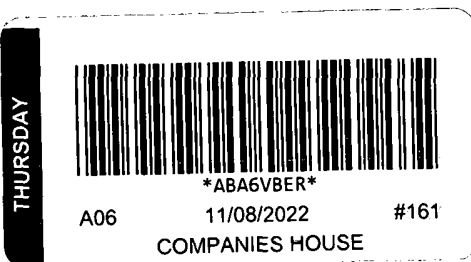


ASHBROOKE UNDERWRITING LIMITED

Company registration number: 03237594

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



ASHBROOKE UNDERWRITING LIMITED

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ASHBROOKE UNDERWRITING LIMITED

COMPANY INFORMATION

Directors	Steven Gowland Andrew Morpeth
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Company Secretary	Jeremy Watt
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Registered Office	8 Eagle Court London EC1M 5QD
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Independent Auditor	LB Group Limited Number One Vicarage Lane London E15 4HF
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ASHBROOKE UNDERWRITING LIMITED

STRATEGIC REPORT

The directors present the audited annual report and financial statements of Ashbrooke Underwriting Limited ("the Company") for the year ended 31 December 2021.

Principal Activity and Review of Business

The principal activity of the Company was to carry on Motor and Property classes of general insurance business. The Company has not written new business since 2000 and has no current plans to write further business in the future. The Company is currently in run-off and its principal activity is to manage its pre-existing claims to customers.

The profit for the year, after taxation, amounted to £nil (2020: £nil).

The Period Report and Financial statements have been prepared on a going concern basis.

Dividends

No dividend was paid in the year (2020: £24.5m).

Principal Risks and Uncertainties

The Company is exposed to financial risk through its financial assets and liabilities, the most important components of which are: interest rate, currency, credit and liquidity risks. The Company does not use hedging or adopt hedge accounting for any type of transaction.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. One area where the Company is exposed to significant credit risk is the reinsurer's share of technical liabilities. As primary insurer, the Company must discharge its liability even if a reinsurer fails to pay a claim. The Company has one treaty reinsurer, which is monitored on a regular basis to ensure its financial stability.

Interest rate risk

The Company's operations are not materially subject to the risk of interest rate fluctuations.

Liquidity Risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The Company seeks to mitigate this risk by maintaining sufficient cash to meet its obligations as they fall due.

Currency risks

The Company is not exposed to foreign exchange risk.

Insurance Risk

Insurance risk is the risk that new claims may arise and that reserves on existing claims are inadequate. The Company seeks to mitigate this risk by regularly reviewing claim developments and carefully reviewing the adequacy of reserves including incurred but not reported ("IBNR") reserves. However, given that the Company is in late stage run off the insurance risk is very low.


ASHBROOKE UNDERWRITING LIMITED

STRATEGIC REPORT

COVID-19

The outbreak of COVID-19 in 2020 resulted in a pandemic causing significant disruption across the globe. The impact on society was reflected in business closure, restrictions on movement, home working and cancellations of sporting and other events. This led to an economic downturn during 2020. However, the easing of restrictions following the mass vaccinations programmes during the course of 2021 and 2022 have led to an economic recovery in most sectors. Management continues to monitor the situation and the likelihood of any impact on the Company and at the time of writing, do not consider that there will be any material impact on the Company.

Approved by the Board of Directors and signed on behalf of the Board.

DocuSigned by:

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Steven Gowland
Director

19 May 2022

ASHBROOKE UNDERWRITING LIMITED

DIRECTORS' REPORT

The directors present the audited annual report and financial statements of Ashbrooke Underwriting Limited ("the Company") for the year ended 31 December 2021

The Company's registration number is 03237594.

Going Concern

These financial statements have been prepared on a going concern basis.

The directors consider that the Company maintains an appropriate level of liquidity, sufficient to meet the demands of the business including any capital and servicing obligations of external debt liabilities.

In addition, the Company's assets are assessed for recoverability on a regular basis, and the directors consider that the Company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have considered possible outcomes for COVID-19 and at the time of writing, do not consider that there will be any material impact on the Company.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Company's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

Statement of Directors' Responsibilities

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and applicable law) and FRS 103 *Insurance Contracts*.

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, 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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ASHBROOKE UNDERWRITING LIMITED

DIRECTORS' REPORT

Directors

The directors set out below held office during the course of the period:

Steven Gowland
Andrew Morpeth

Matters Covered in the Strategic Report

As permitted in paragraph 1A of Schedule 7 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 2 and 3. These matters relate to the financial risk management disclosures and likely future business development.

Statement as to Disclosure of Information to Auditor


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

- so far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2021 of which the auditor is unaware; and
- the director has taken all steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

LB Group Limited (Stratford) were appointed as auditors of the Company.

This report was approved by the Board on and signed on its behalf by:

DocuSigned by:

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Steven Gowland
Director

19 May 2022

ASHBROOKE UNDERWRITING LIMITED

AUDITORS' REPORT TO THE MEMBERS

Opinion

We have audited the financial statements of Ashbrooke Underwriting Services Limited (the 'company') for the period ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 state of the company's affairs as at 31 December 2021 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 public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

Audit Scope – We scope the audit based on materiality, by financial statement line item. No scoping by location is required as there are no branches or other locations. As part of designing our audit we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where directors made judgements on a subjective basis for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls and the industry in which it operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

ASHBROOKE UNDERWRITING LIMITED

AUDITORS' REPORT TO THE MEMBERS

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from these procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key audit matter

2021 and post balance sheet date have been impacted by the continuing Covid-19 global pandemic resulting in significant economic disruption.

Management have ensured that the measurement of assets and liabilities reflects only the conditions that existed at the reporting date.

Management have concluded the company will maintain its solvency above requirements under current laws and regulations and the company continues to be a going concern. Although the situation continues to evolve at the time of signing management do not expect there to be any material financial impact on the company.

How our scope addressed this matter

We assessed management's approach to the impact of Covid-19 on the company and the financial statements by performing the following procedures:

- obtained management's assessment on the continuing Covid-19 pandemic on going concern.
- We inspected the impact assessment provided to evaluate its consistency with our understanding of the operations of the company and the investment portfolio; and
- Examined the disclosures made by management in the financial statements and checked consistency of the disclosures with our knowledge of the company based on our audit and the other procedures.

Based on the work performed and the evidence obtained, we have not identified any facts that would suggest that the financial statements should not be prepared on a going concern basis and that the disclosure of the impact of the continuing Covid-19 pandemic in the financial statements is not appropriate.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds of materiality. These together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality - £62,000

How we determined it – 1.75% of total assets.

Rationale for benchmark applied – The company is in run-off and therefore we believe that total assets is the most appropriate benchmark as this reflects the primary objective of the Company, being to hold an asset position that provides sufficient solvency and cover over its liabilities.

We agreed with the directors that we would report to them misstatements identified during our audit above £3,100 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

ASHBROOKE UNDERWRITING LIMITED

AUDITORS' REPORT TO THE MEMBERS

An overview of the scope of our audit, including the extent to which the audit was considered capable of detecting irregularities, including fraud

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements.

In identifying and assessing risks of material misstatement in respect of irregularities including non-compliance with laws and regulations, our procedures included but were not limited to:

- at planning stage, we gained an understanding of the legal and regulatory framework applicable to the Company, the industry in which it operates and considered the risk of acts by the Company which were contrary to the applicable laws and regulations;
- we discussed with the directors the policies and procedures in place regarding compliance with laws and regulations;
- we discussed amongst the engagement team the identified laws and regulations, and remained alert to any indications of non-compliance; and
- during the audit, we focused on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors (as required by auditing standards), from inspection of the Company's regulatory and legal correspondence and review of minutes of directors' meetings in the year. We identified that the principal risks of non-compliance with laws and regulations related to breaches of regulatory requirements of the Prudential Regulatory Authority and Financial Conduct Authority. We also considered those other laws and regulations that have a direct impact on the preparation of financial statements, such as the Companies Act 2006.

Our procedures in relation to fraud included but were not limited to:

- inquiries of management whether they have knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussions amongst the engagement team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements, and determined that the principal risks were related to posting journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the provisions for the settlement of future claims, and significant one-off or unusual transactions; and
- addressing the risk of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as there may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any 'key audit matters' relating to irregularities, including fraud. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under 'key audit matters' within this report.

ASHBROOKE UNDERWRITING LIMITED

AUDITORS' REPORT TO THE MEMBERS

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 and the directors' report.

We have nothing to report in respect of the following matters where 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, 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.

ASHBROOKE UNDERWRITING LIMITED

AUDITORS' REPORT TO THE MEMBERS

Auditor's responsibilities for the audit of the financial statements

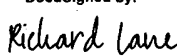
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed in this report.

A further description of our responsibilities is available 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:

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20-05-22

Richard Lane (Senior Statutory Auditor)
For and on behalf of LB Group (Stratford)
Chartered Accountants
Statutory Auditors

Number One
Vicarage Lane
Stratford
London
E15 4HF

ASHBROOKE UNDERWRITING LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	31 December 2021 £'000	11 Months to 31 December 2020 £'000
Investment income	3	19	6
Administrative expenses		(19)	(6)
PROFIT BEFORE TAXATION		-	-
Tax on Profit on ordinary activities	5	-	-
PROFIT FOR THE FINANCIAL YEAR		-	-

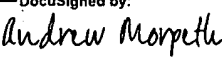
All amounts above relate to discontinued operations.

The accompanying notes are an integral part of this profit and loss account.

ASHBROOKE UNDERWRITING LIMITED**BALANCE SHEET**

	Note	31 December 2021 £'000	31 December 2020 £'000
ASSETS			
CURRENT ASSETS			
Cash at bank and in hand		1,928	3,428
Other debtors	6	1,588	88
TOTAL ASSETS		<u>3,516</u>	<u>3,516</u>
CAPITAL RESERVES AND LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	7	2,000	2,000
Share premium account		20	20
Profit and loss account		1,496	1,496
TOTAL SHAREHOLDER'S FUNDS		<u>3,516</u>	<u>3,516</u>
CREDITORS: Amounts falling due within one year			
Other creditors	8	-	-
Corporation Tax		-	-
TOTAL EQUITY AND LIABILITIES		<u>3,516</u>	<u>3,516</u>

These financial statements were approved by the board of directors and signed on its behalf by:

DocuSigned by:

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 A G Morpeth
 19 May 2022

The accompanying notes are an integral part of this balance sheet.

ASHBROOKE UNDERWRITING LIMITED**STATEMENT OF CHANGES IN EQUITY**

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 February 2020	26,000	20	1,971	27,991
Reduction in Share Capital	(24,000)	-	24,000	-
Profit for the period	-	-	-	-
Dividend paid in the period	-	-	(24,475)	(24,475)
At 31 December 2020	2,000	20	1,496	3,516
Profit for the period	-	-	-	-
At 31 December 2021	2,000	20	1,496	3,516

The accompanying notes form an integral part of this statement of changes in equity.

ASHBROOKE UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

General information

Ashbrooke Underwriting Limited ('The Company') is a private company limited by shares and incorporated in England and Wales, United Kingdom. The address of its registered office and principal place of business is 8 Eagle Court, London EC1M 5QD.

These financial statements have been presented in Pounds Sterling as this is the Company's functional currency, being the currency of the primary economic environment in which the Company operates.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions, which have been complied with including notification of, and no objection to, the use of exemptions by the Company's shareholders. In preparing the financial statements the Company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation as required by paragraph 7 of Section 33 *Related Party Disclosures*;
- from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year as required by paragraph 12 of Section 4 *Statement of Financial Position*; and
- from presenting a statement of cash flows as required by Section 7 *Statement of Cash Flows*.

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102"), FRS 103 Insurance Contracts ("FRS 103") and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance groups. These financial statements have been prepared under the historical cost convention.

Critical accounting estimates and judgements

The Company has written no new business since 2000 and has no current plans to write further business in the future. Due to the inactive nature of the Company, there are no critical accounting estimates or judgements to be made by management in respect of these financial statements.

Going concern

These financial statements have been prepared on a going concern basis.

Interest income

Interest income is recognised as interest accrues using the effective interest rate method.

Taxation

The tax expense for the period comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date. Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

ASHBROOKE UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDING 31 DECEMBER 2021

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds only basic financial instruments, which comprise cash and cash equivalents, debtors and creditors. The Company has chosen to apply the measurement and recognition provisions of Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument Issues in full.

Financial assets – classified as basic financial instruments

Cash and cash equivalents

Cash and cash equivalents comprises cash in hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at amortised cost.

Amounts that are receivable within one year are measured at the undiscounted amount expected to be receivable, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

At each reporting date the Company assesses whether there is objective evidence that any financial asset amount may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the financial assets. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the provision is recognised immediately in profit or loss.

Financial liabilities – classified as basic financial instruments

Creditors

Creditors include creditors arising out of direct and reinsurance operations and other creditors. Creditors are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Amounts that are payable within one year are measured at the undiscounted amount expected to be payable.

Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

Foreign currencies

Foreign currency transactions are translated into the functional currency of the reporting entity using the exchange rate prevailing on the first day of the month in which the transactions took place. Income and expenses items are translated using an average exchange rate for the year where there are limited fluctuations in foreign exchange rates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. For the purposes of foreign currency translation, insurance balances are treated as monetary items. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

ASHBROOKE UNDERWRITING LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 31 DECEMBER 2021**

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the reporting date of monetary assets and liabilities are reported in profit or loss.

2 NET OPERATING EXPENSES

The Company had no employees throughout the period (2020: nil).

Auditors' remuneration in respect of the audit of the Company's financial statements for the period ended 31 December 2020 amounted to £3,000 (2020: £3,000) and which were borne by another group company. The Company's auditors provided no services to the Company other than the annual audit during either the current period.

3 INVESTMENT INCOME

	2021 £'000	2020 £'000
Interest received	<u>19</u>	<u>6</u>

4 DIRECTORS' EMOLUMENTS

No directors were remunerated from the Company during the period (2020: £nil).

5 Taxation

The tax charge recognised in profit or loss comprises:

	2021 £'000	2020 £'000
Current tax		
UK corporation tax on loss for the current period	-	-
UK corporation tax on prior year profit	-	-
Total tax	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

Tax on loss on ordinary activities for the period is higher/lower than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

	2021 £'000	2020 £'000
Profit/(Loss) on ordinary activities before taxation	<u>-</u>	<u>-</u>
Income tax calculated at 19% (2020: 19%)	-	-
Adjustment for items not chargeable to corporation tax	-	-
Total tax	<u>-</u>	<u>-</u>

ASHBROOKE UNDERWRITING LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 31 DECEMBER 2021**

The major components of the income tax expense are:

	2021	2020
	£'000	£'000
Current tax		
Group relief	-	-
Total tax expense	<u>-</u>	<u>-</u>

The difference between the tax assessed on profit on ordinary activities for the period and applying the standard rate of UK corporation tax to the profit before tax is shown below:

	2021	2020
	£'000	£'000
Profit before tax	<u>-</u>	<u>-</u>
Profit multiplied at standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	<u>-</u>	<u>-</u>

6 OTHER DEBTORS (amounts receivable within one year)

	2021	2020
	£'000	£'000
Other Debtors	1,018	-
Amounts owed by group undertakings	<u>570</u>	<u>88</u>
	<u>1,588</u>	<u>88</u>

The amounts owed by group undertakings are unsecured, have no repayment terms and bear no interest.

7 CALLED UP SHARE CAPITAL

	2021	2020
	£'000	£'000
Allotted, called up and fully paid		
2,000,000 ordinary shares of £1 each (2020:£1)	<u>2,000</u>	<u>2,000</u>

ASHBROOKE UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDING 31 DECEMBER 2021

8 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

As a result of the Company being inactive, minimal financial management is required. The Company's principal financial risks are credit risk and liquidity risk.

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

As a result of the change of ownership and the restructuring, the Company did not hold any investments at the period end other than cash at bank.

The recoverability of intercompany debtor balances is assessed at each financial reporting period end. The fair value of the intercompany balances approximates the carrying value.

Capital management

The Company closely manages the risk of failure to maintain sufficient capital to provide appropriate security for past policyholders and meet all regulatory capital requirements mandated by the Solvency II directive and the Prudential Regulation Authority ("PRA").

In the previous period ending 31 January 2020 and under the previous owners, on 17 July 2019, the money market fund account holding the Company's solvency capital was closed at short notice by Deutsche Bank and the funds returned to an ordinary savings account held in the name of the Company. This account was then swept to another subsidiary of the AA plc group and meant that the Company was technically insolvent for 12 days whilst the situation was rectified. After 12 days the funds were moved to a current account held in the name of the Company. A new money market fund account was meanwhile set up and the solvency capital was transferred to this new account on 16 August 2019.

9 ULTIMATE CONTROLLING PARTY AND PARENT UNDERTAKING

The Company is a wholly owned subsidiary of Bestpark International Limited.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Ashbrooke Financial Group Limited. Copies of the group financial statements are available on request from 8 Eagle Court, London EC1M 5Q.

10 EVENTS AFTER THE REPORTING PERIOD

There were no post balance sheet events.