	**837,299**	**2,466,347**

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

As at 31 December 2022	AAA	AA	A	BBB	BB & Below	Unrated	Total
				£'000s			
Shares and other variable yield securities and unit trusts	617	29,126	27,940	–	–	8,524	**66,207**
Debt securities	375,298	145,318	331,606	71,120	–	–	**923,342**
Overseas deposits	29,339	6,962	4,823	3,837	2,675	9,721	**57,357**
Deposits with ceding undertakings	–	–	2,115	–	–	–	**2,115**
Reinsurers' share of technical provisions - claims outstanding	165	114,079	251,893	–	–	101,731	**467,868**
Reinsurance debtors	–	9,035	66,793	–	–	3,560	**79,388**
Cash at bank and in hand	–	1,774	6,766	–	–	–	**8,540**
Insurance debtors	–	–	–	–	–	60,287	**60,287**
Other debtors	–	–	–	–	–	600,078	**600,078**
Total credit risk	**405,419**	**306,294**	**691,936**	**74,957**	**2,675**	**783,901**	**2,265,182**

[1] Other debtors comprise: Reinsurers' share of provision for unearned premiums; Other debtors; Accrued interest and rent; Deferred acquisition costs; Other prepayments and accrued income. Management do not intend to impair aged debtors and are continuing to monitor support for future recoverability.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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

- Working to ensure that contractual terms are fit for purpose and that full disclosure of relevant information is made, and

- Exerting significant contractual and other credit control measures in pursuit of premium and reinsurance recoveries due. Overdue insurance receivables (i.e. those greater than 60 days) were as follows:

At 31 December 2023	**Not yet due**	**0-90 Days**	**91-180 Days**	**181-365 Days**	**366+ Days**	**Total**
			£'000s			
Shares and other variable yield securities and unit trusts	154,801	–	–	–	–	**154,801**
Debt securities	1,082,334	–	–	–	–	**1,082,334**
Overseas deposits	78,985	–	–	–	–	**78,985**
Deposits with ceding undertakings	439	–	–	–	–	**439**
Reinsurer' share of claims outstanding	408,965	–	–	–	–	**408,965**
Reinsurance debtors	54,868	–	–	–	–	**54,868**
Cash at bank and in hand	11,941	–	–	–	–	**11,941**
Insurance debtors	44,074	4,029	649	426	457	**49,635**
Other debtors	587,790	26,512	4,269	2,801	3,007	**624,379**
Total credit risk	**2,424,197**	**30,541**	**4,918**	**3,227**	**3,464**	**2,466,347**

At 31 December 2022	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	66,207	–	–	–	–	66,207
Debt securities	923,342	–	–	–	–	923,342
Overseas deposits	57,357	–	–	–	–	57,357
Deposits with ceding undertakings	2,115	–	–	–	–	2,115
Reinsurer' share of claims outstanding	467,868	–	–	–	–	467,868
Reinsurance debtors	79,388	–	–	–	–	79,388
Cash at bank and in hand	8,540	–	–	–	–	8,540
Insurance debtors	53,252	4,316	805	1,341	573	60,287
Other debtors	564,008	22,129	4,127	6,875	2,939	600,078
Total credit risk	2,222,077	26,445	4,932	8,216	3,512	2,265,182

d. Market Risk

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

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

Market risk: interest rate risk
The majority of the Investment portfolio is made up of debt securities and other fixed income securities. An increase of 100 basis points in interest yields, with all other variables constant, would decrease the valuation of the Syndicate's investments by an estimated £28.6m (2022: £18.8m decrease) and the impact on the result would be a decrease of £28.6m (2022: £18.8m decrease). A comparable decrease in interest rates would increase the valuation and increase the result by an estimated £29.2m (2022: £19.5m).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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

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

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

At 31 December 2023	GBP	USD	EUR	CAD	AUD	OTH	Total
				£'000s			
Financial investments	127,483	871,687	114,102	123,863	–	–	**1,237,135**
Overseas deposits	16,280	6,224	–	23,026	24,896	8,559	**78,985**
Reinsurers' share of technical provisions	30,923	423,427	51,111	13,517	–	–	**518,978**
Insurance and reinsurance receivables	79,537	309,435	27,417	24,768	–	–	**441,157**
Cash at bank and in hand	6,763	414	4,044	4	–	716	**11,941**
Other assets	40,298	105,768	19,955	12,130	–	–	**178,151**
Total assets	**301,284**	**1,716,955**	**216,629**	**197,308**	**24,896**	**9,275**	**2,466,347**
Technical provisions	(289,796)	(1,472,486)	(188,777)	(125,714)	–	–	**(2,076,773)**
Insurance and reinsurance payables	(11,199)	(112,986)	(5,231)	(1,744)	–	(14)	**(131,174)**
Other creditors[2]	(2,368)	(20,027)	(2,209)	(126)	–	–	**(24,730)**
Total liabilities	**(303,363)**	**(1,605,499)**	**(196,217)**	**(127,584)**	**–**	**(14)**	**(2,232,677)**
Net (liabilities)/assets	**(2,079)**	**111,456**	**20,412**	**69,724**	**24,896**	**9,261**	**233,670**

At 31 December 2022	GBP	USD	EUR	CAD	AUD	OTH	Total
				£'000s			
Financial investments	87,035	724,217	68,820	109,477	–	–	989,549
Overseas deposits	5,013	5,969	–	18,441	21,259	6,675	57,357
Reinsurers' share of technical provisions	34,516	497,343	31,639	13,628	–	–	577,126
Insurance and reinsurance receivables	63,411	351,303	28,299	22,864	–	–	465,877
Cash at bank and in hand	2,871	790	4,132	5	–	742	8,540
Other assets	34,277	105,093	15,969	11,235	134	25	166,733
Total assets	227,123	1,684,715	148,859	175,650	21,393	7,442	2,265,182
Technical provisions	(238,558)	(1,500,937)	(122,425)	(107,366)	–	–	(1,969,286)
Insurance and reinsurance payables	(17,389)	(173,044)	(12,990)	(6,752)	–	(60)	(210,235)
Other creditors	(3,259)	(14,668)	(1,543)	(346)	–	–	(19,816)
Total liabilities	(259,206)	(1,688,649)	(136,958)	(114,464)	–	(60)	(2,199,337)
Net assets/(liabilities)	(32,083)	(3,934)	11,901	61,186	21,393	7,382	65,845

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 £21.7m (2022: lower by £8.9m). Net assets would be reduced by £21.4m (2022: reduced by £8.9m).

[2] Other creditors comprise: Amounts owed to related companies and Accruals and deferred income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

e. Liquidity Risk

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

At 31 December 2023	**< 1 Year**	**1 – 2 Years**	**2 – 5 Years**	**> 5 Years**	**Total**
			£'000s		
Other financial investments	340,918	178,064	491,963	226,190	1,237,135
Reinsurers' share of technical provisions - claims outstanding	129,943	85,036	136,494	57,492	408,965
Debtors arising out of direct insurance operations	49,635	–	–	–	49,635
Debtors arising out of reinsurance operations	372,438	19,084	–	–	391,522
Cash at bank and in hand	11,941	–	–	–	11,941
Overseas deposits	78,985	–	–	–	78,985
Assets analysed	**983,860**	**282,184**	**628,457**	**283,682**	**2,178,183**
Claims outstanding	505,489	318,676	463,900	227,595	1,515,660
Creditors arising out of direct insurance operations	7,095	–	–	–	7,095
Creditors arising out of reinsurance operations	124,079	–	–	–	124,079
Liabilities analysed	**636,663**	**318,676**	**463,900**	**227,595**	**1,646,834**
Net assets/(liabilities) analysed	**347,197**	**(36,492)**	**164,557**	**56,087**	**531,349**

At 31 December 2022	< 1 Year	1 – 2 Years	2 – 5 Years	> 5 Years	Total
			£'000s		
Other financial investments	311,705	189,808	393,493	94,543	989,549
Reinsurers' share of technical provisions - claims outstanding	178,189	99,695	131,367	58,617	467,868
Debtors arising out of direct insurance operations	60,287	–	–	–	60,287
Debtors arising out of reinsurance operations	384,386	21,204	–	–	405,590
Cash at bank and in hand	8,540	–	–	–	8,540
Overseas deposits	57,357	–	–	–	57,357
Assets analysed	1,000,464	310,707	524,860	153,160	1,989,191
Claims outstanding	496,038	305,245	422,477	196,580	1,420,340
Creditors arising out of direct insurance operations	9,432	–	–	–	9,432
Creditors arising out of reinsurance operations	200,803	–	–	–	200,803
Liabilities analysed	706,273	305,245	422,477	196,580	1,630,575
Net assets/(liabilities) analysed	294,191	5,462	102,383	(43,420)	358,616

f. Climate Risk

Climate risk is associated with climate change and takes into account physical, transitional and liability risk. In order to effectively manage climate risk, the Risk Committee and Board maintain the following duties:

- To assess and monitor the Company's exposure in managing financial risks and opportunities from climate change.
- To promote the discussion, understanding and inclusion of climate-related risks and opportunities across all areas of the business.
- To ensure that all regulatory requirements, as they pertain to climate change, are adhered to.

Our business practices allow us to take a collaborative and cross-functional approach to begin developing out our climate risk framework, with the Chief Risk Officer working alongside teams from Sustainability, Exposure Management and Actuarial. This encompasses developing out a programme of work for climate change scenario analysis that considers physical, transitional and liability risks.

Work has already begun within the Exposure Management team to assess our portfolio, modelled by country and peril to estimate losses from a range of climate-related hazards. This work is overseen by Ascot's Exposure Management Committee.

The sustainability team is also taking a leading role is understanding where Ascot can support the transition to a low carbon economy, including areas such as:

- GHG emissions inventory management and identification of key focus areas of emissions reductions that can support AUL's target for net zero by 2050.
- Building out enhanced business practices aligned to Ascot's Sustainable Underwriting Policy, Sustainable Procurement Policy, and its Responsible Investment Policy.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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

Pure underwriting year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimate of net claims						**£'000s**					
At end of reporting year	121,179	104,589	99,577	189,822	110,842	83,836	133,964	199,541	269,009	265,699	1,578,058
One year later	233,110	201,073	230,708	281,963	236,029	165,444	246,810	431,159	480,297	–	2,506,593
Two years later	238,271	212,831	239,464	284,326	271,130	182,283	259,184	451,505	–	–	2,138,994
Three years later	232,059	207,538	235,107	288,767	275,380	200,082	276,133	–	–	–	1,715,066
Four years later	237,506	211,181	237,364	294,578	277,355	203,461	–	–	–	–	1,461,445
Five years later	232,003	217,116	239,568	298,466	284,006	–	–	–	–	–	1,271,159
Six years later	230,957	217,762	242,309	304,800	–	–	–	–	–	–	995,828
Seven years later	232,173	216,996	243,613	–	–	–	–	–	–	–	692,782
Eight years later	233,440	218,535	–	–	–	–	–	–	–	–	451,975
Nine years later	233,081	–	–	–	–	–	–	–	–	–	233,081
At 31 December 2023	233,081	218,535	243,613	304,800	284,006	203,461	276,133	451,505	480,297	265,699	2,961,130
Less: Net claims paid	(226,390)	(203,667)	(230,500)	(261,979)	(235,223)	(140,457)	(157,155)	(213,655)	(169,736)	(28,726)	(1,867,488)
Net claims reserves	**6,691**	**14,868**	**13,113**	**42,821**	**48,783**	**63,004**	**118,978**	**237,850**	**310,561**	**236,973**	**1,093,642**
Net claims reserves 2013 & prior											13,053
Net reserves in balance sheet											**1,106,695**

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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

- For long-tailed classes of business, we continue to monitor three inflation scenarios (fast, medium, and slow reversion of inflation rates) quarterly against impact of implicit inflation assumptions. As at Q4 2023 there is sufficient implicit allowance for inflation within the long-tail classes.

- For the 2023 YOA, inflation is incorporated in the expected loss ratios as opposed to a monetary load, this is another example of implicit allowance for inflation. The initial expected loss ratio in the 2023 planning cycle incorporated an explicit estimate of premium and claims inflation.

- Further, case reserves continue to be updated to reflect the current inflationary environment with no offsetting reduction to any inflation loadings, implicit or explicit.

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

6. Net operating expenses

	2023 £'000	2022 £'000
Technical account:		
Acquisition costs	306,018	280,026
Change in deferred acquisition costs	(11,064)	(8,372)
	294,954	271,654
Administrative expenses	51,791	44,371
Reinsurance commissions and profit participations	(28,504)	(30,583)
Other acquisition costs	32,561	25,073
Other Lloyd's personal expenses	10,749	8,321
Total net operating expenses	**361,551**	318,836

Administration expenses include:	2023 £'000	2022 £'000
Auditor's remuneration		
-fees payable to the Syndicate's auditors for the audit of the Syndicate annual Financial Statements	306	300
-audit-related assurance services	93	88

Fees payable to Deloitte LLP for the audit of the annual accounts of AUL are £58k (2022: £12k) and for the Managing Agent's subsidiary AIS £8k (2022: £7k). There were no other fees payable for the provision of other non-audit services.

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

Under the current agency agreement, there is no provision for a profit commission.

Group administrative expenses are initially incurred and paid by AUH which then recharges the Syndicate its share of group expenses.

7. Investment Income

	2023 £'000	2022 £'000
From financial instruments designated as at fair value through profit or loss	25,323	15,866
Interest on cash at bank	6,538	1,183
Other interest and similar income	414	414
Realised gains on investments	2,506	370
Net investment income	**34,781**	17,833

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

2023 saw a decrease in investment expenses and charges to £1.4m (2022: £4.6m). This is mainly due to there being no losses on the realisation of investments on Funds in Syndicate in 2023 (2022: £1.9m).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

8. Staff costs

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

	2023 £'000	2022 £'000
Salaries and related costs	29,892	24,994
Social security costs	3,166	3,060
Other pension costs	2,036	1,725
	35,094	29,779

The monthly 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:

	2023 No.	2022 No.
Underwriting	119	103
Operations, Administration and IT	88	64
Compliance	33	28
Risk management	26	23
Finance	23	20
Actuarial	16	9
Claims	14	11
Executive management	5	7
Corporate	4	5
	328	**270**

9. Emoluments of the directors of Ascot Underwriting Limited

The directors of AUL, including the active underwriter, received the following aggregate remuneration, of which £644k (2022: £854k) was charged to the Syndicate.

	2023 £'000	2022 £'000
Directors' remuneration	**1,269**	1,566

Benefits are accruing in respect of qualifying services for 2 directors. The active underwriter and the highest paid director, received the following remuneration which was charged to the syndicate:

	2023 £'000	2022 £'000
Remuneration of active underwriter	**182**	177
Remuneration of highest paid director	**276**	259

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

The profit on the technical account of £210.3m (2022: profit £9.7m) includes a run-off deficit of £20.6m for prior accident years (2022: £43.9m deficit). This included a deficit of £10.9m for reinsurance acceptance business and a deficit of £9.7m on direct business (2022: deficit of £40.4m for reinsurance acceptance business and a deficit of £3.5m on direct business).

11. Other financial investments

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

Investments, all of which are listed apart from US Treasuries with market value £75.3m (2022: £144.2m) and included within Debt securities and other fixed income securities are analysed below:

	2023 £'000	2022 £'000
Market value		
Shares and other variable-yield securities and units in unit trusts	154,801	66,207
Debt securities and other fixed-income securities:		
Held at fair value through profit or loss	1,082,334	923,342
	1,237,135	989,549
Cost		
Shares and other variable-yield securities and units in unit trusts	143,802	55,208
Debt securities and other fixed-income securities		
Held at fair value through profit or loss	1,108,984	988,389
	1,252,786	1,043,597

For financial instruments held at fair value in the balance sheet, an analysis for each class of financial instrument is shown in the table below of the level in the fair value hierarchy into which the fair value measurements are categorised. The levels are defined as follows:

Level 1
The fair value based on the unadjusted quoted price in an active market for an identical asset.

Level 2
The fair value based on inputs other than quoted prices included within Level 1 that are developed using market data for the asset, either directly or indirectly.

Level 3
The fair value based on a valuation technique when market data is unavailable for the asset.

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

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

As at 31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
		£'000s		
Shares and other variable yield securities and units in unit trusts	144,527	–	10,274	**154,801**
Debt securities and other fixed income securities	75,257	1,007,077	–	**1,082,334**
Overseas deposits	18,454	60,531	–	**78,985**
Total	**238,238**	**1,067,608**	**10,274**	**1,316,120**

As at 31 December 2022	Level 1	Level 2	Level 3	Total
		£'000s		
Shares and other variable yield securities and units in unit trusts	56,384	–	9,823	**66,207**
Debt securities and other fixed income securities	144,229	779,113	–	**923,342**
Overseas deposits	8,450	48,907	–	**57,357**
Total	**209,063**	**828,020**	**9,823**	**1,046,906**

12. Debtors

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

The debtors due after more than one year are a combination of reinstatement premiums due on gross outstanding claims on the treaty class of business and reinsurance accruals on the syndicate quota share with Ascot Bermuda Limited (ABL).

	2023 £'000	2022 £'000
Amounts due within one year:		
Debtors arising out of direct insurance operations	49,635	60,287
Debtors arising out of reinsurance operations	372,438	384,386
Amount due from related companies	–	411
Other debtors	30,617	28,216
Amounts due after more than one year:		
Debtors arising out of reinsurance operations	19,084	21,204
Total debtors due	471,774	494,504

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

13. Cash at bank and in hand

	2023 £'000	2022 £'000
Syndicate premium trust funds	11,941	8,540

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

	2023 £'000	2022 £'000
Amounts due within one year:		
Creditors arising out of direct insurance operations	7,095	9,432
Creditors arising out of reinsurance operations	124,079	200,803
Amounts owed to related companies	6,045	1,369
	137,219	211,604

Amounts due to related companies are repayable on demand and do not have any associated terms and conditions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

15. Reconciliation of profit to net cash inflow from operating activities

	2023 £'000	2022 £'000
Profit for the period	202,025	13,303
Increase in gross technical provisions	208,736	398,584
Decrease/(increase) in reinsurers' share of gross technical provisions	28,476	(88,500)
(Increase) in debtors	(20,791)	(63,742)
(Decrease) in creditors	(62,319)	(21,451)
Movement in other assets/liabilities	(24,145)	(11,534)
Removal of investment return	(71,195)	40,368
Foreign exchange	(27,659)	(4,203)
Net cash generated from operating activities	**233,128**	262,825

16. Movement in opening and closing portfolio investments net of financing

	2023 £'000	2022 £'000
Net cash inflow/(outflow) for the year	3,840	(27,391)
Cash flow arising from movement in:		
Deposits with ceding undertakings	(1,567)	(2,618)
Overseas deposits	24,577	11,619
Portfolio investments	298,463	208,619
Movement arising from cash flows	**325,313**	**190,229**
Changes in market value and exchange rates	(54,374)	91,041
Total movement in portfolio investments	**270,939**	**281,270**
Total portfolio at 1 January	**1,057,561**	**776,291**
Total portfolio at 31 December	**1,328,500**	**1,057,561**

17. Movements in cash, portfolio investments and financing

	At 1 January 2023	Cash Flow	Changes to market value & currencies	At 31 December 2023
		£'000s		
Deposits with ceding undertakings	2,115	(1,567)	(109)	439
Cash at bank	8,540	3,840	(439)	11,941
Overseas deposits	57,357	24,577	(2,949)	78,985
Portfolio investments:				
Shares and other variable-yield securities and units in unit trusts	66,207	91,998	(3,404)	154,801
Debt securities and other fixed-income securities	923,342	206,465	(47,473)	1,082,334
Total portfolio investments	**989,549**	**298,463**	**(50,877)**	**1,237,135**
Total cash, portfolio investments and financing	**1,057,561**	**325,313**	**(54,374)**	**1,328,500**

18. Net cash outflow on portfolio investments

	2023 £'000	2022 £'000
Sale of shares and other variable yield securities	1,812	3,762
Purchase of shares and other variable yield securities	(93,810)	(34,337)
Sale of debt securities and other fixed income securities	146,874	177,088
Purchase of debt securities and other fixed income securities	(353,339)	(355,132)
Net cash outflow on portfolio investments	**(298,463)**	(208,619)

19. Funds at Lloyd's

The Syndicate's corporate member, ACNL, is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's (FAL). These funds are intended primarily to cover circumstances where syndicate assets prove insufficient to meet participating 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 is set after considering 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 FAL requirement to support its underwriting capacity by way of cash deposits of £1,192 (2022: £1,080); cash and securities provided by fellow group companies to the value of US$515.9m [£405.2m] (2022: US$441.7m [£367.2m]) and a Letter of Credit to the value of US$216.0m [£169.4m] (2022: US$250.0m [£207.8m]). 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 financial statements on a going concern basis.

20. Movements in insurance liabilities and reinsurance assets

	2023			2022		
	Gross £'000	RI £'000	Net £'000	Gross £'000	RI £'000	Net £'000
At 1 January						
Unearned premium net of deferred acquisition costs	422,438	(109,258)	313,180	343,434	(101,873)	241,561
Notified claims	599,270	(163,966)	435,304	484,183	(173,457)	310,726
Incurred but not reported	821,070	(303,902)	517,168	471,170	(162,007)	309,163
Total at 1 January	**1,842,778**	**(577,126)**	**1,265,652**	**1,298,787**	**(437,337)**	**861,450**
Cash paid for claims settled in year	(512,118)	167,342	(344,776)	471,170	(162,007)	309,163
Movement in provisions in year	670,000	(128,817)	541,183	1,298,787	(437,337)	861,450
Unearned premium net of deferred acquisition costs	6,062	(755)	5,307	(476,426)	188,887	(287,539)
Net exchange differences	(62,562)	20,378	(42,184)	854,918	(296,478)	558,440
Total at 31 December	**1,944,160**	**(518,978)**	**1,425,182**	**3,447,236**	**(1,144,272)**	**2,302,964**
Unearned premium net of deferred acquisition costs	428,500	(110,013)	318,487	422,438	(109,258)	313,180
Notified claims	593,871	(108,663)	485,208	599,270	(163,966)	435,304
Incurred but not reported	921,789	(300,302)	621,487	821,070	(303,902)	517,168
Total at 31 December	**1,944,160**	**(518,978)**	**1,425,182**	**1,842,778**	**(577,126)**	**1,265,652**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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.

AIS charged a service fee of £14,365 to the Syndicate for 2023 (2022: £7,746) the fee is equal to the actual expenses relating to the introduction of business to Syndicate 1414, plus a mark-up of 5.0% (2022: 5.0%). At 31 December 2023, the insurance balance owed by AIS to Syndicate 1414 was £9,377,863 (2022: £8,515,345), and the non-insurance balance due from AIS was £482 (2022: £4,690).

Ethos Speciality Insurance Services LLC (ESI) is a coverholder of Syndicate 1414 and is remunerated by coverholder fees with the amount charged of £16,875,424 in 2023 (2022: £29,145,929). At 31 December 2023 the amount due to ESI was £10,372,689 (2022: £8,274,725).

Expenses totalling £51,050,597 (2022: £44,812,843) and £3,228,057 (2022: £1,934,839) were recharged from AUH and Ascot Group Limited (AGL) to the Syndicate respectively. At 31 December 2023 the amount due to AUH was £1,186,219 (2022: £333,035) and due to AGL £0 (2022: £0).

Syndicate 1414 paid expenses on behalf of ACNL during the year. At 31 December 2023 the amount due from ACNL was £1,542,871 (2022: £406,638).

Further, expenses of £1,095,849 (2022: £243,866) were recharged from Ascot US Services Company (USC) to the Syndicate. At 31 December 2023 the amount due to USC was £0 (2022: £0).

Ascot Underwriting Inc. (AUI) and Ascot Underwriting Bermuda Limited (AUB) charge a coverholder fee to Syndicate 1414 for the underwriting services they provide; this fee is based on 10.0% (2022: 10.0%) of gross written premiums for the 2023 underwriting year and amounted to £10,820,286 (2022: £9,004,629) and £4,388,848 (2022: £4,506,391) respectively for all underwriting years combined at year-end. Expenses totalling £0 (2022: £0) were recharged from AUI to the Syndicate. At 31 December 2023 the amount due to AUI was £831,715 (2022: £839,842) and the amount due to AUB was £199,194 (2022: £196,284).

For the 2018 to 2020 underwriting years, the Syndicate has a 20.0% quota-share reinsurance agreement in place with ABL. The amount ceded to ABL in 2023 was £5,859,917 (2022: £121,965), and amount receivable at the balance sheet date was £5,247,493 (2022: £13,082,595 payable). In addition, the Syndicate has a specific quota share over XL polices, ceding to ABL with the amount in 2023 being £10,345,159 (2022: £5,629,329). The amount payable at the balance sheet date was £6,858,421 (2022: £5,471,622). ABL paid expenses in the year of £4,039,309 (2022: £1,186,904) recharging these back to the Syndicate with the amount payable at the balance sheet date being £0 (2022: £0). ABL is a related party within the wider Ascot Group of companies, and has provided the cash and securities element of ACNL's Funds at Lloyd's for 2023 of £0.2m [US$0.2m] and £409.1m [US$521.1m] respectively (2022: £0.7m [US$0.8m] and £366.5m [US$440.9m]).

For its services as the consortium manager, AUL receives consortium fee and profit commission income from the Syndicate for the 2023 and post years of account. The Syndicate recognises the consortium fee expense on a written basis, amounting to £3,950,478 (2022: £0). At 31 December 2023 the amount due to AUL was £2,285,389 (2022: £0).

Canro Re Limited ("Canro Re", a Bermuda domiciled special purpose insurer ("SPI") was formed to provide reinsurance capacity to subsidiaries of Ascot, namely ABL and Syndicate 1414, through reinsurance agreements which will be collateralised and funded by Canro Re through the issuance of non-voting redeemable preference shares to investors. As of December 31, 2023 and 2022, the sole investor or the preference shares issues by Canro Re was CPP Investment Board PMI-2 Inc., CPP Investment Board PMI-2 Inc. is a related party of the Syndicate. Upon issuance of the preference shares, the proceeds from the issuance are deposited into a collateral account to fund any potential obligations under the reinsurance agreements entered into with ABL and Syndicate 1414.

For the year ended December 31, 2023, the amount ceded to Canro Re was £10,212,341 and the net reinsurance recoverable as of December 31 2023 is £16,135,344 due from Canro Re.

For the year ended December 31, 2022, the Syndicate recorded £11,846,424 of ceded premiums written to Canro Re and £4,750,256 of losses and loss adjustment expense recoveries from Canro Re. As of December 31, 2022, the Syndicate had a reinsurance recoverable on unpaid losses of £16,352,248 due from Canro Re and £5,460,287 of reinsurance balances payable to Canro Re.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

22. Ultimate parent undertaking of Managing Agent and Corporate Member

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

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

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