Registered No. 4270446

ASPEN INSURANCE UK SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Aspen

CONTENTS

Page

THE COMPANY

Directors

Richard Milner
Christopher Jones
David Amaro

Secretary

Nicola Burdett

Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Registered Office

30 Fenchurch Street
London
EC3M 3BD

Legal Advisor

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

STRATEGIC REPORT

The Directors present the Strategic Report for the year ended 31 December 2022.

Overview

Aspen Insurance UK Services Limited ("the Company") has, throughout the year, continued to be a service company for a number of UK and overseas entities in Bermuda and the USA, within the Aspen Group (together referred to as "the group companies").

The principal activity of the Company is the provision of administrative services to the group companies. The Company also acts as the employer of all UK staff used by the group companies. All UK sourced services and expenses of the group companies are borne by the Company and then recharged to the group companies as outlined in the intercompany agreement. The Company's activities are not expected to change in the foreseeable future.

Activities During 2022

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
- processing and administering service fees to other group companies which is recognised as revenue by the Company.

Principal Risks and Uncertainties

The Company's business is the provision of administrative services to Aspen Group companies. The Company has in place a risk management process which is appropriate to the relatively low risks associated with 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 contractual payments as they become due; and
- Operational Risk - The Aspen group has been through a transformative program of change over the past 3 years, including the outsourcing of a number of processes. These changes have brought numerous improvements across the operations of the organisation as a whole. This process will also bring additional operational risk as systems, processes and controls are updated. Major data improvement work is scheduled to be undertaken during 2023 which will improve various processes and decision making capabilities. This will require clear testing and diligence across all functions to manage the risks of size of change program.

Stakeholder engagement

There is a growing recognition within the insurance industry of the value of high-quality stakeholder relationships. As integral parts of the Aspen Group, the Company and the group companies embrace this trend by recognising that active stakeholder input helps to drive the legitimacy and sustainability of its business strategy. This is outlined in the below sections. Some information is more relevant to the Company, some to the group companies, and some to the wider Aspen Group.

Engagement with stakeholders informs decision making throughout the organisation. At a strategic level, methods of engagement can vary depending on the issue and the business unit involved. However, senior leaders regularly and actively participate in regulatory and industry forums, listening to the perspectives of brokers, employees, policyholders and suppliers. Specific examples of the key stakeholder engagements undertaken at different levels within the Company to inform decision-making and enhance Board understanding, are set out below:

(Re)Insurance Customers/Brokers

The Aspen Group provides insurance and reinsurance services to many domestic and international organisations. (Re)insurance partners, customers and brokers expect clear, transparent information and a prompt and effective claims handling service they can rely on.

During 2022 Aspen entered into a loss portfolio transfer arrangement for all 2019 and prior claims. This agreement included the claims handling of these policies being transferred to Enstar's control. Aspen has increased its efforts in stakeholder engagement during this process to manage broker and client questions and concerns.

Employees

The Aspen Group employs approximately 946 people globally, of which 459 people are in the UK. The staff employed in the UK support Aspen Group, including those related other Aspen UK entities and some global activities.

Aspen aims to be an employer of choice, and continuously looks at ways to improve the experience of its employees. The success of Aspen depends on the shared talent, skills and values of its employees. The Company's values include overt statements about seeking out and listening to feedback from employees and customers. One method of acquiring feedback is by deploying annual employee engagement surveys.

As part of the Aspen commitment to Diversity, Equity and Inclusion and the development of an inclusive workforce Aspen works with charities and other organisations to bring people from different backgrounds into Aspen, for example ex-military veterans. In addition, Aspen specifically targets certain groups through the graduate recruitment program and school leavers program.

Direct feedback and communication between executive management and employees

Aspen continued to recognise the importance of clear and timely communication from the Executive Committee and senior leaders. Global and local Town Halls were held regularly during 2022, with questions always invited and responded to. These supplement weekly corporate newsletters as well as ad hoc email notifications as appropriate. The Ask the CEO mailbox continues to be publicised and utilised, and all questions and comments receive timely responses.

A range of other two-way engagement approaches have been introduced as part of the Company's cultural transformation and in order that we are taking into account the needs and views of our employees.

Corporate Social Responsibility

The Aspen Group has a number of permanent staff committed to continually implementing new initiatives to support global and local charities, and drive climate change initiatives.

Diversity, Equity and Inclusion ("DE&I")

The Aspen Group continued to implement its DE&I strategy in 2022. It has built a governance model for increasing diversity and inclusion that is led by Executive Sponsors and has a clear annual activity plan to attract and develop a more diverse workforce and build an inclusive culture.

This work is monitored by the DE&I Delivery Board which in turn reports to the Group.

Shareholders

The Aspen Group is a privately owned organisation and as such there is increased engagement with shareholders. The Group is committed to delivering long-term value for its shareholders, with shareholders' interests represented on the Board of the Aspen Group holding company, AIHL. The Group CEO and Chairman are responsible for driving shareholders' objectives and ensuring that strategy throughout the Group is consistent with shareholders' objectives.

The Company's investment plans continued to be reviewed throughout the year to ensure appropriate returns for shareholders.

Risk Management

Regulators play a central role in shaping the insurance sector. Engagement is especially important in working to modernise compliance, regulatory, and legal risk management programs to meet oversight and monitoring expectations. Aspen works constructively with UK regulators to protect the long-term interests of (re)insurance customers and keep pace with industry standards as a whole.

Senior management (in conjunction with the Company's Compliance department) have maintained consistent and ongoing communication with various regulators such as the PRA and FCA to explain organisational changes.

Suppliers and Contractors

Aspen relies on its supply chain and sourcing to provide services to Aspen. The Aspen Group aims to build strong relationships with suppliers and third party contractors to maximise cost efficiencies, technology, strategies and transformation/change programmes.

The Group's Supply Chain and Sourcing (Procurement) function supports the business in working through the due diligence evaluation ensuring a consistent approach is taken to the evaluation of all new suppliers or third parties. During the contract renewal process we update our records and reassess due diligence and required provision.

Where there may be any impact on suppliers or third parties as a result of organisational change, they have been informed of relevant changes at an early stage to ensure the impact such changes may have on the supply or services delivered is understood and any potential disruption to Aspen or its customers is minimised.

The Group monitors the quality and timeliness of services provided by suppliers or third-party providers to ensure compliance with regulatory and legislative requirements (such as the Modern Slavery Act and the FCA's & PRA outsourcing provisions contained in the Senior Management Arrangements, Systems and Controls sourcebook) and PRA SS2/21.

Local Communities

The Aspen Group is committed to supporting the communities in which it operates, including local businesses, charities and the wider public. Aspen engages with groups that focus on social and educational related issues on behalf of society. Two-way relationships with the Company's charity partners also provide opportunities for different parts of the business to unite around a common cause.

Corporate Social Responsibility – the Aspen Group has a number of permanent staff committed to continually implementing new initiatives to support global and local charities and drive climate change initiatives through:

i. corporate partnership with international and development organisations;
ii. promoting a culture of local and collaborative volunteerism.

Employee engagement

All Aspen Group's UK personnel are employed by the Company. The Aspen Group's initiatives are serviced by the Company's employees by way of an Intra Group Service Agreement.

The success of the Aspen Group and the Company depends on the collective talent, skills and values of its employees. Accordingly, the Company is committed to employee engagement at all levels. Examples of employee engagement initiatives during 2022 include:

Providing employees systematically with information on matters that concern them

Executive Management circulate "Corporate Communication" emails whenever there is a key change to the business and its operations, personnel or the insurance market. The emails are comprehensive and frequent. Additionally, project managers and local functions present Town Hall meetings to all of the Aspen Group, with each Town Hall involving an interactive Q&A component where employees are encouraged to raise questions.

Consulting employees on a regular basis so that their views can be taken into account in making decisions which are likely to affect their interest

The UK Employee Forum (UKEF) co-chaired by the AIUK CEO and Head of HR Business Partners provides a formal means to consult with employee representatives from the various business areas. The forum presents updates and ideas to employees as well as listens to their views and any concerns. Representatives are able to raise ideas and questions with senior management and consider their responses.

An employee engagement survey was conducted across Aspen Group in February 2022 with results communicated to the business. The survey indicated progress across a range of areas including recognition, innovation, and access to learning. Teams were supported to create action plans that responded to their local issues, in addition to corporate plans. Activities include:

- Increased opportunities to engage directly with Executive Directors, including a Q&A panel event, Group CEO attendance at team meetings, and informal lunches with the Group Executive Committee Members;
- Launch of a Culture Champion award to recognise colleagues who are role models for organisational values;
- "Work Out" event for mid-level leaders to identify and drive improvement activities with senior support; and
- Town Halls and other communication and engagement activities that respond directly to key issues raised in the survey, setting out the plans to address them.

In October 2022, a "pulse" survey was undertaken to measure sentiment on a small number of key issues. This showed a significant improvement in employees seeing positive action since the last survey in February 2022.

Diversity and inclusion

During 2022 there has been a continuing focus on diversity, equity and inclusion, with activities including:

- Successful establishment of employee resource groups for gender and ethnicity which have led a range of activities, including events to celebrate International Women's Day, Pride Month and International Men's Day amongst others;
- Year 2 of Breakthrough (programme for ExCo members to sponsor women at mid-level in the business);
- Campaigns to improve self-reporting of ethnicity;
- Launch of training for all people managers in driving out bias in hiring and performance management decisions;
- Highly successful graduate and internship programmes which consciously encourage applications from women, people from diverse ethnic backgrounds and people who are first in their families to go to university;
- Ex-military veteran internships, which have resulted in a number of permanent appointments.

Engagement survey data demonstrates positive views in this strategy and confidence in the commitment of senior leaders to delivering it.

Employee engagement in Change

In 2022 the Aspen Group has fulfilled the following activities to engage employees in change:

- The Aspen Group always follows appropriate legislation when undertaking change exercises, including obligations to consult in the UK;
- Feedback and response: employees are invited to provide feedback in a confidential environment on strengths and areas for development so that local leaders can target critical issues;
- Local action planning sessions following the engagement survey allow teams to identify and address issues that are most relevant to them;
- Formal change methodologies include a stakeholder assessment to ensure different groups are engaged appropriately;
- Two off-site events for mid senior level leaders to discuss and directly influence business initiatives;
- Group Innovation Competition encourages employees to propose client-facing improvement /revenue-generating schemes.

Achieving common awareness of the financial and economic factors affecting Aspen's performance

Actions included:

- Ensuring that Aspen's employees are fully aware of and actively engaged in the business is a key component of its refreshed culture;
- Aspen Group delivers quarterly all-staff updates and announcements and encourages feedback on the key financial and economic conditions affecting the Aspen group;
- The Corporate Communications and Town Hall meetings (as referred to above) throughout 2022 were the key medium to communicate such updates, however each department's Line Manager is responsible for discussing performance issues with the employees within their team;

- The Aspen Group runs a range of training and development programmes including sessions on understanding the financial and economic context for the business's activities. Local teams also host or participate in events in which colleagues from elsewhere in the business or external speakers provide insights into specific functions or factors that influence Aspen's performance; and
- In 2022 there have additionally been in person events in the UK including a panel Q&A with ExCo members and a CEO Q&A event.

Section 172 statement

The Board factored the needs and concerns of the Company's stakeholders into its decisions in accordance with section 172 of the Companies Act 2006. The importance of the Company's stakeholders is outlined in more specific detail above, however examples of key decisions taken by the Board during 2022 include:

Key strategic changes - Following changes to executives and senior management in 2021, significant progress has been made in embedding the outcome of a complete strategic review of the Company's business and culture in order to improve underwriting performance, governance, financial strength (by simplifying the Aspen Group balance sheet) and the culture for employees across the Aspen Group.

Underwriting - ongoing refinement of AIUK's underwriting portfolio, which resulted in improved underwriting performance. AIUK's refinement of its underwriting portfolio in 2022 included a significant streamlining of the portfolio to focus on a small number of ongoing, well-performing business lines.

Structural changes – a significant amount of business has been moved out of AIUK in line with Aspen's overall balance sheet simplification strategy. The run-off of AIUK's branches in Switzerland and Singapore continues, with new business underwritten in these locations by branches of Aspen Bermuda Limited. AIUK's Australia Branch ceased writing new business as of 31 December 2021. Business was underwritten in Australia into Aspen Lloyd's Syndicate 4711 via an internal Australian cover holder, Aspen Australia Service Company Pty Ltd ("AASC") during 2022. AASC itself ceased underwriting on behalf of Aspen Lloyd's Syndicate 4711 as at 01 October 2022; the impact of this on the ultimate run-off of the AIUK Australia Branch is not anticipated to be significant.

The Company is firmly committed to high standards of corporate governance and maintaining a sound framework for the control and management of the business. The Board recognises that effective governance is key to the implementation of strategy for the Company's shareholder and wider stakeholders.

By Order of the Board

Christopher Jones
Director
29 September 2023

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2022.

Principal Activities and Review of the Business

The principal activity of the Company is the provision of administrative services to the group companies. The Company is also the employer of all staff used by the group companies. 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.

Results and Dividends

The results for the year are set out in the accompanying Statement of Comprehensive Income on page 17. The profit for the year before tax was $9,120k, (2021: profit $10,006k) and the net asset position of the Company was $90,045k (2021 restated*: $69,200k). 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 (2021: $nil) to Aspen (UK) Holdings Limited, the Company's immediate parent company.

*The restatement is detailed in note 19.

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 2022 and up to the date of this report are as follows:

Directors' names	Date of appointment	Date of resignation
Helen Rose		28 January, 2022
Michael Cain		29 April, 2022
Richard Milner	26 April, 2022	
Christopher Jones	26 April, 2022	
David Amaro	29 September, 2022	

According to the Register of Directors' interests, no Director had a disclosable interest in the shares of the Company, and no Director had been granted or had exercised any right to subscribe for such shares during the period under review.

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.

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 affirmation, 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 request.

During the year the average number of staff employed by the Company was 442 (2021: 509) and the number of staff employed as at 31 December 2022 was 459 (2021: 488).

Going Concern

The Directors confirm that they are satisfied that the Company has adequate resources to continue in operation and meet its liabilities as they fall due for a period up until 31 October 2024, as explained in further detail on page 20. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Charitable and Political Donations

The Company made charitable donations of $374k (2021: $571k) during the year and these were fully recharged to other group companies.

Future Developments

The Directors confirm that the Company will continue to administer and provide services and employ staff used by the group companies. 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.

Statement of Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so 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 themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

KPMG LLP resigned as auditors of the Company following completion of the audit for the period ended 31 December 2021. In June 2020, Aspen's Audit Committee approved conducting a competitive selection process to determine the Company's independent registered public accounting firm for the fiscal year ending 31 December 2022. The Committee invited several international public accounting firms to participate in this process. As a result of this process, the Audit Committee engaged Ernst & Young LLP ("Ernst & Young") as the Group's auditor and the Board of US Holdings has appointed Ernst & Young as the Company auditor.

Financial Risk Management

The Company's business is the provision of administrative services to the group companies. The company undertakes certain obligations on behalf of group companies and as such there are financial risks associated with the business undertaken. These risks are monitored and managed by the Company's Board who are supported in this by the Risk Management Team. Financial risks are measured on a quarterly basis across the Aspen Group, the key risks for the Company being credit and liquidity risk.

All UK sourced services and expenses are paid for by the Company and then recharged to the group companies. In normal business circumstances the Company recovers these costs from the group companies a quarter in arrears. The scenario that a group company defaults on its liability to the Company is considered remote as supported by the liquidity coverage ratios of these companies, particularly Aspen Insurance UK Limited as the largest party in the Company's service arrangement. The Company performs cash flow forecasting and uses forward exchange rate contracts to hedge the potential currency exposure arising from most of its operating expenses being denominated in Sterling.

Supplier Payment Policy

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

Streamlined Energy & Carbon Reporting Disclosure - January 2022 to December 2022

Emissions are collated over a 12-month period from 1 January 2022 to 31 December 2022 and where necessary are calculated by converting consumption data into tonnes of carbon equivalent (tCO2e) using the UK's Department for Business, Energy and Industrial Strategy (BEIS) 2019 factors.

The Company is committed to reduce its energy consumption. The Company leases space in LEED or EnergyStar certified facilities. It has installed smart electricity meters and selects renewable energy providers through electric utility programs.

In 2021, due to the inability to accurately ascertain power consumption data due to office closures, work from home etc., and based on the Carbonfund.org's recommendation, the Company chose to estimate power consumption based off of office square footage. In 2022, the Company received more accurate data using Furthr's report which splits Aspen's carbon emission footprint by location. The total square footage of all the Company's office facilities in the UK was 63,857 square feet. The Company's total global emissions for 2021 was calculated by the Carbonfund.org to be 2,758 metric tonnes. Work is ongoing to establish the scale of the purchase of the actual offset credits and programs.

The energy consumption of the UK office and its staff is as follows:

	2022 (CO_2 tonnes)	2021 (CO_2 tonnes)
Emissions from combustion of gas tCO_2e (Scope 1) [A]	157.7	249.0
Emissions from purchased electricity (Scope 2, location-based) [B]	207.7	532.3
Emissions from employee business travel which the Company does not own or control & where not responsible for purchasing the fuel (Scope 3) [C]	1,297.6	30.1
Energy consumption used to calculate above Scope 1 and 2 emissions (kWh)	1,919,170.0	3,866,422.4
<u>Intensity ratio</u>		
Total tCO_2e per Full-Time Employees (FTE) [D]	3.6	1.7

[A] Scope 1 covers GHG emissions from gas purchased for own use

[B] Scope 2 covers GHG emissions from electricity purchased for own use

[C] Scope 3 covers indirect emissions from business travel. Business travel for these purposes comprises of global flights and ground transport.

[D] Intensity ratio calculations have been calculated using location-based emission factors only

Events Since the Reporting Date

There are no subsequent events to report.

By Order of the Board

Christopher Jones
Director
29 September 2023

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

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 they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

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 its profit or loss for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 its 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

By Order of the Board

Christopher Jones

Director

29 September 2023

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 2022, which comprises the Balance Sheet, the Statement of Comprehensive Income, the Statement of Changes in Equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view 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; 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 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 FRC's Ethical Standard as applied to other entities of public interest, 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 12 months from when the annual accounts are authorised for issue. In reaching this conclusion we have evaluated the financial strength of the parent company to provide support if necessary.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 Directors' Report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement on page 13, 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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the relevant laws and regulations related to elements of company law and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the financial statements included United Kingdom Accounting Standards Including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

- We understood how the Company is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance matters. We also reviewed correspondence between the Company and the regulatory bodies, reviewed minutes of the Board and its committees and gained an understanding of the Company's approach to governance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified by the Company, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, including complex transactions, performance targets, external pressures and the impact these have on the control environment and their potential to influence management to manage earnings or influence the perceptions of investors and stakeholders. Our audit procedures included:
  - Reviewing accounting estimates for evidence of management bias;
  - Evaluating the business rationale for significant and/or unusual transactions; and
  - Testing the appropriateness of journal entries recorded in the general ledger.

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

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.

DocuSigned by:

Ernst & Young LLP

2ACA4F4646E4470...

Benjamin Gregory (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

London

29 September 2023

STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
			Restated*
		2022	**2021**
	Notes	**$'000**	**$'000**
Turnover		**248,132**	214,854
Operating expenses	2	**(234,675)**	(203,251)
Operating profit		**13,457**	11,603
Foreign exchange (losses)/gains		**(2,772)**	451
Net interest expense		**(1,565)**	(2,048)
Profit before tax	4	**9,120**	10,006
Tax (charge)/credit on profit	5	**(3,632)**	1,343
Profit for the financial year		**5,488**	**11,349**

*The restatement is detailed in note 19.

STATEMENT OF OTHER COMPREHENSIVE INCOME

		For the year ended 31 December	
			Restated*
		2022	**2021**
	Notes	**$'000**	**$'000**
Profit for the financial year		**5,488**	11,349
Change in hedged derivative contracts	11	**15,357**	(6,263)
Total comprehensive income for the year		**20,845**	5,086

The results for the year ended 31 December 2022 and 2021 are derived from continuing operations.

The notes on pages 20-33 form part of these financial statements.

*The restatement is detailed in note 19.

STATEMENT OF CHANGES IN EQUITY

2022	**Notes**	**Called up share capital**	**Other reserves**	**Profit and loss account**	**Total**
			$'000		
Opening shareholder's equity		—	**(449)**	**69,649**	**69,200**
Total comprehensive income/(loss) for the year	11	—	**15,357**	**5,488**	**20,845**
Closing shareholder's equity		—	**14,908**	**75,137**	**90,045**

2021	**Notes**	**Called up share capital**	**Other reserves**	**Profit and loss account Restated***	**Total**
			$'000		
Opening shareholder's equity		—	5,814	58,300	64,114
Total comprehensive income/(loss) for the year	11	—	(6,263)	11,349	5,086
Closing shareholder's equity		—	(449)	69,649	69,200

The notes on pages 20-33 form part of these financial statements.

*The restatement is detailed in note 19.

BALANCE SHEET

As at 31 December 2022
[signature] 19/10/2022
@ 4:22pm

	Notes	For the year ended 31 December 2022 $'000	Restated* 2021 $'000
ASSETS			
Cash at bank and in hand		**11,218**	3,443
Prepayments and accrued income		**7,547**	5,442
Debtors	6	**130,730**	91,055
Fixed assets	7	**45,022**	65,213
Intangible assets	8	**9,297**	—
Total Assets		**203,814**	165,153
EQUITY AND LIABILITIES			
Capital and Reserves			
Called up share capital	10	—	—
Other reserves	11	**14,908**	(449)
Profit and loss account		**75,137**	69,649
		90,045	69,200
Liabilities			
Accruals and deferred income	12	**50,699**	38,493
Creditors	13	**63,070**	57,460
Total Equity and Liabilities		**203,814**	165,153

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

Christopher Jones
Director
29 September 2023

The notes on pages 20-33 form part of these financial statements.

*The restatement is detailed in note 19.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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"). 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 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; and
- Certain disclosures required by FRS 102.26 Share Based Payments.

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

1.3 Going Concern

The Directors confirm that they are satisfied, based on reasonable scenarios, that the Company has adequate resources to continue in operation and meet its liabilities as they fall due for a period up until 31 October 2024. In arriving at this conclusion, the Directors have prepared a going concern assessment, which included a cash flow forecast covering the same period. This assessment supports the Directors' opinion that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

1.4 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 is the Company's key source of estimation uncertainty:

1.4.1 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.

1.5 Significant Accounting Policies

1.5.1 Turnover

Turnover represents cost, plus a processing service fee, for providing services to the group companies and is recognised on an accrual basis in line with the underlying expense. Gains/losses on derivative contracts are not recharged to the group companies.

1.5.2 Operating expenses

Operating expenses represent the costs of providing administrative services to the group companies as incurred.

1.5.3 Net interest expense

Net interest expense represents the interest cost relating to the loan from Aspen Insurance UK Limited as incurred and any bank-related interest income.

1.5.4 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.

1.5.5 Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the benefits can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.5.6 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income 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.

1.5.7 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 Statement of Comprehensive Income, except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

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

• Office and other equipment	25% per annum
• Hardware and software[(1)]	33.3% 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 the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.5.9 Intangible assets

Intangible assets include capitalised software costs. Capitalised software costs represent costs directly related to obtaining, developing or upgrading internal use software. Such costs are capitalised and amortised on a straight-line basis over the software's useful life which is a period not exceeding 5 years. Intangible assets are reviewed annually for impairment to assess whether an impairment indicator or changes in circumstances indicate that the carrying amount may not be recoverable.

1.5.10 Financial instruments

As permitted by FRS 102, the Company has elected to apply the recognition and measurement provisions of IAS 39 Financial Instruments to account for all of its financial instruments. A financial instrument is recognised in the financial statements when the Company becomes a party to the financial instrument contract and a financial liability is removed from its statement of financial position when its obligation is discharged, cancelled or expired. The Company removes a financial asset from its statement of financial position when its contractual rights to the asset's cash flows expire; or when it has transferred the asset and substantially all the risks and rewards of ownership.

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 the Statement of Comprehensive Income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Comprehensive Income.

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 and attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Derivative financial instruments

The Company uses derivative instruments such as forward exchange contracts in order to manage certain market and credit risks and its cash flows in respect of salaries and rent which are denominated in Sterling. The Company records derivative instruments at fair value on the Company's balance sheet as either assets or liabilities, depending on their rights and obligations.

The accounting for the gain or loss due to changes in the fair value of these instruments is dependent on whether the derivative qualifies as a hedge. If the derivative does qualify as a hedge, the unrealised gain or loss is recorded within other comprehensive income. If the derivative does not qualify as a hedge, the unrealised gains or losses are recognised in the Statement of Comprehensive Income. The financial assets and liabilities in respect of derivatives are measured at fair value through other comprehensive income and are included within either Debtors or in Creditors.

The Company entered into several forward exchange contracts in order to hedge its cash flow in respect of salaries and rent against changes in foreign exchange rates between GBP and USD. The cash flow for these payments is expected to be made monthly and recognised in the Statement of Comprehensive Income at the date of payment.

1.5.11 Deferred income

Deferred income represents landlord contributions towards Fenchurch Street office refurbishments, to be recognised over the life of the office lease in line with the underlying expense.

1.5.12 Share Based Payments

The Company is part of Aspen's long-term incentive scheme which issues annual cash-based awards comprising of Performance Units and Exit Units. If certain operating income thresholds are achieved, i.e. the vesting conditions met, the Performance Units award is recognised as an expense, which is then recharged to the group companies.

2. Operating expenses

	2022	Restated* 2021
	$'000	$'000
Staff costs (note 3)	**94,992**	88,884
Other administration costs	**139,683**	114,367
	234,675	203,251

*The restatement is detailed in note 19.

3. Staff costs

The number of employees (including Directors) employed by the Company on 31 December was as follows:

	2022	2021
Underwriting	**131**	122
Claims administration	**31**	51
Other administration	**297**	315
	459	488

	2022 $'000	2021 $'000
Salaries	**76,213**	71,262
Social security costs	**8,883**	7,921
Other employee benefits	**4,166**	3,713
Pension costs	**5,730**	5,988
	94,992	88,884

There were no share based payments made to Directors and employees by the Company during the year (2021: $nil).

Directors' remuneration

No Directors' remuneration was incurred in the year. The Directors' received no remuneration for their services as Directors of the Company.

4. Profit before taxation

The majority of administrative and service expenses for the group companies are borne by the Company, except for a small amount of certain expenses which are charged directly to the group companies. All these expenses incurred by the Company 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 $33k (2021: $32k) were reimbursed by AIUK.

5. Taxation

	2022 $'000	Restated* 2021 $'000
UK corporation tax		
Current tax charge on profit for the year	(1,430)	(2,792)
Adjustments in respect of prior periods	(2,141)	—
Total UK current tax charge	**(3,571)**	**(2,792)**
Overseas taxation	—	—
Total current tax charge	**(3,571)**	**(2,792)**
Deferred tax		
Origination/reversal of timing differences	(602)	402
Adjustments in respect of prior periods	541	(428)
Impact of rate change	—	4,161
Total deferred tax (charge)/ credit	**(61)**	**4,135**
Tax (charge)/ credit on profit on ordinary activities	**(3,632)**	**1,343**
Tax attributable to movement in equity		—
	(3,632)	**1,343**

The tax charge (2021: credit) for the period is higher (2021 as restated*: higher) than the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below.

	2022 $'000	Restated* 2021 $'000
Total tax reconciliation		
Profit on ordinary activities before tax	9,120	10,006
Current tax at 19.00%	(1,733)	(1,901)
Effects of		
Expenses not deductible for tax purposes	(154)	(266)
Difference in overseas tax rate	—	—
Impact of rate change	(145)	3,938
Adjustments in respect of prior periods	(1,600)	(428)
Total tax (charge)/ credit (see above)	**(3,632)**	**1,343**

The Finance Act 2021 was enacted on 10 June 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

6. Debtors

	2022 $'000	Restated* 2021 $'000
Amounts due in less than one year		
Other debtors	**10,146**	139
Amounts owed by group undertakings	**88,539**	73,175
Hedged assets under derivative contracts (note 11)	**14,365**	—
	113,050	73,314
Amounts due in greater than one year		
Deferred tax asset	**17,680**	17,741
	130,730	91,055

*The restatement is detailed in note 19.

7. Fixed assets

Details of fixed 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
		$'000		
Cost				
At 1 January 2022 as restated*	1,715	25,875	50,015	77,605
Additions	39	657	768	1,464
At 31 December 2022	**1,754**	**26,532**	**50,783**	**79,069**
Depreciation				
At 1 January 2022 as restated*	(550)	(3,049)	(8,793)	(12,392)
Charge for the year	—	(3,069)	(18,586)	(21,655)
At 31 December 2022	**(550)**	**(6,118)**	**(27,379)**	**(34,047)**
Net Book Value				
At 1 January 2022 as restated*	1,165	22,826	41,222	65,213
At 31 December 2022	**1,204**	**20,414**	**23,404**	**45,022**

*The restatement is detailed in note 19.

8. Intangible Assets

	Software
	$'000
Cost	
At 1 January 2022	—
Additions	9,304
Disposals	—
At 31 December 2022	**9,304**
Amortisation	
At 1 January 2022	—
Charge for the year	(7)
At 31 December 2022	**(7)**
Net Book Value	
At 31 December 2021	—
At 31 December 2022	**9,297**

9. Deferred tax

	2022	Restated* 2021
	$'000	$'000
The deferred tax asset comprises of the following:		
Temporary differences related to fixed assets	17,017	17,315
Short term timing differences	663	426
	17,680	17,741

10. Called up share capital

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

	2022	2022	2021	2021
	£	$	£	$
Allotted, issued and fully paid-up 1 ordinary share of £1 each	1	2	1	2

11. Other reserves

Movement in other reserves during the year comprise of the following:

	2022 $'000			2021 $'000		
	Hedged Derivatives	Tax	Total	Hedged Derivatives	Tax	Total
As at 1 January	**(992)**	**543**	**(449)**	5,271	543	5,814
Movement in the year	**15,357**	—	**15,357**	(6,263)	—	(6,263)
As at 31 December	**14,365**	**543**	**14,908**	(992)	543	(449)

The financial assets and liabilities in respect of derivatives are measured at fair value through other comprehensive income and are included within either Debtors (note 6) or in Creditors (note 13). As at 31 December 2022 the notional amount of hedged assets held as derivative contracts was £102,000k (2021: £105,000k).

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1	Quoted market prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Company's assets and liabilities measured at fair value at 31 December 2022 and 31 December 2021:

	For the Year Ended 31 December 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets at fair value				
Derivatives	–	14,365	–	14,365

	For the Year Ended 31 December 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Financial liabilities at fair value				
Derivatives	–	(992)	–	(992)

12. Accruals and deferred income

	2022 $'000	Restated* 2021 $'000
Accrued expenses	**24,947**	12,646
Bonus accrual	**15,868**	7,569
Tax accruals	**6,027**	6,393
Deferred income	**2,855**	4,133
Payroll accruals	**1,002**	7,752
	50,699	38,493

13. Creditors

	2022 $'000	Restated* 2021 $'000
Amounts due in less than one year		
Amounts owed to group undertakings relating to tax	**10,490**	8,847
Amounts owed to group undertakings and other creditors	**33,976**	24,164
Unhedged derivatives at fair value	**604**	449
	45,070	33,460
Amounts due in greater than one year		
Inter-company loan	**18,000**	24,000
	63,070	57,460

*The restatement is detailed in note 19.

The amounts due in greater than one year represent a loan from Aspen Insurance UK Limited, a fellow group subsidiary, of $18,000k (2021: $24,000k). The loan was issued on 1 April 2017 with a maturity date of 1 April 2027, the annual repayment of $6,000k (2021: $6,000k) which is due within one year is included within "Amounts owed to group undertakings, and other creditors" above. The loan bears interest of 5.6% per annum and was secured to acquire assets to support the operations of the group companies.

14. 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 $5,730k (2021: $5,988k).

15. Currency Sensitivity Analysis

The Company performs a sensitivity analysis on its main currencies held by applying a +10/-10 percent impact, this analysis not considering the forward exchange contracts the Company enters into in order to hedge its cash flow in respect of operating expenses against changes in foreign exchange rates between GBP and USD.

The tables below show the potential impact, by currency, on the income statement and equity resulting from fluctuations in foreign exchange rates:

	2022 $'000	2021 $'000
Currency risk to 2022 gain (2021 gain)		
10% increase in USD/GBP	**(4,977)**	**(5,611)**
10% decrease in USD/GBP	**6,083**	**6,857**
10% increase in USD/CHF	**2,263**	**1,747**
10% decrease in USD/CHF	**(2,766)**	**(2,135)**
10% increase in USD/AUD	**786**	**758**
10% decrease in USD/AUD	**(961)**	**(926)**

16. Ultimate holding company

The ultimate parent company as at 31 December, 2022 was Highlands Holdings Limited incorporated in Bermuda. Highlands Holdings, Ltd. was renamed as Highlands Bermuda HoldCo, Ltd. on 5 March 2021. The largest and smallest group in which the results of the Company are consolidated is that headed by AIHL. The consolidated accounts of this Company are available to the public and may be obtained from The Company Secretary, Aspen Insurance Holdings Limited, c/o 30 Fenchurch Street, London, EC3M 3BD.

17. Share Based Payments

In 2019, the Company implemented a new long-term incentive scheme, under which annual awards are split equally between Performance Units and Exit Units. Performance units vesting conditions have been amended in the current year and vest after two years subject to the Company achieving certain thresholds of operating income over a two year period. Exit Units vest upon change of control (sale or IPO) and achieving predetermined multiples of invested capital return targets. Both Performance Units and Exit Units are cash-based awards.

18. Related Parties

The Company has taken advantage of the exemption in FRS 102.1.12 as a wholly owned subsidiary of AIHL and has not disclosed detailed transactions with related parties also within that Group.

The following pertains to the provision of administrative services with Syndicate 4711:

	2022 $'000	2021 $'000
Amounts due in less than one year		
Debtors	**45,936**	26,738
Creditors	—	—

	2022	2021
	$'000	**$'000**
Turnover	79,277	46,410
Expenses	(73,238)	(41,041)

19. Prior period restatements

Treatment of fixed assets (including capitalised expenses)

During 2022, the Company identified that certain operating expenses had erroneously been capitalised as part of fixed assets on the basis that a future economic benefit would arise, and as a result they should have been written off the income statement. The Company also identified that fixed assets had been treated as a monetary rather than a non-monetary asset and, as a result, the carrying value had been retranslated at each reporting date at the prevailing closing rate (rather than being left at historic rate).

As the principal activity of the Company is the provision of administrative services to other Aspen group companies, all expenses are recharged in line with the intercompany agreement. As a consequence, these adjustments are offset by an equal and opposite adjustment to revenue with no net impact on the income statement as a result.

The following adjustments were identified as a result:

- a reduction in fixed assets / increase in intercompany debtors of $11,028k – representing the cumulative amount of maintenance expenses (net of depreciation) as at 31 December 2021 that should have been written off to the income statement / recharged to other Aspen group companies.
- an increase in fixed assets of $2,996k – representing the cumulative adjustment required as at 1 January 2021 to ensure fixed assets are treated as a non-monetary asset.
- an increase in operating expenses / turnover of $7,544k for the year-ended 31 December 2021 – representing the aggregate impact of:
    - o maintenance expenses incurred in the year that should be written off to the income statement / recharged; and
    - o the foreign exchange difference arising in the year from retranslating fixed assets at closing rate.
- an increase in deferred tax assets of $2,214k – representing the deferred tax impact of the adjustment applied to reduce the book value of fixed assets at 31 December 2021.
- an increase in group relief payable of $2,002k – representing the tax impact of the increase in turnover of $7,544k and adjustment to retained earnings in respect of foreign exchange of $2,996k.
- a $212k credit to other comprehensive income.

Adjustment to intercompany balances (including group relief)

During 2022, the Company also identified differences relating to the treatment of group relief across the Aspen group. In order to align the treatment of group relief across the Aspen group, the following adjustments have been applied as at 1 January 2021:

- an increase in intercompany debtors of 13,179k
- an increase in accruals of $3,345k, and
- an increase in retained earnings of $9,834k – representing the adjustment required in respect of tax.

Financial statement impact

The matters described above are considered to be material to the financial statements and, as a result, they have been adjusted retrospectively. The financial impact of the adjustments is set out below:

	As previously reported	Fixed assets	Group relief	Total adjustments	Restated
	$'000	$'000	$'000	$'000	$'000
Balance Sheet					
Debtors	64,634	13,242*	13,179	26,421	91,055
Fixed assets	73,245	(8,032)	-	(8,032)	65,213
Effect on total assets	**137,879**	**5,210**	**13,179**	**18,389**	**156,268**
Accruals and deferred income	35,148	-	3,345	3,345	38,493
Creditors	55,458	2,002	-	2,002	57,460
Effect on total liabilities	**90,606**	**2,002**	**3,345**	**5,347**	**95,953**
Effect on net assets	**47,273**	**3,208**	**9,834**	**13,042**	**60,315**
Statement of Comprehensive Income					
Turnover	207,310	7,544	-	7,544	214,854
Operating expenses	(195,707)	(7,544)	-	(7,544)	(203,251)
Tax credit on profit	1,131	212	-	212	1,343
Effect on operating profit	**12,734**	**212**	-	**212**	**12,946**
Statement of Changes in Equity					
Opening profit account	45,470	2,996	9,834	12,830	58,300
Total comprehensive income for the year	11,137	212	-	212	11,349
Effect on closing shareholder's equity	**56,607**	**3,208**	**9,834**	**13,042**	**69,649**

** Includes an increase of $2,214k in deferred tax assets included within debtors*