Registered No. 4785892

ASPEN (UK) HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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THE COMPANY

Directors
Kevin Chidwick
Timothy Aman
Mike Cain

Secretary
Helen Lipscomb

Auditor
KPMG LLP
15 Canada Square
London
E14 5GL

Registered Office
30 Fenchurch Street
London
EC3M 3BD

Legal Advisor
Wilkie Farr & Gallagher LLP
City Point
1 Ropemaker Street
London
EC2Y 9HT

STRATEGIC REPORT

Overview

AUKH has, throughout the year, continued to act as a holding company for UK and US companies within the Aspen Insurance Holdings Limited ("AIHL") group. All operating companies within this group are engaged either in insurance or reinsurance underwriting activities or provide support services for the group's insurance and reinsurance activities. Further details are provided in the notes to these Financial Statements. The Company's activities are not expected to change in the foreseeable future.

On 15 February 2019, in accordance with the merger agreement between Apollo Global Management and Aspen Insurance Holdings Limited ("AIHL"), AIHL merged with Highlands Merger Sub, Limited, a company incorporated in Bermuda and wholly owned subsidiary of Highlands Holdings, Limited, a company incorporated in Bermuda. As a result, from 15 February 2019, Highlands Holdings, Limited is the new ultimate parent company of Aspen (UK) Holdings Limited ("the Company" or "AUKH").

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements therefore only report the activities and assets and liabilities of the Company as a stand-alone entity.

Overview of the business

The Company is a holding company and as such is not involved in any day-to-day trading activity. The principal activities of the Company reported in these financial statements are as follows:

- There was no dividend income received in 2019 (2018: $2,058,000);
- The Company received a capital contribution of $103,400,000 (2018: $124,600,000) from the Company's parent company, AIHL, in order to fund the growth in its subsidiary Aspen US Holdings Inc. ("AUSH"); and
- There was an increase in the investment in group undertakings of $121,554,000, which was mainly due an increase in the investment in AUSH of $128,400,000 (2018: $124,600,000) through five capital contributions of $15,000,000, $10,000,000, $15,000,000, $28,400,000 and $60,000,000. In addition there was a minority interest buy-out in Aspen Risk Management Limited ("ARML") of $827,000. Offsetting this was a $1,671,000 write-off of the holding in Aspen Recoveries Limited, a $5,035,000 write-off of the holding in Aspen Risk Management Limited ("ARML"), a $194,000 write-off of APJ Continuation Limited, a $303,000 impairment of APJ Asset Protection Jersey and a $472,000 impairment of Aspen UK Syndicate Services Limited.

Balance sheet

The Balance Sheet of the Company includes shareholder's equity of $989,569,000 (2018: $893,311,000) and total assets of $1,008,715,000 (2018: $909,605,000). The most significant asset is the Company's $1,004,028,000 (2018: $882,474,000) investments in subsidiaries.

Principal risks and uncertainties

The Company's business is to act as a holding company for UK and US group companies. The Company has in place a risk management process, which is undertaken in accordance with the Group Risk Framework. The main risk facing the Company is the risk that future changes in the performance of group undertakings which are wholly owned by the Company may reduce the book value of those companies. Management is therefore proactively engaged in overseeing the operations of all wholly owned subsidiaries to ensure that all possible action is taken to preserve the values of the subsidiary undertakings.

In addition, the operating subsidiaries of AUKH are exposed to the recent coronavirus outbreak and this is considered a relevant risk and uncertainty to the Company.

Coronavirus Outbreak

We continue to closely monitor developments related to the outbreak of COVID-19, also known as coronavirus, to assess any potential impact on our business. Like many property and casualty (re)insurers, the operating subsidiaries of AUKH will have possible exposure to the contingency market and cancellation losses stemming from the

COVID-19 outbreak and could also face COVID-19 related claims from credit and surety lines and potential exposure from business interruption. Whether the virus could trigger coverage is dependent on specific policy language, terms and exclusions. There is a risk, however, that legislative, regulatory, judicial or social influences may extend coverage beyond our intended contractual obligations or result in an increase in the frequency or severity of claims beyond expected levels. The volatility in the financial markets resulting from the outbreak may also impact the operating subsidiaries investment portfolio. The operating subsidiaries investment portfolio comprises primarily government and other fixed income securities and the operating subsidiaries are not significantly exposed to equity markets. However, the operating subsidiaries corporate bond portfolio could be subject to default risk in the event of extended disruption to trade, and our strategic asset allocation includes middle market loans, commercial and other mortgage loan arrangements which may be adversely affected by the outbreak. In addition, existing and potential future travel bans, preventative or government mandated closures of our offices or the offices of our outsource providers may affect our ability to conduct our business. A prolonged period of commercial disruption, reduced economic activity and other consequences of the outbreak could have a material impact on our results of operations, financial condition or liquidity. Because this is an evolving and highly uncertain situation it is not possible to provide an estimate of potential insurance or reinsurance exposure or the indirect effects the outbreak may have on our results of operations, financial condition or liquidity.

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 are outlined in more specific detail within the Directors' report, however examples of key decisions taken by the Board during 2019 include:

- Key strategic changes - Following the Apollo Acquisition, there have been a number of changes to executives and senior management. A complete strategic review of the Company's business and culture was also undertaken, in order to improve underwriting performance, financial strength and the culture for employees across the Aspen Group.
- On 14 May 2019, Aspen Insurance UK Limited ("AIUK") issued notice to terminate the delegated underwriting authority to ARML. In August 2019 ARML business went into runoff. AIUK has assumed ARML's underwriting administration and claims handling obligations for the run-off business.

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 our shareholder and wider stakeholders. The Company is familiar and comfortable with the corporate governance practices expected of it and the legislation applicable to Public Interest Entities. The Company also complies fully with the corporate governance requirements of the Companies Act 2006, the Companies Miscellaneous Reporting (Regulations) 2018 and Financial Services and Markets Act 2000 (and regulations made thereunder) applicable to it as a result of its (re)insurance business.

By Order of the Board

Kevin Chidwick
Director
7 August 2020

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2019.

RESULTS AND DIVIDENDS

The results for the year are set out in the accompanying Income Statement. The net loss for the year after tax was $7,142,000 (2018: profit $2,218,000) which was primarily due to an impairment loss arising on investment in subsidiaries. The Company received dividends of $0 (2018: $2,058,000). No dividends were declared or paid (2018: $nil) to Aspen Insurance Holdings Limited, its immediate parent company.

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 2019 and up to the date of this report are as follows:

	Date of appointment	Date of resignation
Kevin Chidwick	April 17, 2020	
Timothy Aman	April 11, 2019	
Silvia Martinez	June 4, 2019	March 31, 2020
Christopher O'Kane		March 28, 2019
Scott Kirk –		April 17, 2020

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.

COMPANY SECRETARY

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

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 has no employees of its own. The Company has management agreements with Aspen US Holdings Inc., Aspen Insurance UK Limited and Aspen Insurance UK Services Limited ("AIUKS"). The majority of the Company's UK personnel are employed by AIUKS. AIUKS is a fellow subsidiary of AIHL. AIUKS 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 AIUKS's employment.

AIUKS'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.

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 adopt the going concern basis in preparing the financial statements.

CHARITABLE AND POLITICAL DONATIONS

The Company made no charitable or political donations during the year.

STAKEHOLDER ENGAGEMENT

There is a growing recognition within the insurance industry of the value of high-quality stakeholder relationships. The Company embraces this trend recognising that active stakeholder input helps to drive the legitimacy and sustainability of its business strategy. However, communication and engagement with Stakeholders has been particularly important and prevalent for the Company following the acquisition of the Company's holding company (Aspen Insurance Holdings Limited and its subsidiaries (" the Aspen Group")), by certain investment funds affiliated with Apollo Global Management (" the Apollo Acquisition"),

Engagement with stakeholders subsequently 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, industry and claims forums, listening to the perspectives of brokers, employees, policyholders and suppliers. Specific examples of the key stakeholder engagement undertaken at different levels within the Company to inform decision-making and enhance Board understanding are set out below.

(Re)Insurance Customers/Brokers **Aspen provides insurance and reinsurance services to many domestic and international organisations**	**Employees** **The Aspen Group employs approximately 460 people in the UK.**	**Shareholders** **Aspen is committed to delivering long-term value for its shareholders**
The Company is a holding company and as such is not involved in any day-to-day trading activity. (Re)insurance services are provided by fellow subsidiaries of AIHL. (Re)insurance customers and brokers expect clear, transparent information and a prompt and effective claims handling service they can rely on. Regular engagement with brokers provides a better understanding of customer needs, as well as how continuous improvements in policy coverage and claims handling can be delivered. More broadly, Aspen takes account of the current and future needs of (re)insurance customers, and this is one of the key issues in its stakeholder engagement generally.	The Company has no employees of its own. The Company has management agreements with Aspen US Holdings Inc., Aspen Insurance UK Limited and Aspen Insurance UK Services Limited ("AIUKS"). The majority of the Company's UK personnel are employed by AIUKS. AIUKS is a fellow subsidiary of the Company. AIUKS depends on the shared talent, skills and values of its employees. Aspen has a framework for ongoing two-way feedback and engaging employees at all levels about the key issues that affect them. Aspen aims to be a supportive and inclusive employer for which people want to work. Aspen also monitors the perspectives on the workplace and on employment issues of people working beyond its existing workforce.	Following the Acquisition, the Aspen Group is privately owned by certain investment funds managed by affiliates of Apollo Global Management.

Material issues	Material issues	Material issues
• **Brexit** - Brexit - Aspen has frequently engaged with brokers at an executive level and via individual lines of business in relation to the structural and business changes affecting Aspen's EU business as a result of Brexit. This communication is ongoing and consists of both face-to-face meetings, email and telephone correspondence.	• **Direct Feedback & Communication between executive management and employees** - For example: Organisational change initiatives, including regular pulse surveys on various topics which allow employees "to have their say" directly and anonymously. Corporate Communications from executive management are circulated to provide updates on all key changes within the Aspen Group; the Aspen Group CEO has a separate email account for employees to "email the CEO" with any suggestions, queries or complaints; Town Hall meetings in which all employees in the Aspen Group are able to attend.	As a result of the Acquisition, Aspen has become a privately owned organisation such that there is increased engagement with shareholders. Shareholders' interests are represented on the Board of the Aspen Group holding company, AIHL. The Group CEO and Chairman is responsible for driving shareholders' objectives and ensuring that strategy throughout the Group is consistent with shareholders' objectives.
• **Apollo Acquisition** - Following the Apollo Acquisition Aspen has made various structural changes. Executive management have directly engaged with customers to obtain feedback on changes, as well as provide frequent and thorough update of any changes.	• **Corporate Social Responsibility & Diversity and Inclusion** - The Aspen Group has a number of permanent staff committed to continually implementing new initiatives to support global and local charities, drive climate change initiatives as well as support internal diversity and inclusion.	• Aspen's Investment plans are also under consideration to ensure appropriate returns for shareholders.
• The Aspen Group recently engaged a global PR agency to assist with the efficiency and consistency of communication across all regions.		

Regulatory bodies	Suppliers and contractors	Local Communities
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 applicable laws, regulations, and 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.	Aspen relies on its supply chain to deliver projects and ensure it operates successfully. Aspen aims to build strong relationships with suppliers and contractors so it can maximise cost efficiencies and alignment with its brand, technology and strategies.	Aspen 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 our charity partners, also provide opportunities for different parts of the business to unite around a common cause.
Examples	**Examples**	**Examples**
• Senior Management (in conjunction with the Aspen's Compliance department) have maintained consistent and ongoing communication with various regulators such as the PRA and FCA to explain the changes the organisation is going through. Examples include the change in control arising from the Apollo Acquisition, Aspen's ongoing preparations for Brexit, and departures from existing lines of business. • In 2019, a Group supervisory college was conducted in which regulators from the various jurisdictions met to discuss the changes undertaken within Aspen Group.	• Aspen's Procurement function continues to focus on supplier engagement and liaison with suppliers • Where there may be any impact on suppliers as a result of organisational change, they have been informed of relevant changes at an early stage to discuss the impact such changes may have on the supply or their services. • Aspen monitors the quality and timeliness of services provided by third party providers to ensure compliance with regulatory and legislative requirements (such as the Modern Slavery Act).	• **Corporate Social Responsibility & Diversity and Inclusion** - Aspen has a number of permanent staff committed to continually implementing new initiatives to support global and local charities, as well as support internal diversity and inclusion.

Employee engagement

The Company has no employees of its own in the U.K.. As above, the majority of the Company's UK personnel are employed by Aspen Insurance UK Services Limited ("AIUKS"). AIUKS is a fellow subsidiary of AIHL.

The success of Aspen depends on the collective talent, skills and values of its employees. Accordingly, Aspen is committed to employee engagement at all levels. Examples of employee engagement initiatives during 2019 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, personnel or the insurance market. The emails are comprehensive and frequent. • Executive Management, as well as the relevant project managers present Town Hall meetings to all of the Aspen Group. Each Town Hall involves an interactive Q&A component and 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 Aspen Group CEO also has a designated email account for employees to "email the CEO" with any queries or business recommendations. The inbox is monitored regularly and emails are considered by the CEO personally. • As part of the ongoing cultural transformation, a 'Pulse Survey' was set up so that all employees could provide feedback to help shape Aspen's immediate priorities and to identify matters of concern to employees. It was reported that certain aspects of Aspen's IT systems could be improved, as a result of which a number of system upgrade upgrades are being implemented.
Encouraging the involvement of employees in the company's performance	• AIUKS offers annual bonuses, long term incentive awards (LTIP) (available to selected employees), and an Executive Scheme to encourage performance. • Annual bonuses and LTIP awards are discretionary and contingent upon both company and employee performance (measured against the performance standards expected within each employee's job description).
Achieving common awareness of the financial and economic factors affecting Aspen's performance	Aspen delivers quarterly all staff updates and announcements and encourage feedback on the key financial and economic conditions affecting the Aspen group. The Corporate Communications and Town Hall meetings (as referred to above) throughout 2019 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.

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 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.

EVENTS SINCE THE REPORTING DATE

There have been no material events since the reporting date.

By Order of the Board

Kevin Chidwick
Director
7 August 2020

Aspen (UK) Holdings Limited
Company Number: 4785892

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE 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 (UK) HOLDINGS LIMITED

Opinion
We have audited the financial statements of Aspen (UK) Holdings Limited ("the company") for the year ended 31 December 2019 which comprise the comprise the Income Statement, Statement of Changes in Equity, Balance Sheet, and the 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 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, 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
The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 9, 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

Kushan Tikkoo (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
7 August 2020

INCOME STATEMENT

For the year ended 31 December 2019

	Notes	2019 $'000	2018 $'000
Dividend income	3	—	2,058
Interest income	4	174	418
Gain/(loss) on foreign exchange revaluation	9	360	(267)
Impairment loss	10	(7,676)	—
(Loss)/Profit before taxation	5	(7,142)	2,209
Tax credit on (loss)/profit	8	—	9
(Loss)/profit for the financial year		**(7,142)**	**2,218**

The results for the year ended 31 December 2019 and 2018 are derived from continuing operations. There were no recognised gains and losses for 2019 or 2018 other than those included in the Income Statement. Therefore, no Statement of Other Comprehensive Income has been prepared.

The notes on pages 15 to 22 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Notes	2019 $'000	2018 $'000
Opening shareholder's equity		893,311	766,493
Retained (loss)/profit for the financial year		(7,142)	2,218
Increase in capital contribution reserve	14	103,400	124,600
Closing shareholder's equity		**989,569**	**893,311**

The notes on pages 15 to 22 form part of these financial statements.

BALANCE SHEET
As at December 31, 2019

	Notes	2019 $'000	2018 $'000
ASSETS			
Investments in group undertakings	10	1,004,028	882,474
Cash at bank		2,421	23,619
Debtors: amounts falling due within one year	11	2,266	3,512
Total Assets		**1,008,715**	**909,605**
LIABILITIES			
Creditors: amounts falling due within one year			
Amounts owed to group undertakings	12	19,146	16,294
		19,146	**16,294**
Capital and reserves			
Called up share capital	13	228,078	228,078
Capital contribution reserve	14	665,389	561,989
Profit and loss account		96,102	103,244
Shareholder's equity		**989,569**	**893,311**
Total Liabilities and Capital		**1,008,715**	**909,605**

The notes on pages 15 to 22 form part of these financial statements.

These financial statements were approved by the Board of Directors on 7 August 2020 and signed on its behalf:

Kevin Chidwick
Director
7 August 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. ACCOUNTING POLICIES

Basis of preparation

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

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its consolidated results.

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"). The functional and presentational currency of these financial statements is US Dollars. All amounts in the financial statements have been rounded to the nearest $1,000 unless otherwise noted.

The Company's parent undertaking, AIHL, includes the Company in its consolidated financial statements. The consolidated financial statements of AIHL are prepared in accordance with US GAAP and are available to the public and may be obtained from the address given in Note 16. 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:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

1.1 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 of at least 12 months from the date that the financial statements are approved. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. As a holding company, the Company has considered the potential impact of COVID-19 on its financial position as well as its operational resilience. The Company as an intermediate holding company is potentially impacted by the risks exposed to its subsidiaries. The Directors, having considered all available information on the potential impact of COVID-19 on its investment in subsidiaries carrying amounts, including, where relevant, the assessments carried out by subsidiaries, consider that the going concern basis remains appropriate for this Company. Whilst there are many unknowns and the future impact of the pandemic is difficult to predict, the Company is taking proactive action in line with the wider Group and successfully implemented its Business Continuity Plan with all staff working from home with minimal disruption to its day-to-day operations.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

1.3 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 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 valuation of investments in subsidiaries is considered to be the Company's key source of estimation uncertainty.

1.5 Financial instruments

1.5.1 Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is 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 Income Statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Income Statement.

1.5.2 Loans and receivables

Loans and receivables are recognised at the transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

1.6 Turnover

Turnover consists of dividends received from group companies. Dividend income is recognised in the Income Statement on the date the Company's right to receive payments is established.

1.7 Interest receivable

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income is recognised in the Income Statement as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.8 Investments in group undertakings

Investments in subsidiaries are carried at cost less accumulated impairment. The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is either its value in use or its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

1.9 Taxation

Tax on the profit or loss for the year 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 year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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 is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.10 Creditors

Creditors are recognised initially at the transaction price less attributable transaction costs.

2. FINANCIAL RISK MANAGEMENT

The main risk facing the Company is the risk that future changes in the performance of group undertakings which are wholly owned by the Company may reduce the book value of those companies. Management is therefore proactively engaged in overseeing the operations of all wholly owned subsidiaries to ensure that all possible action is taken to preserve the values of the subsidiary undertakings.

The Company is also exposed to financial risks through its financial assets and financial liabilities. The most important components of this financial risk are foreign currency risk, credit risk and liquidity risk.

Foreign currency risk

The Company is exposed to currency risk in respect of assets and liabilities in currencies other than USD, the Company's functional currency, and uses foreign exchange contracts to manage foreign currency risk.

Credit risk

Credit risk is the risk of loss to the Company if a counterparty to a financial asset fails to meet its obligations. The Company is exposed to credit risk through its debtors due from other group companies. Group Insurance Credit Risk policy defines the processes for assessing, monitoring and managing credit exposure to intermediaries, policyholders and reinsurance counterparties.

Liquidity risk

Liquidity risk is the risk of failing to maintain sufficient liquid financial resources to meet liabilities as they fall due. All creditors are due within one year. Financial assets include cash, which is capable of liquidation at very short notice and debtors, which are also due within one year. Group liquidity risk is the risk that liquidity cannot be secured for the Company from elsewhere in the Group. The Liquidity Risk Policy highlights the measures that Aspen have put in place in order to maintain an agreed amount of assets in cash and cash equivalents. These measures include concentration limits to ensure the liquidity of assets, appropriateness of the marketability or realisability of assets and a liquidity contingency funding plan.

In addition, as disclosed in the Strategic Report, the Company's operating subsidiaries are exposed to the recent coronavirus outbreak, which is considered a relevant risk and uncertainty to the Company

3. DIVIDEND INCOME

There was no dividend income in 2019 (2018: $2,058k).

4. INTEREST INCOME

Interest income and similar income include interest receivable on funds invested of $174k (2018: $418k).

5. PROFIT/(LOSS) BEFORE TAXATION

There are no fees for the audit of the Company included in the profit/loss before taxation. The fee for the audit of the Company of $10k (2018: $10k) is fully borne by another group company.

6. STAFF COSTS

The average number of employees (including directors) employed by the Company in the year was Nil (2018: Nil), and no payroll related costs were borne by the Company during the year (2018: $Nil).

7. DIRECTORS' REMUNERATION

No directors' remuneration was incurred in the year (2018: Nil).

8. TAXATION

An analysis of tax charge/(credit) in the year is as follows:

	2019 $'000	2018 $'000
UK corporation tax		
Current tax credit on result for the year	—	2
Adjustments in respect of prior periods	—	7
Total current tax credit	—	9
Deferred tax		
Adjustments in respect of prior periods	—	—
Total deferred tax charge	—	—
Total tax (charge)/credit on (loss)/profit	—	9

The current tax credit (2018: credit) for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below.

	2019 $'000	2018 $'000
Current tax reconciliation		
Profit/(Loss) before tax	(7,142)	2,209
Current tax charge at 19.00%	(1,357)	(420)
Effects of:		
Non-taxable dividend income	—	391
Other adjustments	—	2
Non-deductible expenses	1,458	7
Adjustments in respect of prior periods	(101)	29
Total tax credit	—	9

9. FOREIGN EXCHANGE

The currency translation gain of $360,000 (2018: loss of $267,000) represents a translation gain (2018: loss) on sterling assets and liabilities held at the balance sheet date.

10. INVESTMENTS IN GROUP UNDERTAKINGS

Investments in group undertakings, with the exceptions of AgriLogic Consulting LLC, are all fully owned, and are as follows:

Company Name	Country of incorporation	Class of shares held	Principal activities	Held directly or indirectly
Aspen US Holdings Inc	USA	Ordinary $1	Insurance Holding Company	Directly
Aspen Specialty Insurance Company	USA	Ordinary $1	Insurance Company	Indirectly
Aspen Insurance US Services Inc	USA	Ordinary $1	Service	Indirectly
Aspen Specialty Insurance Management Inc	USA	Ordinary $1	Insurance Broker	Indirectly
Aspen Re America Inc	USA	Ordinary $1	Insurance Broker	Indirectly
Aspen Specialty Insurance Solutions	USA	Ordinary $1	Insurance Broker	Indirectly
Aspen American Insurance Company	USA	Ordinary $1,000	Insurance Company	Indirectly
Aspen Insurance UK Services Limited	UK	Ordinary £1	Service	Directly
AIUK Trustees Limited	UK	Ordinary £1	Trustee	Indirectly
APJ Continuation Limited	UK	Ordinary $1	Insurance Holding Company	Directly
APJ Asset Protection Jersey Limited	Jersey	Ordinary £1	Insurance	Directly
Aspen UK Syndicate Services Limited	UK	Ordinary £1	Insurance Broker	Directly
Aspen Risk Management Limited	UK	100% Ordinary A £1; 100% Preference	Insurance	Directly
Aspen Recoveries Limited	UK	Ordinary £1	Holding Company	Directly
AgriLogic Consulting LLC	USA	Ordinary $1	Consulting Services	Indirectly

Impairment testing
In accordance with Section 27 of FRS 102, management has conducted an impairment review of the Company's investment in subsidiaries.

The review indicated that the carrying amount of the investment with Aspen Recoveries Limited ("ARL), Aspen Risk Management Limited ("ARML"), APJ Continuation Limited ("APJC"), APJ Continuation Limited ("APJC"), APJ Asset Protection Jersey Limited and Aspen UK Syndicate Services Limited should be written down by $1,671,000, $5,035,000 , $194,000, $303,000 and $472,000 respectively. An analysis of the year is as follows:

	2019 $'000	2018 $'000
Cost before impairment, at 1 January	1,067,004	956,306
Additions	128,400	124,821
ARML contingent consideration	—	(14,123)
ARML Minority Interest Buy-Out	827	—
Accumulated impairment	(192,203)	(184,530)
As at 31 December	**1,004,028**	**882,474**

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 $'000	2018 $'000
Amounts owed by group undertakings - others	2,266	3,512
	2,266	**3,512**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 $'000	2018 $'000
Amounts owed to group undertakings - group relief	216	216
Amounts owed to group undertakings - others	18,930	16,078
	19,146	**16,294**

13. CALLED UP SHARE CAPITAL

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

	2019 Number	2019 $'000	2018 Number	2018 $'000
Allotted, issued and fully paid-up:				
147,432,257 (2018: 147,432,257) ordinary shares of £1 each	**147,432,257**	**228,078**	**147,432,257**	**228,078**

14. CAPITAL CONTRIBUTION RESERVE

The Company received capital contributions of $15,000,000 in July 2019, $28,400,000 in November 2019 and a further $60,000,000 in December 2019 from its immediate holding company, AIHL.

In the prior year, the Company received capital contributions of $9,000,000 in July 2018, $85,600,000 in October 2018 and a further $30,000,000 in December 2018 from its immediate holding company, AIHL.

All of the above capital contributions are distributable.

15. RELATED PARTIES

As the Company is a wholly owned subsidiary of AIHL, the Company has taken advantage of the exemption contained in FRS102 and has therefore not disclosed transactions with entities which form part of the group (or investees of the group who qualify as related parties).

16. ULTIMATE HOLDING COMPANY

The ultimate parent company as at 31 December 2019 was Highlands Holdings Limited incorporated in Bermuda. 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.

On February 15, 2019, Aspen Insurance Holdings Limited ("AIHL") completed its merger with Highlands Merger Sub, Ltd. ("Merger Sub"), a wholly owned subsidiary of Highlands Holding, Ltd. ("Parent"). Merger Sub merged with and into AIHL (the "Merger"), with AIHL continuing as the surviving company and as a wholly owned subsidiary of Parent, a Bermuda exempted company, is an affiliate of certain investment funds managed by affiliates of Apollo Global Management, Inc., a leading global investment manager (collectively with its subsidiaries, "Apollo").

17. POST BALANCE SHEET EVENT

On June, 16, 2020, the Company received a capital contribution of $10.0m from AIHL. On the same date, AUKH made a capital contribution of $10.0m to Aspen US Holdings Inc. ("AUSH"), a wholly owned subsidiary. The additional capital injection to AUSH allows AUSH to repay $10.0m principal of the intercompany loan (formerly the Agrilogic loan) to Aspen Specialty Insurance Company ("ASIC").