

Assured Guaranty Finance Overseas Ltd.

Registered Number: 4031467

Annual report and financial statements

For the year ended 31 December 2022

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Assured Guaranty Finance Overseas Ltd.
Registered in England No. 4031467

Company Information

Directors

Dominic Nathan
Richard Nicholas
Nicholas Proud

Company secretary

Sandali Harvey
Joanne Merrick

Registered office

6 Bevis Marks
London
EC3A 7BA

Independent auditors

Deloitte LLP
2 New Street Square
London
England
EC4A 3BZ

Strategic report for the year ended 31 December 2022

The directors present their strategic report for Assured Guaranty Finance Overseas Ltd. (the "Company") for the year ended 31 December 2022.

Principal activities

The principal activity of the Company is to introduce financial guarantee transactions to certain operating subsidiaries of Assured Guaranty Ltd. ("AGL"). The Company is authorised and regulated by the Financial Conduct Authority ("FCA") under Part IV of the Financial Services and Markets Act 2000 to conduct the business of advising on investments, arranging deals in investments, making arrangements with a view to transactions in investments, and to carry on business as an insurance intermediary.

The Company's target transactions are public finance (including infrastructure finance) and structured finance obligations in the United Kingdom ("UK"), which are co-insured by Assured Guaranty Municipal Corp. ("AGM") in respect of public finance or Assured Guaranty Corp. ("AGC") in respect of structured finance, together with Assured Guaranty UK Limited ("AGUK"). AGM is an affiliated insurance company domiciled in the state of New York, United States of America ("US"). AGC is an affiliated insurance company domiciled in the state of Maryland, US.

Historically the Company's business had been to arrange credit derivative transactions between European counterparties and AG Financial Products Inc. ("AG FP"), an affiliated derivatives counterparty organised under the laws of the State of Delaware, United States of America. The Company has not arranged any transactions for AG FP since 2008.

The Company is not authorised as an insurer and does not participate in the transactions it arranges or places, and may not hold funds on behalf of its customers. The Company's role is limited to acting as an introducer of business to AGM and AGC. Additionally, the Company is also responsible for the provision of certain facilities services to other subsidiaries of AGL. The fee income received by the Company is based on a mark-up of overhead expenses incurred by the Company.

The Company is a wholly owned subsidiary of Assured Guaranty UK Holdings Limited ("AGUKH"), a company incorporated and registered in England and Wales.

Business review

The Company's profit for the financial year is £54,000 (2021: profit of £3,000). The Company's turnover for the financial year is £6.4 million (2021: turnover of £5.0 million). The increase in turnover during the year is due to an increase in new business activity.

The Company's debtors and creditors are predominately with fellow group companies and are settled in UK pounds sterling and US dollars. At the balance sheet date the Company had net assets of £2.7 million (2021: £2.6 million), including cash of £1.1 million (2021: £1.5 million).

The Board does not monitor the performance and position of the Company by reference to any other Key Performance Indicators.

Strategy and future outlook

The Company continues to develop its pipeline of new business opportunities. In the UK the Company continues to build upon the demand for AGM's financing solutions within the public finance and essential infrastructure markets, including roads, airports, ports, social infrastructure, student accommodation and other physical assets delivering essential services. The Company is targeting growth in new business volumes and will look to further develop its presence in structured finance markets, as well as evaluating opportunities in new public finance sectors and markets.

The Company will also continue with the provision of facilities services to fellow AGL Group companies.

Principal risks and uncertainties

The Company is not exposed to financial risk through financial investments as the Company's financial assets comprise cash deposits and an immaterial investment in group undertakings. The Company carefully manages its assets to ensure there are sufficient resources to fund the Company's obligations as they fall due.

Strategic report for the year ended 31 December 2022 (continued)

Currency risk

The Company is exposed to currency risk in respect of liabilities to fellow group companies denominated in currencies other than UK pound sterling. The US dollar is the most significant currency to which the Company is exposed. The Company manages this exposure by seeking to promptly settle these liabilities.

Liquidity risk

The Company monitors liquidity in order to ensure that the Company has sufficient available funds for operations. The financial resources of the Company are held in cash deposits and hence are available to meet the liabilities of the Company as they fall due.

Stakeholder engagement

The directors of the Company must act in accordance with a set of general duties. These duties are detailed in Section 172 of the UK Companies Act 2006, which is summarised as follows:

“A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company’s employees;
- the need to foster the Company’s business relationships with suppliers, customers and others;
- the impact of the Company’s operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.”

As part of their induction, the directors are briefed on their duties and they can access professional advice on these, either through the Company or, if they judge it necessary, from an independent provider. The Board is responsible for leading, directing and promoting the long-term success of the Company, taking into account the interests of the Company and its stakeholders. To discharge this responsibility, the Board has established frameworks for governance, risk management and internal control.

The Company's Board works closely with Board members of certain AGL operating subsidiaries, primarily AGUK and AGM, to review the Company's strategy in respect of the business plans of the AGL operating subsidiaries to which the Company introduces financial guarantee transactions. All of the Company's directors are also on the Board of AGUK. In making decisions concerning the future strategy, the Board has regard to a variety of matters including the interests of various stakeholders, the consequences of its decisions in the long term and its long-term reputation.

The following summarises how the directors have fulfilled their duties with respect to specific stakeholders.

Shareholder

AGUKH is the sole shareholder of the Company. Representatives of AGUKH are also directors of the Company which ensures that strategies and objectives are well understood by the shareholder and, where appropriate, aligned to those of the external shareholders of AGL, the Company's ultimate parent.

Customers

The Company's customers are certain operating subsidiaries of AGL, including AGM and AGC. The Company aims to continue to introduce financial guarantee transactions in the essential infrastructure and structured finance markets. The Company does not have any customers outside of the Assured Guaranty group of companies.

Strategic report for the year ended 31 December 2022 (continued)

Regulators

The Board is committed to working constructively with regulators and recognises the importance of engagement to meeting regulatory expectations. The Board and Senior management oversee compliance with regulatory requirements.

Employees

The Company does not have any employees.

Suppliers

The Company has a supplier management policy which dictates that all suppliers must adhere to the Company's high ethical standards and aims to treat all suppliers fairly. During the year, the Company utilised the supplier approval process set out in the supplier management policy to assess all new suppliers. Existing suppliers were also periodically reviewed to ensure that they continued to meet the requirements of the supplier management policy.

Impact of the Company's operations on the community and environment

As an introducer of financial guarantee transactions, the Company plays a valuable role in lowering the financing cost of essential infrastructure projects which benefit communities within the UK, including hospitals, roads, airports, social housing, universities and utilities. The Company also believes that these products have an important role to play in helping to finance the infrastructure improvements, renewable energy generation and new technologies required to prepare for, and mitigate the impacts of, climate change-related events.

AGFOL's ultimate parent, AGL, has implemented policies and procedures on environmental responsibility which apply to AGFOL's operations. AGL's statements on Environmental Policy, Climate Change, and Environmental Stewardship can be found in the "Environmental and Social Responsibility" subsection of AGL's website (www.assuredguaranty.com/about-us/environmental-and-social-responsibility).

Approved by the Board of Directors on 25 April 2023 and signed on its behalf by:



Richard Nicholas
Director
25 April 2023

Directors' report for the year ended 31 December 2022

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

Future developments

The likely future developments for the Company are discussed within the strategic report.

Dividends

The directors do not recommend the payment of a dividend (2021: no dividends recommended).

Financial instruments

The Company's financial assets are solely cash deposits and an immaterial investment in group undertakings as described in note 8 to the financial statements.

Directors

The directors of the Company who were in office during the year or up to the date of the signing of the financial statements were:

Dominic Nathan
Richard Nicholas
Nicholas Proud

Qualifying third party indemnity provisions

The Company's articles of association include a qualifying third-party indemnity provision for the benefit of the members of the Board of Directors of the Company.

Post balance sheet events

During March 2023, several regional US banks collapsed, leading to a broader loss of confidence in the banking sector, and in Europe, following financial difficulties, Credit Suisse was acquired by UBS. The Company is satisfied that these events do not have a material impact on its financial position, financial results or its operations.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland." Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' report for the year ended 31 December 2022 (continued)

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

The directors are responsible for the maintenance and integrity of the Company's financial statements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

Each of the persons who is a director at the date of this report confirms that:

- 1) so far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2022 of which the auditors are unaware; and
- 2) they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, Deloitte LLP, have indicated their willingness to continue in office. A resolution concerning their reappointment was approved at the meeting of the Company's Board of Directors on 25 April 2023.

Information included in strategic report

In accordance with section 414C(11) of the Companies Act, the Company has chosen to set out the following information in the strategic report, which would otherwise be required to be disclosed within the directors' report:

- Future Developments; and
- Statement of engagement with suppliers, customers and others in a business relationship with the Company.

Approved by the Board of Directors on 25 April 2023 and signed for on its behalf by:



Richard Nicholas
Director
25 April 2023

Independent auditor's report to the members of Assured Guaranty Finance Overseas Ltd

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Assured Guaranty Finance Overseas Ltd (the 'company'):

- give a true and fair view of the state of the company'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 Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss account;
- the Balance Sheet;
- the Statement of changes in equity; and
- the related notes 1 to 14.

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

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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 directors' 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the 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 in the financial statements 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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 company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification

and assessment of the risks of irregularities including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company 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. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Company's operating license and those imposed by the Financial Conduct Authority ('FCA').

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management 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 and reviewing correspondence with the Financial Conduct Authority ('FCA').

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Claire Clough (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
25 April 2023

Assured Guaranty Finance Overseas Ltd.
Registered in England No. 4031467

Profit and loss account for the year ended 31 December 2022

	<i>Note</i>	2022 £'000	2021 £'000
Turnover		6,363	4,985
Administrative expenses		(6,309)	(4,982)
Profit before taxation		54	3
Tax on profit on ordinary activities	9	—	—
Profit for the financial year		54	3

The notes on pages 15 to 19 form part of the financial statements.

All of the results set out are derived from continuing activities.

The Company has no material recognised gains and losses other than the profit above and therefore no separate statement of comprehensive income is presented.

Assured Guaranty Finance Overseas Ltd.
Registered in England No. 4031467

Balance sheet as at 31 December 2022

	<i>Note</i>	2022 £'000	2021 £'000
Investments			
Investment in group undertakings	8	40	40
Current assets			
Debtors	10	4,769	3,690
Cash at bank and in hand		1,124	1,500
Total assets		5,933	5,230
Creditors: amounts falling due within one year	11	(3,280)	(2,631)
Net assets		2,653	2,599
Capital and reserves			
Called up share capital	12	200	200
Capital contribution reserve		59	59
Profit and loss account		2,394	2,340
Total shareholder's funds		2,653	2,599

The notes on pages 15 to 19 form part of the financial statements.

The financial statements on pages 12 to 19 were approved by the Board of Directors on 25 April 2023 and were signed on its behalf by:



Richard Nicholas
Director

Assured Guaranty Finance Overseas Ltd.
Registered in England No. 4031467

Statement of changes in equity for the year ended 31 December 2022

	Called up Share capital	Capital contribution reserve	Profit and loss account	Total shareholder's funds
	£'000	£'000	£'000	£'000
Balance as at 1 January 2021	200	59	2,337	2,596
Profit for the financial year	—	—	3	3
Balance as at 31 December 2021	200	59	2,340	2,599
Profit for the financial year	—	—	54	54
Balance as at 31 December 2022	200	59	2,394	2,653

The capital contribution reserve reflects the parent company's contribution of a 1% holding in Assured Investment Management (London) LLP to the Company.

Notes to the financial statements for the year ended 31 December 2022

1. General information

Assured Guaranty Finance Overseas Ltd. (the "Company"), is a wholly owned subsidiary of Assured Guaranty UK Holdings Ltd. ("AGUKH"). The Company is authorised and regulated by the Financial Conduct Authority ("FCA") under Part IV of the Financial Services and Markets Act 2000 to conduct the business of advising on investments, arranging deals in investments, making arrangements with a view to transactions in investments, and to carry on business as an insurance intermediary.

The Company is a private company limited by shares and incorporated and domiciled in England. The Company's registered office is, 6 Bevis Marks, London EC3A 7BA.

2. Statement of compliance

The financial statements of Assured Guaranty Finance Overseas Ltd. 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 Republic of Ireland, ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

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

a) Basis of preparation

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements based on the Company's service fee income and capitalisation. The directors have also concluded that there are no material uncertainties that could cast significant doubt over the Company's ability to continue as a going concern which should be disclosed.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also sometimes requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no material areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements and as such separate disclosure on critical accounting judgement and estimation is not presented.

b) Turnover

Turnover is comprised of service fee income from the provision of insurance intermediary services and the provision of facilities services to certain Assured Guaranty Ltd. ("AGL") operating subsidiaries. The service fee income due to the Company for these services is equal to the cost of the Company's direct expenses plus a 10% mark up.

c) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated at the rate of exchange ruling at that date. All differences are recorded within the profit and loss account.

d) Administrative expenses

Administrative expenses are recognised and accrued as incurred. They are comprised of operational expenses paid by the Company.

e) Taxation

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3. Summary of significant accounting policies (continued)

Deferred taxation

A deferred tax asset or liability is recognised if transactions have occurred at the balance sheet date that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future. Deferred tax is measured using tax rates that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are not discounted.

f) Debtors and creditors

Debtors comprise service fee income due from AGL operating subsidiaries at the balance sheet date. Creditors comprise administrative expenses due to third parties and certain other AGL operating subsidiaries.

These amounts are recognised without any deductions and are not discounted.

g) Investments in group undertakings

The Company's policy is to measure investments in group undertakings at cost less accumulated impairment losses.

h) Exemptions for qualifying entities under FRS 102

FRS 102, paragraph 1.2 allows a qualifying entity certain exemptions. The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company includes the Company's cash flows in its own consolidated financial statements; and
- (ii) from disclosing related party transactions on the basis the transactions are with related parties which are wholly owned within the same group.

4. Directors' emoluments

The Company did not have any employees during the year (2021: nil). The directors of the Company are employees of Assured Guaranty UK Services ("AGUKS"). In consideration for their services, management fees were levied on the Company by AGUKS. Amounts paid by AGUKS and by the Company to the directors in respect of their services to the Company are summarised below.

	2022	2021
	£'000	£'000
Aggregate remuneration	1,041	939
Aggregate amounts (excluding share options) receivable under long-term incentive plans of the ultimate parent company, AGL	608	429
	<u>1,649</u>	<u>1,368</u>

Share options

No directors (2021: no directors) exercised share options in the parent's shares during the year.

Long-term incentive scheme

Three directors (2021: three director) received shares (or had shares receivable) under a long-term incentive scheme. £608,000 (2021: £429,000) was paid to or receivable by directors under a long-term incentive scheme.

Pension contributions

There is one director to whom retirement benefits are accruing under money purchase schemes (2021: one director). The company paid £1,000 (2021: £1,000) to a money purchase scheme in respect of directors qualifying services.

Assured Guaranty Finance Overseas Ltd.
Registered in England No. 4031467

4. Directors' emoluments (continued)

There are no other assets (2021: £nil) (other than money and shares) received or receivable by directors in respect of their services to the Company.

Highest paid director

The highest paid director's emoluments were as follows:

	2022 £'000	2021 £'000
Aggregate remuneration and benefits under long-term incentive schemes (excluding share options)	840	691
Company pension contributions to money purchase scheme	—	—
	<u>840</u>	<u>691</u>

The highest paid director did not exercise any share options in 2022 (2021: no shares exercised) and is accruing benefits under a long-term incentive scheme in 2022 and 2021.

The Company's key management are the Company's directors.

5. Employees

The Company did not have any employees during the year (2021: nil). Both AGUKS and Assured Guaranty US Group Services Inc ("AGSRV") provide certain services including the services of operational and management personnel employed by AGUKS and AGSRV to a number of companies within the AGL group, including the Company. In consideration for this service, management service fees were levied on the Company by AGUKS and by AGSRV.

6. Profit before taxation

	2022 £'000	2021 £'000
Profit before taxation is stated after crediting / (charging):		
Foreign exchange gain / (loss)	11	(30)

7. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2022 £'000	2021 £'000
Fees payable to the Company's auditors for the audit of the Company's financial statements	32	28
Fees payable to the Company's auditors for compliance services	9	8
	<u>41</u>	<u>36</u>

Included in the table above is £13,000 (2021: £8,000) that the Company will pay to the auditors in respect of audit fees incurred on behalf of its immediate parent, AGUKH.

8. Investment in group undertakings

Following a group reorganisation, on 31 August 2020 ownership of the Company was transferred from AGL to AGUKH. At the same date, AGUKH contributed a 1% holding in Assured Investment Management (London) LLP to the Company. The Company's policy is to measure investments in group undertakings at cost less accumulated impairment losses. The recorded cost of the investment is based on its fair value as at the date of contribution to the Company.

9. Tax on profit on ordinary activities

	2022	2021
	£'000	£'000
UK corporation tax (charge) / credit		
Adjustments in respect of prior periods	—	—
Tax on profit	—	—

The tax assessed in the year is lower (2021: lower) than the standard rate of corporation tax in the UK, 19% (2021: 19%). The differences are explained below:

	2022	2021
	£'000	£'000
Profit before taxation	54	3
Profit multiplied by standard rate of corporation tax in the UK 19% (2021: 19%)	10	—
<i>Effects of:</i>		
Expenses not deductible for tax purposes	32	9
Group relief benefit	(42)	(9)
Adjustments in respect of prior periods	—	—
Tax income / (expense) for the year	—	—

The Company does not have any deferred tax assets or liabilities (2021: nil). Finance No. 2 Bill 2021 will increase the corporation tax rate to 25% from 1 April 2023.

10. Debtors

	2022	2021
	£'000	£'000
Amounts owed by group undertakings	4,754	3,609
Other debtors	15	81
	4,769	3,690

Amounts owed by group undertakings are unsecured, interest free and receivable on demand.

11. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Amounts owed to group undertakings	3,232	2,595
Accruals	48	36
	3,280	2,631

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

12. Called up share capital

	2022	2021
	£'000	£'000
Authorised		
10,000,000 (2021: 10,000,000) ordinary shares of £1 each	10,000	10,000
Allotted and fully paid		
200,001 (2021: 200,001) ordinary shares of £1 each	200	200

13. Ultimate and immediate parent company

The immediate parent undertaking of the Company is AGUKH, a company incorporated and registered in England and Wales. The ultimate parent undertaking and controlling party of the Company is AGL, a Bermuda incorporated insurance holding company.

AGL is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2022. The consolidated financial statements of AGL can be obtained from 30 Woodbourne Avenue, Hamilton HM 08, Bermuda or on the ultimate parent's website www.assuredguaranty.com.

14. Events after the balance sheet date

During March 2023, several regional US banks collapsed, leading to a broader loss of confidence in the banking sector, and in Europe, following financial difficulties, Credit Suisse was acquired by UBS. The Company is satisfied that these events do not have a material impact on its financial position, financial results or its operations.