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The syndicate reports and accounts set forth in this section of the Lloyd's website, which have been filed with Lloyd's in accordance with the Syndicate Accounting Byelaw (No. 8 of 2005), are being provided for informational purposes only. The syndicate reports and accounts have not been prepared by Lloyd's, and Lloyd's has no responsibility for their accuracy or content. Access to the syndicate reports and accounts is not being provided for the purposes of soliciting membership in Lloyd's or membership on any syndicate of Lloyd's, and no offer to join Lloyd's or any syndicate is being made hereby. Members of Lloyd's are reminded that past performance of a syndicate in any syndicate year is not predictive of the related syndicate's performance in any subsequent syndicate year.

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SYNDICATE 1414

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

CONTENTS

MANAGING AGENT - CORPORATE INFORMATION

Managing Agent	Ascot Underwriting Limited	
Directors	Sir Richard B Dearlove	Non-executive Chairman
	Samuel Blaichman	Non-executive
	Katherine H E Chung	Non-executive
	Helen R Jones-Bak	
	Aman Malik	Non-executive
	Parth Patel	
	Mark L Pepper	
	Katy M Wilson	
	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 2022

The Directors of the managing agent, Ascot Underwriting Limited (AUL), present their strategic report for the year ended 31 December 2022.

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 2022 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
2019	600
2020	650
2021	900
2022	950
2023	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 two subsidiaries 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, and Ascot Underwriting Asia (Private Limited) (AUA) a platform allowing Syndicate 1414 to underwrite Lloyd's Asia risks. AUA was wound up on 5 December 2022.

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 2022	Year ended 31 December 2021
Net loss ratio[1]	**60.3%**	55.6%
Net expense ratio[2]	**34.4%**	34.0%
Combined ratio[3]	**94.7%**	89.6%

Gross written premium increased from £1,043.8m in 2021 to £1,350.2m in 2022, an increase of 29%, 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, as well as from new teams, writing business via Consortium arrangements, in product lines such as, Cargo, Property and Space.

Syndicate 1414 witnessed another year of positive rate movement in 2022, outstripping the planned number of 5%, with an average increase across all lines of business of 8.1%. This is on top of the compound increases that we have seen over the past few years, and puts technical adequacy in most lines at attractive levels. The Board of AUL ("Ascot" or "the Board") have monitored rate movements year-to-year on a consistent basis as well as rate adequacy. The two classes that still show poor planned levels of rating are offshore energy and personal accident and we will continue to limit our top line income in these areas in recognition of this dynamic.

2022, again, produced natural catastrophe losses in excess of $100bn for the market and we now believe that this is the minimum normal level of loss expectation in a given year with five out of the last six, on an inflated basis, producing over this threshold. The market has been impacted by the Russia-Ukraine war which has not only created direct losses for the market but also increased commodity pricing, impacted

[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 2022 (CONTINUED)

supply chains and generally inflated market losses beyond normal expected levels. Ascot have felt the effects of these losses but again we are pleased to report a profit which validates the diversity into non-catastrophe classes which have helped us achieve this result.

Net written premium increased from £724.3m in 2021 to £987.7m in 2022, an increase of 36%, with a premium retention ratio of 73% for 2022 versus 69% for 2021. This is being driven by the above mentioned increases in gross premiums written whilst the exposure of the Syndicate continues to be protected with the use of an extensive reinsurance programme.

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 2022**	Year ended 31 December 2021	Variance
Current accident year		**55.6%**	50.2%	5.4%
Prior accident years	10	**4.7%**	5.4%	(0.7)%
Net loss ratio		**60.3%**	**55.6%**	**4.7%**

During 2022, the current year accident loss ratio was impacted by notable events being Hurricane Ian, gross loss of £146.8m and net £26.2m; Russia-Ukraine War, gross loss of £49.0m and net £20.6m; Mid-West Derechos, gross loss of £17.1m and net £17.1m; Winter Storm Elliott, gross loss of £15.2m and net £15.2m and Oneok Fire, gross loss of £23.7m and net £11.7m. The impact to the Syndicate result across these events was a gross loss of £251.8m and net loss of £90.8m, representing 9.8% of the current accident year ratio and demonstrating that the reinsurance programme is effective.

Excluding the above named significant losses, the remaining current accident year loss ratio for 2022 of 45.8% is higher than that of 2021, at 38.5%. Whilst an improved rating environment is being seen, claims inflation and the frequency and severity of medium and larger losses, that has prevailed for a number of years continues.

The prior accident year loss ratio is 0.7% better than 2021 at 4.7% and is being driven by a deterioration on named large and catastrophe events including - 2021 Malaysian Floods (December), 2019 Ethiopian Airlines loss, 2021 European Floods and 2020 Chesapeake Energy. The 2022 income statement impact for these events is a gross loss impact of £10.9m, £14.0m, £8.9m and £22.7m respectively, and a net deterioration of £9.1m, £6.0m, £5.1m and £4.5m respectively. The impact to the Syndicate result across these events was a gross loss of £56.5m and net loss of £24.7m, representing 2.7% of the prior accident year loss ratio of 4.7%.

Net expense ratio

	Year ended 31 December 2022	Year ended 31 December 2021	Variance
Acquisition cost ratio	**28.7%**	26.9%	1.9%
Administrative expenses ratio	**5.7%**	7.2%	(1.5)%
Net expense ratio	**34.4%**	**34.0%**	**0.4%**

Ascot's acquisition cost ratio is 1.9% higher than 2021 and is being driven by an underlying mix of business change.

2022 reflects an improvement of 1.5% in the administrative expense ratio driven by growth in net earned premiums. Whilst administrative expenses have increased from £35.3m to £44.4m, an increase of 20.5%, 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 2022 (CONTINUED)

RESULTS AND PERFORMANCE

The result for the 2022 financial year, as set out on pages 12 and 13, is a profit of £13.3m (2021: profit of £55.7m) and a combined ratio of 94.7% (2021: 89.6%). Syndicate profits have been offset by net unrealised losses on investments of £53.7m (2021: £19.3m). The latter has been driven by the continued increase in interest rates and bond yields in the US and Canada.

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 2020 year of account was closed at 31 December 2022 with a profit of £28.6m (2019 year of account closed at 31 December 2021 with a technical profit: £18.6) or 4.4% of stamp capacity of £650.0m.

FUTURE OUTLOOK

Following three years of positive rate increases for the Ascot portfolio, the outlook going into 2023 is very positive with the previously mentioned levels of technical adequacy in most classes of business. This upcoming year will see profound increases in pricing and structures in the property classes: treaty, binders and open market direct and facultative. The capital market money, which kept an artificial ceiling on pricing, has disappeared and this coupled with inflation will ensure that the supply/demand dynamic is firmly in the underwriter's favour. Whilst 2022 has been a profitable year for Ascot, we have not met our business plan targets in property classes for a few years and a rebasing of these markets was essential to see a return to potential profitability. We will take advantage of the market wide hardening and increase our premium volumes in these classes. We will see increased reinsurance costs/retentions but we are extremely confident that these can be absorbed by the former dynamics. We have experienced teams of leaders in these classes who have held back their writings in the last few years and they, therefore, have the room to grow. We are enthusiastic about the prospects for the 2023 year and will as ever direct our premium volumes towards classes that show the stronger profit potential.

It is great to see Lloyd's in a profitable place but the cost of capital is not being met in some lines of business and in these we must keep pushing pricing and conditions in the underwriter's favour. In a market that has sustained multiple catastrophe losses, seen increased severity, been impacted by the war and had to allow for heightened inflation, we must keep using these as reasons to keep pushing pricing. We need to produce a profitable environment that allows us to continue to take on our clients' volatility across multiple lines of business otherwise solutions will be unable to be found in some areas.

On 6 February 2023, Andrew Brooks, resigned from his position as AUL Board Director and Chief Executive Officer of both AUL and also Ascot Group Limited (AGL). Andrew has been with Ascot since it's inception in 2001 and is retiring from his roles within AUL but will remain a Non-Executive Director of AGL The Board of AUL would like to express their gratitude to Andrew for his many years of service and commitment to building Syndicate 1414 and AUL to be one of the best in class syndicates and managing agencies, within the Lloyd's market. Jonathan Zaffino, Ascot Group President and Chief Executive Officer, joined the Board of AUL as a director on 6 February 2023 and subject to regulatory approval will take up the position of AUL Chief Executive Officer.

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

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

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

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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. This risk is effectively the business of the Syndicate. Management of insurance risk includes a comprehensive underwriting peer review process, management information that includes aggregation management and profitability measures, independent external reserve reviews and the strict control of terms and conditions of contractual wordings to manage liabilities.

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

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

Operational risk – the risk is that the Syndicate's operations are adversely impacted from inadequate or failed internal processes, people or systems or from external events. Key risks considered here include Operational Resilience, Culture, Outsourcing, Legal and Regulatory risk and Information Security risk. The Risk Management Framework and Risk Register and Controls are key to managing these risks as well as Business Continuity plans e.g. disaster recovery sites.

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 Syndicate 1414 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.

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.

The Board recognises the importance of establishing an environmental, social and governance (ESG) philosophy that best serves our stakeholders and shareholders.

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, 2 emissions and initiated development work on scope 3 emissions. In line with our commitment to improving the transparency of our contribution to climate change, the following table summarises 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 2022 (CONTINUED)

2021-2022 greenhouse gas emission figures[4] (tonnes CO_2 equivalent)

Greenhouse Gas (GHG) Emissions	Unit	2022	2021
Scope 1 – Direct	tCO_2e	18	24
Scope 2 (location based) – Indirect	tCO_2e	113	109
Scope 2 (market based) – Indirect[5]	tCO_2e	0	0
Total (Location)	**tCO_2e**	**131**	**133**
Total (Market)	**tCO_2e**	**18**	**24**

Ascot Group had an increase in energy use and emissions compared to the previous year. This is due to Ascot expanding its office space within Lloyd's, alongside increased energy demands as employees return to pre-pandemic working patterns. The management company of 20 Fenchurch Street and the building management team at Lloyd's have undertaken a number of energy efficiency projects during the year to reduce each building’s carbon footprint and continue the transition to renewable energy.

In addition to understanding our operational carbon footprint, we have also confirmed our commitment towards a future where the insurance sector can better support global efforts in addressing climate change, through our continued alignment with the Lloyd’s market ESG principles, including reviewing our asset portfolio from an ESG focus.

As a global insurer the impact of climate change is fundamental to our business as we are witnessing a higher frequency and severity in natural catastrophes and extreme weather events. Syndicate 1414 has embedded catastrophe aggregation management principles within the infrastructure of its underwriting process which includes sensitivity analyses and scenario analyses to better understand this risk. During 2022, Ascot also implemented a responsible investment policy which sets out its approach and strategy for the support and consideration of ESG factors across our investment portfolios.

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.

The Board continues to place emphasis on ensuring diversity in its broadest sense within the Company. It is committed to maintaining diverse representation at the Board and executive level in line with targets that have been set across the Lloyd’s market, and the Board is committed to the development of diversity in senior management roles.

Governance - Ascot is committed to fostering and promoting responsible corporate governance and transparency. Strong governance practices underpin our commitment to ethics and integrity, board diversity and stakeholder engagement across all facets of the business. Oversight and discussion of ESG related items takes place across various committees in the governance framework with notable developments escalated to the Syndicate Executive, Risk Committee and ultimately, the Board. During 2022 we have worked towards putting in place sustainable procurement and underwriting policies.

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:

Mark L Pepper
Active Underwriter
Ascot Underwriting Limited
28 February 2023

[4] The emission data disclosed within this report has been supplied by CBRE Limited.
[5] Electricity for 20 Fenchurch Street supplied by Total Gas & Power; 100% renewable supplied from REGO accredited source. Electricity for Lloyd's of London supplied by Shell Energy UK for 100% renewable energy.

MANAGING AGENT'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors of the managing agency, Ascot Underwriting Limited, present their report and audited annual financial statements for the year ended 31 December 2022.

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.

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	Appointed 16 March 2022 Resigned 20 February 2023
Samuel Blaichman	Non-executive	Appointed 06 February 2023
Charles P T Cantlay		Resigned 31 January 2023
Katherine H E Chung	Non-executive	
Helen R Jones-Bak		
Edward J Lloyd	Non-executive	Resigned 17 February 2023
Aman Malik	Non-executive	
Homi P R Mullan	Non-executive	Resigned 20 February 2023
Parth Patel		
Mark L Pepper		
Paul T Taylor	Non-executive	Resigned 20 February 2023
Katy M Wilson		
Jonathan M Zaffino		Appointed 06 February 2023

A search is currently underway to recruit for the vacant non-executive director positions.

Company Secretary
Elizabeth H Guyatt

Active Underwriter

Mark L Pepper was active underwriter of Syndicate 1414 throughout 2022. 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.

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

MANAGING AGENT'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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 (2021: £nil). No donations were made for political purposes (2021: £nil). During the year service company AUH made donations for charitable purposes of £215,580 during the year (2021: £38,535), 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 2022 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
28 February 2023

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 2022 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 members' balances;
- the statement of financial position;
- the statement of cash flows; 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 operation 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 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 specific procedures performed to address them are described below:
- Estimation of pipeline premiums on delegated authority business 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.

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

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

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

28 February 2023

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022

TECHNICAL ACCOUNT – GENERAL BUSINESS	Note	2022 £'000	2021 £'000
Earned premiums, net of reinsurance			
Gross premiums written	3	1,350,246	1,043,753
Outward reinsurance premiums		(362,501)	(319,404)
Net premiums written		**987,745**	724,349
Change in the provision for unearned premiums			
Gross amount		(44,166)	(130,681)
Reinsurers' share		(17,644)	7,481
		(61,810)	(123,200)
Earned premiums, net of reinsurance		**925,935**	601,149
Allocated investment return transferred from the non-technical account		(38,934)	(7,816)
Total technical income		**887,001**	593,333
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		476,426	343,434
Reinsurers' share		(188,886)	(143,556)
Net claims paid		**287,540**	199,878
Change in the provision for claims			
Gross amount		378,492	225,524
Reinsurers' share		(107,591)	(91,185)
		270,901	134,339
Claims incurred, net of reinsurance		**558,441**	334,217
Net operating expenses	6 , 9	318,836	204,608
Total technical charges		**877,277**	538,825
Balance on the Technical Account for General Business	10	**9,724**	54,508

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
for the year ended 31 December 2022

NON-TECHNICAL ACCOUNT	Note	2022 £'000	2021 £'000
Balance on the General Business Technical Account		**9,724**	54,508
Investment income	7	17,833	13,467
Investment expenses and charges		(4,546)	(2,431)
Unrealised gains on investments		556	(6,546)
Unrealised losses on investments		(54,211)	(12,745)
Total investment return		**(40,368)**	(8,255)
Allocated investment return transferred to the general business technical account		38,934	7,816
Non-technical account - investment return		**(1,434)**	(439)
Non-technical account – profit on exchange		5,012	1,609
Profit for the period		**13,302**	55,678
Other comprehensive income – currency translation		(7,557)	(9,694)
Total comprehensive income		**5,745**	45,984

Statement of Changes in Members' Balances

	2022 £'000	2021 £'000
Members' balances at the beginning of the reporting period	**89,957**	74,899
Profit for the financial year	13,302	55,678
Other comprehensive income – currency translation	(7,557)	(9,694)
Total comprehensive income for the year	**5,745**	45,984
Distribution of (profit)/loss on closed year of account	(6,075)	49,384
Funds in Syndicate (released)	(26,743)	(81,338)
Other	2,961	1,028
Members' balances at the end of the reporting period	**65,845**	89,957

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 2022

ASSETS	Note	2022 £'000	2021 £'000
Investments			
Other financial investments	11	**989,549**	698,959
Deposits with ceding undertakings		**2,115**	4,236
Reinsurers' share of technical provisions			
Provision for unearned premiums		109,258	101,873
Claims outstanding		467,868	335,464
		577,126	437,337
Debtors			
Amounts due within one year:			
Debtors arising out of direct insurance operations		60,287	62,901
Debtors arising out of reinsurance operations		384,386	272,559
Amount due from related companies		411	1,312
Other debtors		28,216	19,280
Amounts due after more than one year:			
Debtors arising out of reinsurance operations		21,204	39,271
	12	**494,504**	395,323
Other Assets			
Cash at bank and in hand	13	8,540	32,159
Lloyd's overseas deposits		57,357	40,937
		65,897	73,096
Prepayments and accrued income			
Accrued interest and rent		5,035	3,109
Deferred acquisition costs		126,508	107,044
Other prepayments and accrued income		4,448	1,787
		135,991	111,940
TOTAL ASSETS		**2,265,182**	1,720,891

STATEMENT OF FINANCIAL POSITION (CONTINUED)
as at 31 December 2022

LIABILITIES	Note	2022 £'000	2021 £'000
Capital and reserves			
Members' balance		**65,845**	89,957
Technical provisions			
Provision for unearned premiums		548,946	450,478
Claims outstanding		1,420,340	955,353
		1,969,286	1,405,831
Creditors			
Amounts due within one year:			
Creditors arising out of direct insurance operations		9,432	5,600
Creditors arising out of reinsurance operations		200,803	159,718
Amount due to related companies		1,369	1,885
Amounts due after more than one year:			
Creditors arising out of reinsurance operations		–	41,661
	14	**211,604**	208,864
Accruals and deferred income		**18,447**	16,239
TOTAL LIABILITIES		**2,265,182**	1,720,891

The annual financial statements on pages 12 to 37 were approved at a meeting of the Board of Directors and signed on its behalf by:

Mark L Pepper
Active Underwriter
28 February 2023

Helen R Jones-Bak
Chief Financial Officer
28 February 2023

STATEMENT OF CASH FLOWS
for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Net cash flows from operating activities	15	**262,825**	189,334
Cash flows from investing activities			
Purchase of equity and debt instruments		(442,200)	(366,679)
Sale of equity and debt instruments		207,211	213,735
Investment income received		9,567	9,203
Movements in deposits with ceding undertakings		2,618	(4,236)
Net cash generated from investing activities		**(222,804)**	(147,977)
Cash flows from financing activities			
Distribution (profit)/loss		(6,075)	49,384
Profit (released) as Funds in Syndicate		(26,743)	(81,338)
Net cash used in financing activities		**(32,818)**	(31,954)
Net decrease in cash and cash equivalents		**7,203**	9,403
Cash and cash equivalents at the beginning of the year		53,623	44,967
Foreign exchange on cash and cash equivalents		4,481	(746)
Cash and cash equivalents at the end of the year		**65,307**	53,624
Cash and cash equivalents consists of:			
Cash at bank and in hand		8,540	32,159
Short term deposits with credit institutions		56,767	21,465
Cash and cash equivalents at end of year		**65,307**	53,624

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 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).

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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 inflation;
• changes in the mix of business;
• the impact of large losses; and
• movements in industry benchmarks.

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (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.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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 2022 (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 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)
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
Third-Party Liability	268,424	243,161	(121,455)	(41,784)	(28,001)	51,921
Accident & Health	10,701	10,189	(9,405)	(16,081)	5,594	(9,703)
Energy	18,260	21,789	(37,461)	(6,140)	19,172	(2,640)
Pecuniary Loss	24,511	22,569	(40,589)	(8,150)	20,697	(5,473)
Motor	–	–	(60)	133	85	158
Other	348	363	86	(54)	(36)	359
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**

Year ended 31 December 2021	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Reinsurance balance	Net technical result
				£'000s		
Direct						
Fire & Other Damage to Property	207,781	193,511	(130,254)	(50,597)	1,889	14,549
Marine	115,483	113,531	(66,228)	(31,687)	(1,751)	13,865
Transport	77,209	71,367	(19,288)	(18,526)	(14,252)	19,301
Third-Party Liability	203,954	158,624	(78,309)	(47,576)	(18,340)	14,399
Accident & Health	10,492	13,626	(12,498)	(5,977)	2,999	(1,850)
Energy	23,299	24,258	(35,677)	(6,531)	15,723	(2,227)
Pecuniary Loss	16,496	15,963	(2,722)	(5,778)	(5,460)	2,003
Motor	578	578	(808)	(581)	1,059	248
Other	564	619	139	(50)	(96)	612
Total Direct	655,856	592,077	(345,645)	(167,303)	(18,229)	60,900
Reinsurance Accepted	387,897	320,995	(223,313)	(68,176)	(28,082)	1,424
Total	1,043,753	913,072	(568,958)	(235,479)	(46,311)	62,324

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 2022 (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	**2022**	2021
	£'000	£'000
United Kingdom	1,221,661	949,867
United States of America	85,677	49,439
Bermuda	44,049	42,963
China	(1,257)	1,275
Singapore	116	209
Total gross written premium	**1,350,246**	1,043,753

Sensitivities have been run on the pipeline premium balance, a 5% reduction in pipeline premium would result in a decrease of £18.5m (2021: £15.2m) in gross written premium and a 5% increase in pipeline premiums would result in an increase of £18.5m (2021: £15.2m).

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 of risk management and capital management for Syndicate 1414 is with the AUL Board of Directors. All aspects of the risk management framework have been approved by the Board of Directors. Details of the governance of risk management are described more fully below but the key committee in the daily management of risk is the Risk Committee, which reports to the AUL Board and whose terms of reference include 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 2022 (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 the potential for expense overruns relative to pricing 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.

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'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.

In addition, there are special committees/groups that are charged with responsibilities to identify special, catastrophe 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.

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 2022 result by £130.6m (2021: £91.3m). A 10% swing in the net loss ratio would change the result by £92.6m (2021: £60.1m).

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 2022 (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 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[6]	–	–	–	–	–	600,078	**600,078**
Total credit risk	**405,419**	**306,294**	**691,936**	**74,957**	**2,675**	**783,901**	**2,265,182**

Within the unrated reinsurers' share of outstanding claims of £101.7m (2021: £83.8m), £101.6m relates to collateralised reinsurers (2021: £83.7m). Within the unrated reinsurance debtors of £3.6m (2021: £7k), £3.6m (2021: £0k) relates to collateralised reinsurers.

As at 31 December 2021	AAA	AA	A	BBB	BB & Below	Unrated	Total
				£'000s			
Shares and other variable yield securities and unit trusts	1,276	11,778	13,167	3,021	–	2,650	**31,892**
Debt securities	219,237	87,202	297,342	63,286	–	–	**667,067**
Overseas deposits	20,479	2,770	4,651	2,822	1,362	8,853	**40,937**
Deposits with ceding undertakings	–	–	4,236	–	–	–	**4,236**
Reinsurers' share of technical provisions - claims outstanding	159	72,540	178,918	–	–	83,847	**335,464**
Reinsurance debtors	–	8,216	48,587	–	–	7	**56,810**
Cash at bank and in hand	–	1,555	30,604	–	–	–	**32,159**
Insurance debtors	–	–	–	–	–	62,901	**62,901**
Other debtors	–	–	–	–	–	489,425	**489,425**
Total credit risk	**241,151**	**184,061**	**577,505**	**69,129**	**1,362**	**647,683**	**1,720,891**

[6] 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.

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 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**

At 31 December 2021	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	31,892	–	–	–	–	31,892
Debt securities	667,067	–	–	–	–	667,067
Overseas deposits	40,937	–	–	–	–	40,937
Deposits with ceding undertakings	4,236	–	–	–	–	4,236
Reinsurer' share of claims outstanding	335,464	–	–	–	–	335,464
Reinsurance debtors	56,810	–	–	–	–	56,810
Cash at bank and in hand	32,159	–	–	–	–	32,159
Insurance debtors	56,791	4,491	417	725	477	62,901
Other debtors	466,068	17,169	1,595	2,770	1,823	489,425
Total credit risk	1,691,424	21,660	2,012	3,495	2,300	1,720,891

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 £18.8m (2021: £18.0m decrease) and the impact on the result would be a decrease of £18.8m (2021: £18.0m decrease). A comparable decrease in interest rates would increase the valuation and increase the result by an estimated £19.5m (2021: £15.4m).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (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 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[7]	(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**

At 31 December 2021	GBP	USD	EUR	CAD	AUD	OTH	Total
				£'000s			
Financial investments	39,060	575,726	15,422	68,751	–	–	698,959
Overseas deposits	4,074	5,487	–	14,887	11,356	5,133	40,937
Reinsurers' share of technical provisions	24,838	369,090	26,932	16,477	–	–	437,337
Insurance and reinsurance receivables	61,627	282,062	18,702	12,340	–	–	374,731
Cash at bank and in hand	4,589	1,676	25,230	5	–	659	32,159
Other assets	28,335	90,223	10,690	7,482	20	18	136,768
Total assets	162,523	1,324,264	96,976	119,942	11,376	5,810	1,720,891
Technical provisions	(156,871)	(1,080,634)	(90,142)	(78,184)	–	–	(1,405,831)
Insurance and reinsurance payables	(19,746)	(167,234)	(12,324)	(7,572)	–	(103)	(206,979)
Other creditors	(493)	(15,863)	(1,392)	(370)	–	(6)	(18,124)
Total liabilities	(177,110)	(1,263,731)	(103,858)	(86,126)	–	(109)	(1,630,934)
Net assets/(liabilities)	(14,587)	60,533	(6,882)	33,816	11,376	5,701	89,957

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 £8.9m (2021: lower by £9.4m). Net assets would be reduced by £8.9m (2021: reduced by £9.5m).

[7] 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 2022 (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 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 analysed	**294,191**	**5,462**	**102,383**	**(43,420)**	**358,616**

At 31 December 2021	< 1 Year	1 – 2 Years	2 – 5 Years	> 5 Years	Total
			£'000s		
Other financial investments	117,162	76,218	391,850	113,729	698,959
Reinsurers' share of technical provisions - claims outstanding	108,928	106,372	85,629	34,535	335,464
Debtors arising out of direct insurance operations	62,901	–	–	–	62,901
Debtors arising out of reinsurance operations	272,559	39,271	–	–	311,830
Cash at bank and in hand	32,159	–	–	–	32,159
Overseas deposits	40,937	–	–	–	40,937
Assets analysed	634,646	221,861	477,479	148,264	1,482,250
Claims outstanding	351,687	217,099	264,940	121,627	955,353
Creditors arising out of direct insurance operations	5,600	–	–	–	5,600
Creditors arising out of reinsurance operations	159,718	41,661	–	–	201,379
Liabilities analysed	517,005	258,760	264,940	121,627	1,162,332
Net assets analysed	117,641	(36,899)	212,539	26,637	319,918

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (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	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
Estimate of gross claims						**£'000s**					
At end of reporting year	128,958	152,581	134,376	154,586	513,830	322,525	130,493	187,292	343,430	436,263	2,504,334
One year later	236,647	297,889	267,516	324,954	701,308	494,713	264,004	396,200	665,589	–	3,648,820
Two years later	248,747	313,485	292,109	337,337	695,397	516,699	302,696	436,883	–	–	3,143,353
Three years later	235,783	306,353	283,801	325,978	704,909	525,167	349,793	–	–	–	2,731,784
Four years later	230,153	333,389	290,567	329,923	717,544	518,208	–	–	–	–	2,419,784
Five years later	228,495	322,239	297,638	334,841	726,933	–	–	–	–	–	1,910,146
Six years later	221,360	320,143	299,221	338,513	–	–	–	–	–	–	1,179,237
Seven years later	224,099	321,703	297,340	–	–	–	–	–	–	–	843,142
Eight years later	226,837	322,728	–	–	–	–	–	–	–	–	549,565
Nine years later	228,461	–	–	–	–	–	–	–	–	–	228,461
At 31 December 2022	228,461	322,728	297,340	338,513	726,933	518,208	349,793	436,883	665,589	436,263	4,320,711
Less: Gross claims paid	(223,340)	(312,888)	(280,025)	(314,013)	(663,120)	(424,582)	(230,726)	(224,253)	(197,912)	(49,379)	(2,920,238)
Gross claims reserves	5,121	9,840	17,315	24,500	63,813	93,626	119,067	212,630	467,677	386,884	1,400,473
Gross claims reserves 2012 & prior											19,867
Gross reserves in balance sheet											**1,420,340**

Pure underwriting year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
Estimate of net claims						**£'000s**					
At end of reporting year	126,907	126,644	108,984	124,273	198,912	115,802	87,915	140,456	208,130	281,261	1,519,284
One year later	222,449	243,096	208,876	240,273	294,690	246,583	173,633	258,484	448,714	–	2,336,798
Two years later	229,120	245,496	221,490	249,390	297,069	283,742	191,262	271,621	–	–	1,989,190
Three years later	216,853	242,022	215,993	244,905	301,871	288,167	209,936	–	–	–	1,719,747
Four years later	211,494	247,629	219,857	247,283	308,005	290,215	–	–	–	–	1,524,483
Five years later	207,910	241,875	226,005	249,593	312,027	–	–	–	–	–	1,237,410
Six years later	204,179	240,746	226,664	252,498	–	–	–	–	–	–	924,087
Seven years later	204,325	242,025	225,893	–	–	–	–	–	–	–	672,243
Eight years later	204,267	243,338	–	–	–	–	–	–	–	–	447,605
Nine years later	204,927	–	–	–	–	–	–	–	–	–	204,927
At 31 December 2022	204,927	243,338	225,893	252,498	312,027	290,215	209,936	271,621	448,714	281,261	2,740,430
Less: Net claims paid	(201,772)	(233,795)	(209,511)	(234,864)	(258,901)	(221,277)	(124,301)	(156,480)	(130,341)	(32,653)	(1,803,895)
Net claims reserves	**3,155**	**9,543**	**16,382**	**17,634**	**53,126**	**68,938**	**85,635**	**115,141**	**318,373**	**248,608**	**936,535**
Net claims reserves 2012 & prior											15,937
Net reserves in balance sheet											**952,472**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

6. Net operating expenses

	2022 £'000	2021 £'000
Technical account:		
Acquisition costs	280,026	216,113
Change in deferred acquisition costs	(8,372)	(45,842)
	271,654	170,271
Administrative expenses	44,371	35,297
Reinsurance commissions and profit participations	(30,583)	(30,871)
Other acquisition costs	25,073	22,102
Other Lloyd's personal expenses	8,321	7,809
Total net operating expenses	**318,836**	204,608

Administration expenses include:	2022 £'000	2021 £'000
Auditor's remuneration		
-fees payable to the Syndicate's auditors for the audit of the Syndicate annual Financial Statements	300	245
-audit-related assurance services	88	96

Fees payable to Deloitte LLP for the audit of the annual accounts of AUL are £12k (2021: £11k) and for the Managing Agent's subsidiaries AIS and AUA £7k (2021: £7k) and S$0k (2021: S$45k) respectively. There were no other fees payable for the provision of other non-audit services.

Of the total acquisition costs of £280.0m (2021: £216.1m) shown above, £203.2m relates to direct business (2021: £147.6m).

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

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

7. Investment Income

	2022 £'000	2021 £'000
From financial instruments designated as at fair value through profit or loss	15,866	11,588
Interest on cash at bank	1,183	(2)
Other interest and similar income	414	414
Realised gains on investments	370	1,467
Net investment income	**17,833**	13,467

Investment income of £0.2m (2021: £3.2m) arising from Funds in Syndicate has been included in the above amounts. The investment income arising from Funds in Syndicate have not been transferred to the technical account.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

8. Staff costs

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

	2022 £'000	2021 £'000
Salaries and related costs	24,994	19,129
Social security costs	3,060	2,252
Other pension costs	1,725	1,375
	29,779	22,756

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:

	2022 No.	2021 No.
Underwriting	103	83
Operations, Administration and IT	64	55
Claims	11	9
Executive management	7	7
Finance	20	16
Corporate	5	4
Risk management	32	26
Compliance	28	24
	270	**224**

9. Emoluments of the directors of Ascot Underwriting Limited

The directors of AUL, including the active underwriter, received the following aggregate remuneration, of which £854k (2021: £752k) was charged to the Syndicate.

	2022 £'000	2021 £'000
Directors' remuneration	**1,566**	1,378

The active underwriter and the highest paid director, received the following remuneration which was charged to the syndicate:

	2022 £'000	2021 £'000
Remuneration of active underwriter	**177**	129
Remuneration of highest paid director	**259**	267

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

The profit on the technical account of £9.7m (2021: profit £54.5m) includes a run-off deficit of £43.9m for prior accident years (2021: £32.2m deficit). This included a deficit of £40.4m for reinsurance acceptance business and a deficit of £3.5m on direct business (2021: deficit of £23.1m for reinsurance acceptance business and a deficit of £9.1m on direct business).

11. Other financial investments

Total investments of the Syndicate, amounting to £989.5m (2021: £699.0m), are held under the terms of Lloyd's Premium Trust Deeds. Under the terms of the deeds these assets are held as security for obligations to policyholders and amounts may only be released under certain limited circumstances. £0.0m (2021: £25.2m) of the market value of the investments relates to Funds in Syndicate used by Ascot Corporate Name Limited to meet its Funds at Lloyd's requirements (see Note 19). Other investments comprise asset-backed securities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Investments, all of which are listed apart from US Treasuries with market value £144.2m (2021: £48.1m) and included within Debt securities and other fixed income securities are analysed below:

	2022 £'000	2021 £'000
Market value		
Shares and other variable-yield securities and units in unit trusts	66,207	31,892
Debt securities and other fixed-income securities:		
Held at fair value through profit or loss	923,342	667,067
	989,549	698,959
Cost		
Shares and other variable-yield securities and units in unit trusts	55,208	31,892
Debt securities and other fixed-income securities		
Held at fair value through profit or loss	988,389	674,358
	1,043,597	706,250

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, which is less than 10% of total premium income. There have been three loans made by the Syndicate to date with an aggregate face value of £11.0m (2021: £11.0m) [fair value of £9.8m (2021: £10.7m)]; each of the three loans is for a minimum term of five years and pays interest on an annual basis.

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 the financial asset 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 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 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**

As at 31 December 2021	Level 1	Level 2	Level 3	Total
		£'000s		
Shares and other variable yield securities and units in unit trusts	21,198	–	10,694	**31,892**
Debt securities and other fixed income securities	48,070	618,997	–	**667,067**
Overseas deposits	8,799	32,138	–	**40,937**
Total	**78,067**	**651,135**	**10,694**	**739,896**

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).

	2022 **£'000**	2021 £'000
Amounts due within one year:		
Debtors arising out of direct insurance operations	60,287	62,901
Debtors arising out of reinsurance operations	384,386	272,558
Amount due from related companies	411	1,312
Other debtors	28,216	19,280
Amounts due after more than one year:		
Debtors arising out of reinsurance operations	21,204	39,272
Total debtors due	494,504	395,323

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

	2022 **£'000**	2021 £'000
Syndicate premium trust funds	8,540	32,159

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

	2022 **£'000**	2021 £'000
Amounts due within one year:		
Creditors arising out of direct insurance operations	9,432	5,600
Creditors arising out of reinsurance operations	200,803	159,718
Amounts owed to related companies	1,369	1,885
Amounts due after more than one year:		
Creditors arising out of reinsurance operations	–	41,661
	211,604	208,864

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 2022 (CONTINUED)

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

	2022 £'000	2021 £'000
Profit for the period	13,303	55,678
Increase in gross technical provisions	398,584	355,148
(Increase) in reinsurers' share of gross technical provisions	(88,500)	(97,663)
(Increase) in debtors	(63,742)	(87,353)
(Decrease) in creditors	(21,451)	(23,763)
Movement in other assets/liabilities	(11,534)	(13,344)
Removal of investment return	40,368	8,255
Foreign exchange	(4,203)	(7,624)
Net cash generated from operating activities	**262,825**	189,334

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

	2022 £'000	2021 £'000
Net cash (outflow)/inflow for the year	(27,391)	24,288
Cash flow arising from movement in:		
Overseas deposits	11,619	6,128
Portfolio investments	208,619	126,041
Movement arising from cash flows	**192,847**	**156,457**
Changes in market value and exchange rates	90,544	5,967
Total movement in portfolio investments	**283,391**	**162,424**
Total portfolio at 1 January	**772,055**	**609,631**
Total portfolio at 31 December	**1,055,446**	**772,055**

17. Movements in cash, portfolio investments and financing

	At 1 January 2022	**Cash Flow**	**Changes to market value & currencies**	**At 31 December 2022**
		£'000s		
Cash at bank	32,159	(27,391)	3,772	8,540
Overseas deposits	40,937	11,619	4,801	57,357
Portfolio investments:				
Shares and other variable-yield securities and units in unit trusts	31,892	30,575	3,740	66,207
Debt securities and other fixed-income securities	667,067	178,044	78,231	923,342
Total portfolio investments	**698,959**	**208,619**	**81,971**	**989,549**
Total cash, portfolio investments and financing	**772,055**	**192,847**	**90,544**	**1,055,446**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

18. Net cash outflow on portfolio investments

	2022 £'000	2021 £'000
Sale of shares and other variable yield securities	3,762	24,718
Purchase of shares and other variable yield securities	(34,337)	(15,363)
Sale of debt securities and other fixed income securities	177,088	88,806
Purchase of debt securities and other fixed income securities	(355,132)	(224,202)
Net cash outflow on portfolio investments	**(208,619)**	(126,041)

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 £1,080 (2021: £952); cash and securities provided by fellow group companies to the value of US$441.7m [£367.2m] (2021: US$470.9m [£347.6m]); Funds in Syndicate (FIS) to the value of US$0.0m [£0.0m] (2021: US$34.1m [£25.2m]) and a Letter of Credit to the value of US$250.0m [£207.8m] (2021: US$250.0m [£184.6m]). 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

	2022			2021		
	Gross £'000	RI £'000	Net £'000	Gross £'000	RI £'000	Net £'000
At 1 January						
Unearned premium net of deferred acquisition costs	343,434	(101,873)	241,561	251,347	(94,883)	156,464
Notified claims	484,183	(173,457)	310,726	424,188	(140,531)	283,657
Incurred but not reported	471,170	(162,007)	309,163	298,225	(100,967)	197,258
Total at 1 January	**1,298,787**	**(437,337)**	**861,450**	**973,760**	**(336,381)**	**637,379**
Cash paid for claims settled in year	(476,426)	188,887	(287,539)	(343,434)	143,556	(199,878)
Movement in provisions in year	854,918	(296,478)	558,440	568,958	(234,742)	334,216
Unearned premium net of deferred acquisition costs	79,004	(7,385)	71,619	92,087	(6,990)	85,097
Net exchange differences	86,495	(24,813)	61,682	7,416	(2,780)	4,636
Total at 31 December	**1,842,778**	**(577,126)**	**1,265,652**	**1,298,787**	**(437,337)**	**861,450**
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 31 December	**1,842,778**	**(577,126)**	**1,265,652**	**1,298,787**	**(437,337)**	**861,450**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (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 £7,746 to the Syndicate for 2022 (2021: £20,189) the fee is equal to the actual expenses relating to the introduction of business to Syndicate 1414, plus a mark-up of 5.0% (2021: 5.0%). At 31 December 2022, the insurance balance owed by AIS to Syndicate 1414 was £8,515,345 (2021: £5,679,037), and the non-insurance balance due from AIS was £4,690 (2021: due to AIS £645).

Ethos Speciality Insurance Services LLC (ESI) is a coverholder of Syndicate 1414 and is remunerated by coverholder fees with the amount charged of £29,145,929 in 2022 (2021: £13,338,848). At 31 December 2022 the amount due to ESI was £8,274,725 (2021: £11,758,804).

Expenses totalling £44,812,843 (2021: £34,132,736) and £1,934,839 (2021: £2,297,715) were recharged from Ascot Underwriting Holdings Limited (AUH) and Ascot Group Limited (AGL) to the Syndicate respectively. At 31 December 2022 the amount due to AUH was £333,035 (2021: due from £1,312,143) and due from AGL £0 (2021: £0).

Syndicate 1414 paid expenses on behalf of ACNL during the year. At 31 December 2022 the amount due from ACNL was £406,637 (2021: £0).

Further, expenses of £243,866 (2021: £301,946) were recharged from Ascot US Services Company (USC) to the Syndicate. At 31 December 2022 the amount due to USC was £0 (2021: £6,229).

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% (2021: 12.5%) of gross written premiums for the 2022 underwriting year and amounted to £9,004,629 (2021: £6,271,840) and £4,506,391 (2021: £5,328,366) respectively for all underwriting years combined at year-end. Expenses totalling £0 (2021: £71,743) were recharged from AUI to the Syndicate. At 31 December 2022 the amount due to AUI was £839,842 (2021: £1,609,165) and the amount due to AUB was £196,284 (2021: £258,873).

AUA was wound up on 5 December 2022 but prior to this charged a coverholder fee to the Syndicate based on actual expenses plus a 5.0% (2021: 5.0%) mark-up; for 2022 this fee amounted to £12,988 (2021: £104,976). At 31 December 2022 the amount due to AUA was £0 (2021: due to AUA £6,079).

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 2022 was £121,965 (2021: £12,543,823), and amount payable at the balance sheet date was £13,082,595 (2021: £24,754,190 payable). In addition, the Syndicate has a specific quota share over XL polices, ceding to ABL with the amount in 2022 being £5,629,329 (2021: £5,524,159). The amount payable at the balance sheet date was £5,471,622 (2021: £3,925,050). ABL paid expenses in the year of £1,186,904 (2021: £1,768,320) recharging these back to the Syndicate with the amount payable at the balance sheet date being £0 (2021: £3,704). 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 2022 of £0.7m [US$0.8m] and £366.5m [US$440.9m] respectively (2021: £0.4m [US$0.5m] and £347.2m [US$470.4m]).

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.