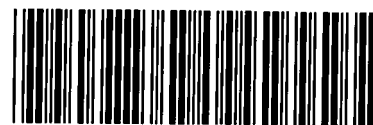


ASPEN INSURANCE UK SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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THE COMPANY

Directors

Christopher O’Kane
Helen Rose
Michael Cain

Secretary

Helen Lipscomb

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Registered Office

30 Fenchurch Street
London
EC3M 3BD

Registered in England No: 4270446

Legal Advisors

Willkie Farr & Gallagher LLP
City Point
1 Ropemaker Street
London
EC2V 9HT

STRATEGIC REPORT

Overview

Aspen Insurance UK Services Limited (“the Company”) has, throughout the year, continued to act as a service company for the following entities within the Aspen group (together referred to as “the group companies”):

- Aspen Insurance UK Limited (“AIUK”);
- Aspen Underwriting Limited (“AUL”);
- Aspen Managing Agency Limited (“AMAL”);
- Aspen Risk Management Limited (“ARML”); and
- Aspen Lloyd’s Syndicate 4711.

The Company administers and provides services and employs staff used by the group companies, except for ARML. All services and expenses are paid for by the Company and then recharged to the group companies. The Company’s activities are not expected to change in the foreseeable future.

Activities during 2017

The Company is a service company and the principal activities of the Company reported in these financial statements are:

- payment of salaries and related expenses for all staff employed by the Company and working for the benefit of the group companies; and
- payment of operating expenses incurred by the group companies. A processing service fee is charged on services (excluding staff related costs) provided to the group companies in addition to the cost of the services.

On April 1, 2017, the Company purchased tangible assets from AIUK, a fellow group subsidiary, at a value of \$50,531,000. This was funded by a 10-year intercompany loan facility issued by AIUK. The financial performance and position of the Company is explained in the Directors’ Report, set out on page 4.

Principal Risks and Uncertainties

The Company’s business is the provision of administrative and other services to the group companies. The Company has in place a risk management process which is appropriate to the relatively low risks of the Company and is in accordance with the Aspen Group Internal and Risk Management Framework. The main risks are defined as follows:

- Liquidity Risk - the risk that the Company is unable to make payment particularly to suppliers when required. This will be reduced through funding from fellow group companies as and when needed;
- Operational Risk - the risk of loss arising from inadequate or failed internal processes, personnel or systems or from external events. These operational risks are managed by the Aspen group at the level of the entities that use the service company. The Group Risk Management Team have worked with key members of management within those entities and identified operation risks and their related risk assessments, owners and identified controls in a separate operational Risk Register for each of those entities. This includes operational risks relating to processes undertaken by the service company; and
- Market Risk - the risk of variation in the fair value of derivative contracts including the effect of changes in foreign currency exchange rates.

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is the provision of administrative and other services to the group companies. The Company also acts as the employer of all staff used by the group companies, except ARML. A review of the business and future prospects of the Company is contained within the Strategic Report on page 3.

RESULTS AND DIVIDENDS

The results for the year are set out in the accompanying Income Statement on page 9. The net loss for the year before tax was \$2,135,000 (2016: profit \$16,807,000) and the net asset position of the Company is \$20,426,000 (2016: \$19,207,000). The directors regard the current state of affairs of the Company and its future prospects as satisfactory.

No dividends were declared or paid in the year (2016: \$Nil) to Aspen (UK) Holdings Limited, the Company's immediate parent company.

SHARE CAPITAL

The authorised share capital of the Company is 1 ordinary share of £1.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the Company at the date of this report are set out on page 2. Changes in directors during 2017 and up to the date of this report are as follows:

	Date of appointment
Michael Cain	19 April 2017

COMPANY SECRETARY

The Secretary of the Company at the date of this report is set out on page 2.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, as far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has maintained insurance to cover directors' and officers' liability as defined by section 236 of the Companies Act 2006.

FINANCIAL RISK MANAGEMENT

The Company's business is the provision of administrative and other services to the group companies. The Company has in place a risk management process which is appropriate to the relatively low risks of the Company and is in accordance with the Aspen Group Risk Management Framework. This is explained in more detail in the Strategic Report on page 3.

EMPLOYEES

The Company encourages its employees to develop their full potential by providing opportunities for training and professional development. Such opportunities, as well as career development and promotion, are equally available to disabled employees, whether newly recruited or existing employees who become disabled whilst in the Company's employment.

The Company's equal opportunities policy aims to ensure that no potential or existing employee receives less favourable treatment because of his/her sex, actual or perceived sexual orientation, gender (including gender reassignment), marital or family state, age, ethnic origin, disability, race, colour, nationality, national origin, creed, political affiliation, part-time status, or any other condition, unless it can be shown to be legally justifiable. Copies of the Company's policies are available on the Company's website or on request.

During the year the average number of staff employed was 721 (2016: 751). The number of staff employed at the year end was 755 (2016: 800).

SUPPLIER PAYMENT POLICY

During the financial year the Company has followed standard payment terms and conditions for the Company's suppliers. Copies of the conditions can be obtained from the registered office of the Company.

GOING CONCERN

The Directors confirm that they are satisfied that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to apply the going concern basis in the preparation of these financial statements.

DONATIONS

The Company made no charitable or political donations during the year (2016: \$nil).

FUTURE DEVELOPMENTS

The directors confirm that the Company will continue to administer and provide services and employs staff used by the group companies, except for ARML. All services and expenses are paid for by the Company and then recharged to the group companies. The Company's activities are not expected to change in the foreseeable future.

EVENTS SINCE THE REPORTING DATE

On 20 April 2018, Aspen Insurance UK Services Limited, Aspen Insurance U.S. Services, Inc. and Aspen Bermuda Limited entered into an Outsourcing Agreement (the "Agreement") with Genpact International, Inc., a company incorporated in Delaware, United States ("Genpact"). Pursuant to the Agreement, Genpact will provide the Company with a range of operational business processes, primarily from their offshore service center in Gurgaon, India, to enable Aspen to deliver greater operating effectiveness and efficiencies. The Agreement is effective 1 April 2018 and shall have an initial term of five years. Aspen has the right to extend the Agreement for three additional one year terms.

By Order of the Board



Helen Rose

Director

8 August 2018

Registered in England No: 4270446

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPEN INSURANCE UK SERVICES LIMITED

Opinion

We have audited the financial statements of Aspen Insurance UK Services Limited for the year ended 31 December 2017 which comprise the Income Statement, Statement of Other Comprehensive Income, Statement of Changes in Equity, Balance Sheet and related notes, including the accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you 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 or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

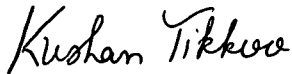
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Kushan Tikkoo (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square London

E14 5GL

8 August 2018

INCOME STATEMENT

	Notes	For the year ended 31 December	
		2017	2016
		\$'000	\$'000
Turnover		253,100	217,312
Operating expenses	2	(243,385)	(210,460)
Operating profit		9,715	6,852
Foreign exchange (losses)/gains		(9,582)	9,899
Net interest (payable)/receivable		(2,268)	56
(Loss)/Profit before taxation	4	(2,135)	16,807
Tax on profit/(loss)	5	1,559	(2,123)
(Loss)/Profit for the financial year		(576)	14,684

STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	For the year ended 31 December	
		2017	2016
		\$'000	\$'000
(Loss)/Profit for the financial year		(576)	14,684
Profit on cash flow hedges		1,795	722
Total comprehensive income for the year		1,219	15,406

The results for the year ended 31 December 2017 and 2016 are derived from continuing operations.
The notes on pages 12 to 19 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Notes	For the year ended 31 December	
		2017 \$'000	2016 \$'000
Opening shareholder's equity		19,207	3,801
Other reserves	10	1,795	722
(Loss)/Profit for the financial year	11	(576)	14,684
Closing shareholder's funds		20,426	19,207

The notes on pages 12 to 19 form part of these financial statements.

BALANCE SHEET

		For the Year Ended 31 December	
		2017	2016
	Notes	\$'000	\$'000
ASSETS			
Cash at bank and in hand		16,776	11,327
Debtors	6	24,334	27,075
Fixed Assets	7	49,177	—
Total Assets		90,287	38,402
EQUITY AND LIABILITIES			
Capital and reserves			
Called up share capital	9	—	—
Other reserves	10	1,275	(520)
Profit and loss account	11	19,151	19,727
		20,426	19,207
Liabilities			
Creditors: amounts falling due within one year	12	69,861	19,195
Total Equity and Liabilities		90,287	38,402

These financial statements were approved by the Board of Directors on 8 August 2018 and signed on its behalf by:



Helen Rose
Director

The notes on pages 12 to 19 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. Accounting policies

1.1 Statement of compliance

Aspen Insurance UK Services Limited (the "Company") is a company limited by shares and incorporated and domiciled in the United Kingdom. The Registered Office is 30 Fenchurch Street, London EC3M 3BD.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), being applicable UK GAAP in the United Kingdom. These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006.

1.2 Basis of preparation

The functional and presentation currency of these financial statements is US dollars. All amounts in the financial statements have been rounded to the nearest \$1,000.

The Company's ultimate parent undertaking, Aspen Insurance Holdings Limited ("AIHL") includes the Company in its consolidated financial statements. The consolidated financial statements of AIHL are prepared in accordance with US GAAP, which are publicly available and may be obtained from 141 Front Street, Hamilton, Bermuda. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Requirements of related party disclosures;
- Key management personnel compensation.

The principal accounting policies are set out below and have been applied consistently to all periods presented in these financial statements.

1.3 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following are the Company's key sources of estimation uncertainty:

1.3.1 Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

1.4 Significant Accounting Policies

1.4.1 Turnover

Turnover represents the cost, plus a processing service fee, of providing services to the group companies and is recognised on an accrual basis in line with the underlying expense.

1.4.2 Operating expenses

Operating expenses represents the costs of providing administrative and other services to the group services as incurred.

1.4.3 Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

1.4.4 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits

1.4.5 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the Income Statement.

1.4.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the Income Statement at rates calculated to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

- Office and other equipment 25% per annum
- Hardware and Software⁽¹⁾ 33.3% per annum
- Underwriting Platform, Subscribe 20% per annum
- Leasehold improvements Lesser of 15 years or remaining life of lease

⁽¹⁾ Depreciation for software commences on the date that the software is brought into use.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.4.7 Financial instruments

a) Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence whether they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

For financial instruments measured at cost less impairment, impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

b) Other debtors and other creditors

Other debtors are recognised initially at transaction price less attributable transaction costs. Other creditors are recognised initially at transaction price plus attributable transaction costs.

c) Cash flow hedges

The Company entered into several forward exchange contracts in order to hedge its cash flow in respect of salaries and rent against the devaluation of the USD. The cash flow for these payments are expected to be made monthly and recognised in the Income Statement at the date of payment. Further information is provided in Note 10. The financial liabilities relating to derivatives are recognised at fair value through other comprehensive income, and are classified within creditors.

2. Operating expenses

	2017 \$'000	2016 \$'000
Staff costs (Note 3)	120,064	124,856
Other administration costs	123,321	85,604
	<u>243,385</u>	<u>210,460</u>

3. Staff costs

The average number of employees (including directors) employed by the Company in the year was as follows:

	2017	2016
Underwriting	300	377
Claims administration	52	51
Other administration	369	323
	<u>721</u>	<u>751</u>

	2017 \$'000	2016 \$'000
Salaries	88,700	96,270
Social security costs	13,353	10,903
Other employee benefits	9,957	9,741
Pension costs	8,054	7,942
	<u>120,064</u>	<u>124,856</u>

Directors' remuneration

The aggregate emoluments of the directors were as follows:

	2017 \$'000	2016 \$'000
Directors' emoluments	2,197	1,902
Company contributions to defined contribution pension schemes	3	13
	<u>2,200</u>	<u>1,915</u>

The remuneration of the highest paid director in 2017 was \$2,080,000 (2016: \$1,666,000) including pension contributions of \$Nil (2016: \$Nil) and were fully recharged to other group companies. Retirement benefits are accruing to the following number of current directors under:

	2017	2016
Defined contribution pension schemes	<u>3</u>	<u>3</u>

4. (Loss)/Profit before taxation

All administrative and service expenses for the group companies are borne by the Company. All these expenses are subsequently reimbursed by the group companies together with a service fee payable to the Company. Fees paid to the auditors in respect of the audit of these financial statements of \$28,000 (2016: \$26,000) were reimbursed by AIUK.

5. Taxation

	2017 \$'000	2016 \$'000
<i>UK corporation tax</i>		
Current tax charge on (loss)/profit for the year	(2,430)	(4,041)
Adjustments in respect of prior periods	905	1,134
Total current tax credit/(charge)	<u>(1,525)</u>	<u>(2,907)</u>
<i>Deferred tax</i>		
Origination/reversal of timing differences	4,011	1,328
Adjustments in respect of prior periods	(161)	(126)
Impact of rate change	(766)	(418)
Total deferred tax credit/(charge)	<u>3,084</u>	<u>784</u>
Tax credit/(charge) on profit on ordinary activities	<u>1,559</u>	<u>(2,123)</u>

The tax credit (2016: charge) for the period is higher (2016: lower) than the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained below.

	2017 \$'000	2016 \$'000
<i>Total tax reconciliation</i>		
(Loss)/Profit on ordinary activities before tax	(2,135)	16,807
Current tax at 19.25% (2016: 20.00%)	<u>411</u>	<u>(3,361)</u>
<i>Effects of</i>		
Disallowed items	(558)	(580)
Depreciation in excess of capital allowances	666	—
Adjustments relating to share based payments	1,244	737
Pension contributions unpaid	285	—
Foreign exchange	(466)	491
Impact of rate change	(766)	(418)
Adjustments in respect of prior periods	743	1,008
Total tax credit/(charge) (see above)	<u>1,559</u>	<u>(2,123)</u>

Further reductions of the U.K. corporate tax rate to 19% from April 1, 2017 and 17% from April 1, 2020 were enacted on November 18, 2015 and September 15, 2016 respectively. These reductions have been reflected in measuring deferred taxes.

6. Debtors

	2017 \$'000	2016 \$'000
Deferred tax asset (Note 8)	7,742	4,657
Amounts owed by group undertakings	9,864	18,287
Other debtors	6,728	4,131
	<u>24,334</u>	<u>27,075</u>

7. Tangible Assets

Details of tangible asset net book values as at the balance sheet date by major category are given below:

	Office and Other Equipment	Leasehold Improvements	Hardware and Software	Total Assets
	(\$ in thousands)			
Cost				
At 1 January 2017	—	—	—	—
Additions	2,039	660	64,659	67,358
Disposals	—	—	—	—
At 31 December 2017	<u>2,039</u>	<u>660</u>	<u>64,659</u>	<u>67,358</u>
Depreciation				
At 1 January 2017	—	—	—	—
Charge for the year	(58)	10	(18,133)	(18,181)
Disposals	—	—	—	—
At 31 December 2017	<u>(58)</u>	<u>10</u>	<u>(18,133)</u>	<u>(18,181)</u>
Net Book Value				
At 31 December 2016	—	—	—	—
At 31 December 2017	<u>1,981</u>	<u>670</u>	<u>46,526</u>	<u>49,177</u>

On April 1, 2017, the Company purchased tangible assets from AIUK (in relation to office equipment, leasehold improvements, hardware and software), a fellow group subsidiary, at a value of \$50,531,000. This was funded by a 10-year intercompany loan facility issued by AIUK (see Note 12).

8. Deferred taxation

	2017 \$'000	2016 \$'000
The deferred tax asset comprises the following:		
Temporary differences related to fixed assets	4,159	—
Temporary differences related to share based payments	3,583	4,328
Temporary differences related to pension contributions	—	329
	<u>7,742</u>	<u>4,657</u>

9. Called up share capital

The allotted, issued and paid-up capital is set out below.

	2017 £	2017 \$	2016 £	2016 \$
Allotted, issued and fully paid-up				
1 ordinary share of £1 each	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>

10. Other reserves

Other reserves comprise the following:

	2017 \$'000	2016 \$'000
<i>Cash flow hedges</i>		
As at 1 January	(520)	(1,242)
Change in fair value recognised in other comprehensive income	1,795	722
As at 31 December	<u>1,275</u>	<u>(520)</u>

The financial assets and liabilities in respect of derivatives are measured at fair value through other comprehensive income and are included within either Other Debtors (Note 6) or in Creditors: amounts falling due within one year (Note 12).

11. Profit and loss account

	2017 \$'000	2016 \$'000
At 1 January	19,727	5,043
Profit for the financial year	(576)	14,684
At 31 December	<u>19,151</u>	<u>19,727</u>

12. Creditors: amounts falling due within one year

	2017 \$'000	2016 \$'000
Amounts owed to group undertakings	52,608	5,841
Amounts owed to group undertakings relating to tax	1,692	4,374
Other creditors	15,561	8,336
Financial liability relating to derivatives (Note 10)	—	644
	<u>69,861</u>	<u>19,195</u>

On April 1, 2017, the Company purchased tangible assets from AIUK, a fellow group subsidiary, at a value of \$50,531,000. This was funded by a 10-year intercompany loan facility issued by AIUK included within amounts owed to group undertakings in the table above. Interest is also payable on the loan at 5.60% annually over the duration of the loan.

13. Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the fund and amounted to \$8,054,000 (2016: \$7,942,000) (Note 3).

14. Ultimate holding company

The Company is a direct subsidiary undertaking of Aspen (UK) Holdings Limited whose ultimate parent company is AIHL incorporated in Bermuda. The ultimate parent undertaking and controlling party is AIHL which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

The registered address for the ultimate parent company is shown below:-

Aspen Insurance Holdings Limited
141 Front Street
Hamilton HM19
Bermuda

The consolidated accounts of this company are available to the public and may be obtained from The Company Secretary at the address below:-

Aspen Insurance Holdings Limited
c/o 30 Fenchurch Street
London
EC3M 3BD