Gatland Holdings Jersey Limited

Consolidated 2021 Annual Report

REGISTERED OFFICE:

Level 1,
IFC1,
Esplanade,
St Helier,
Jersey,
JE2 3BX

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Directors

A. R. Creed	(appointed 6th August 2021)
L. R. Tanzer	(appointed 6th August 2021)
P. Prebensen	(appointed 6th August 2021)
N. C. Bentley	(appointed 6th August 2021)
P. W. J. Rutland	(appointed 6th August 2021)
K. M. Salame	(appointed 6th August 2021)
T. H. Gallico	(appointed 6th August 2021)
N. A. Packer	(appointed 6th August 2021)
C. Miranthis	(appointed 22nd October 2021)
J. C. Culshaw	(appointed 10th December 2020, Resigned 19th August 2021)
J. K. Karhukorpi	(appointed 10th December 2020, Resigned 19th August 2021)

Company Secretaries

TMF Group Secretaries
(Jersey) Limited

Registered Office

Level 1
IFC1
Esplanade
St Helier
Jersey
JE2 3BX

Independent Auditors

Deloitte LLP
Hill House
1 Little New Street
London
United Kingdom
EC4A 3TR

Director's Report:

The Directors have pleasure in presenting the Director's Report of the Gatland Holdings Jersey Limited group (“the Group”) for the period from 10th December 2020 (the date of incorporation) to 31st December 2021 “the period”. Reference to “the Company” or “Gatland” means Gatland Holdings Jersey Limited as an individual entity.

Ownership

Gatland was established by CVC Capital Partners (“CVC”) as a group holding company for the purpose of acquiring RiverStone International. On 23rd August 2021 CVC completed the acquisition of RiverStone Europe from Fairfax Financial Holdings Limited ("Fairfax") and the Ontario Municipal Employees Retirement Scheme (“OMERS”). The RiverStone Europe Group will now operate under the name RiverStone International. Pursuant to this transaction, Gatland Bidco Limited (“BidCo”), a wholly-owned indirect subsidiary of Gatland, completed the acquisition of all the outstanding shares of Riverstone Barbados Limited (“RBL”).

Gatland is registered in Jersey and is the ultimate parent company for the group. The registered office of Gatland is Level 1, IFC1, Esplanade, St Helier, Jersey, JE2 3BX.

Principal Activities

The main activity of Gatland is that of a holding company for subsidiary undertakings (together “the Group”, “RiverStone International”) primarily engaged in the run-off of insurance and reinsurance business and the performance of related services. Gatland’s primary focus is the settlement of its subsidiaries’ policyholder obligations and recovery of reinsurance assets in an efficient and economic manner and additionally, through its subsidiaries, the pursuit of opportunities to acquire further run-off portfolios.

RiverStone International is a leading global non life run-off insurance business specialist with more than 20 years of experience helping insurers release capital, streamline their operations and reduce volatility from legacy property and casualty books. RiverStone Europe was founded in 1999 within the publicly listed Canadian insurer Fairfax. In August 2021 RiverStone Europe – what is now RiverStone International – was purchased from Fairfax by CVC’s long-term Strategic Opportunities fund. RiverStone International’s ultimate shareholder is CVC Partners, a private equity company with a reputation for acquiring businesses with a leading position in their chosen markets.

RiverStone International are one of the longest-established legacy run-off providers in the UK company and Lloyd’s of London markets. RiverStone International is experienced in handling all major non-life insurance and reinsurance lines of business and loss types. RiverStone International has established and continues to establish relationships with key parties; our approach generates trust and long-term mutual commitment and a significant part of our portfolio is repeat business. Our track record, experience and reputation mean we can transact run off deals with speed, confidentiality, and certainty. RiverStone International has in-house underwriting, claims and merger and acquisition capabilities delivered by more than 240 employees based in London, Brighton, Ipswich and Darlington.

Gatland has one primary run-off insurance subsidiary, RiverStone Insurance (UK) Limited (“RiverStone Insurance (UK)”), and a group internal reinsurance company TIG Insurance (Barbados) Limited (“TIG”).

In addition, Gatland participates in the Lloyd's of London insurance market through several wholly owned corporate members. The participation by year of account for those underwriting years that were open during the period to 31st December 2021 are shown below:

Member	2019	2020	2021
RiverStone Corporate Capital Limited	100% Syndicate 3500	N/A	100% Syndicate 3500
RiverStone Corporate Capital 3 Limited	85% Syndicate 1897	N/A	N/A
RiverStone Corporate Capital 4 Limited	15% Syndicate 1897	N/A	N/A
GAI Indemnity Limited	29% Syndicate 2468	29% Syndicate 2468	N/A
Sampford Underwriting Limited	35% Syndicate 2468	35% Syndicate 2468	N/A
Lavenham Underwriting Limited	36% Syndicate 2468	36% Syndicate 2468	N/A

As at 31st December 2021, Syndicate 3500 and Syndicate 1897 were managed by the Group's wholly owned subsidiary, RiverStone Managing Agency Limited ("RiverStone Managing Agency"). Syndicate 2468 was managed by the Group's wholly owned subsidiary, Neon Underwriting Limited ("Neon Underwriting") up to and including 30th June 2021, following which the managing agent agreement was novated to RiverStone Managing Agency.

The Group also contains one primary service company, RiverStone Management Limited ("RiverStone Management") which provides operational and administrative support to the primary UK operating subsidiaries.

Directors Report:

Business Review

Results and Performance

The total comprehensive expense for the period set out in the profit and loss account show a loss for the financial period of $8.0 million. This includes the result of RBL and its subsidiaries only from the date of their acquisition, 23rd August 2021, to the period end 31st December 2021.

The balance on the technical account for general business for the period was a profit of $57.3 million, this is net of $35.3 million of operating expenses which include certain transaction incurred by the Company and its wholly owned indirect subsidiary Bidco in the acquisition of RBL.

The loss before tax amounts to $22.2 million and comprises net investment losses of $21.1 million, foreign exchange losses of $28.1 million, finance costs of $28.9 million, the gain on the technical account for general business and other charges of $0.5 million.

Total shareholders' funds were $1,057.2 million. The total shareholders' funds comprises the loss for the financial period of $8.4 million and cumulative translation adjustment gains of $0.4 million.

Directors Report:

Since 23rd August 2021, through its subsidiaries, the Group undertook the following transaction activity:

- the loss portfolio transfer reinsurance of an EEA domiciled entity This transaction results in the transfer to RiverStone Insurance (UK) of gross and net technical provisions of $131.7 million;
- the loss portfolio transfer reinsurance of certain discontinued liabilities of another Lloyd's Syndicate. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of $193.9 million;
- the loss portfolio transfer reinsurance of certain discontinued liabilities of Lloyd's Syndicate 2987. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of $345.2 million;
- the loss portfolio transfer reinsurance of certain discontinued liabilities of Lloyd's Syndicate 4444 and Lloyd’s Syndicate 1861. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of $534.6 million.

Performance Measurements

The Group has made progress throughout 2021 in relation to key elements of its strategy, through the continued proactive management by its primary operating subsidiaries of their existing liabilities and through the acquisition of further run-off portfolios. The Board monitors the performance of the Group with reference to the following key measurements:

	$000’s
Total shareholders’ funds	1,057,187
Net premiums written	1,348,357

The Group’s Solvency II available own funds capital as at the end of the period is $914.9 million, providing a coverage of 164% over the solvency capital requirement (unaudited).

Future Developments

On 20th December 2021, RiverStone Holdings Limited (“RiverStone Holdings”), a wholly-owned indirect subsidiary of Gatland, entered into a share purchase agreement with Argo Global International Holdings Limited, under which RiverStone Holdings will acquire 100% of the share capital of Argo Global Holdings (Malta) Limited and its subsidiary, Argo Global SE, a licenced Maltese insurance carrier. This closing of this transaction is subject to regulatory approval, which is expected to be received in the second quarter of 2022. Gatland intends to utilise this platform as a vehicle to acquire EEA legacy market opportunities.

On 1st January 2022, Gatland, through its wholly owned Lloyd’s Syndicate 3500, completed the reinsurance to close, or split reinsurance to close of the 2019 and prior underwriting years of account liabilities of three separate third party Lloyd’s syndicates. These transactions result in the transfer to Syndicate 3500 of gross and net technical provisions of $270.9 million, $223.5 million and $266.8 million, respectively. These transactions are considered non-adjusting subsequent events.

On 17th February 2022, RiverStone International Bermuda Limited (“RiverStone International Bermuda”), a wholly-owned indirect subsidiary of Gatland, was granted a class 3B insurance licence by the Bermuda Monetary Authority (“BMA”). Gatland intends to utilise RiverStone International Bermuda as a platform for controlled expansion of its group acquisition activities into North America.

Principal Risks and Uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls at Gatland's regulated insurance subsidiaries. All policies are subject to ongoing review by the Board, executive committees, risk management (including compliance) and assurance. Compliance with regulatory, legal and ethical standards is a high priority for Gatland. Its compliance, legal and finance departments take on an important oversight role in this regard. The Board is responsible for ensuring that a proper internal control framework exists to manage financial risks and that controls operate effectively; it is assisted in discharging these responsibilities by the Gatland Group Underwriting and Risk Committee and Gatland UK Risk Committee.

The principal risks faced by the Group arise from fluctuations in the severity of claims compared with expectations, late reporting of claims, inadequate reserving and inadequate reinsurance protection (including the credit worthiness of major reinsurers).

The Group's assets and liabilities are also exposed to market risk, including the impact of changes to interest rates, equity price fluctuations and adverse changes in exchange rates.

Much like 2020, 2021 has been dominated by the impact on society of the novel corona virus, COVID-19. This disease has forced numerous economies to impose significant restrictions on free movement, with the UK requiring large numbers of workers to remain at home at various points throughout the year. The Group has continued to perform business as usual activities efficiently and effectively despite these restrictions and continued to remain fully operational while these conditions remained in force. The Group does not have material insurance exposure to COVID-19 related claims and its financial results have not been meaningfully impacted by this pandemic.

Employees

The Board acknowledges people are essential to the delivery of our strategy. While the Company has no immediate employees, the Board ensures that the interests of the employees of RiverStone Management, the Group's primary service company, are appropriately considered when taking decisions. The Board is aware through its engagement with RiverStone Management, that there exists a well-established structure through which RiverStone Management supports engagement regularly with its employees. During 2021, a year heavily influenced by the impact of the COVID-19 pandemic, this engagement has included quarterly staff presentations and frequent direct email communication and updates as well as a heavy focus on training and development matters. Other activity in 2021 has included a continuing increased focus on employee wellbeing, from regular promotion of support options such as counselling sessions, EAP offerings, virtual G.P. availability & health assessments. Numerous virtual sports and social events were also arranged to continue the collaborative social element they have fostered in their workplaces. Riverstone Management initiated an open forum steering group in 2019, to consider and make recommendations on matters pertaining to diversity and inclusion at Riverstone International. The Executive Management have since adopted an inclusion and diversity charter, sponsored a company-wide, inclusion and diversity survey and are in the process of responding to identified recommendations.

Community and Environment

The Board actively supports and fosters a positive relationship with the community and the environment. In the current period, the Group has supported charitable giving, infrastructure improvements to leased offices to support a reduction in our carbon footprint and the establishment of a environmental responsibility forum. The Board has a policy of matching employee charitable donations and of allowing time to be available to support others in our communities.

Directors

Directors holding office during the period from 10th December 2020 to the date of this report were:

A. R. Creed (appointed 6th August 2021)

L. R. Tanzer (appointed 6th August 2021)

P. Prebensen (appointed 6th August 2021)

N. C. Bentley (appointed 6th August 2021)

P. W. J. Rutland (appointed 6th August 2021)

K. M. Salame (appointed 6th August 2021)

T. H. Gallico (appointed 6th August 2021)

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C. Miranthis (appointed 22nd October 2021)

J. C. Culshaw (appointed 10th December 2020, Resigned 19th August 2021)

J. K. Karhukorpi (appointed 10th December 2020, Resigned 19th August 2021)

Dividends

Gatland paid no interim dividends during the period. The Directors do not recommend a final dividend.

Independent Auditors

Deloitte LLP (“Deloitte”) have been appointed as the Company’s registered auditor and have indicated their willingness to continue in office.

By Order of the Board

Level 1 IFC1 Esplanade St Helier Jersey JE2 3BX	L Tanzer Chief Executive Officer

Independent Auditor's Report to the Members of Gatland Holdings Jersey Limited:

Report on the audit of the consolidated financial statements

1. Opinion

In our opinion the financial statements of Gatland Holdings Jersey Limited (the 'group'):

- give a true and fair view of the state of the group's affairs for the period from 10 December 2019 to 31 December 2021 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with Companies (Jersey) Law, 1991.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated balance sheet;
- the consolidated statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 33.

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

2. 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

KEY AUDIT MATTERS
The key audit matters that we identified in the current year were:

- Valuation of Claims outstanding – Incurred But Not Reported UK mesothelioma claims (RiverStone Insurance (UK) Limited); and,

- Valuation of Claims outstanding - Incurred But Not Reported (Lloyd's syndicates).

MATERIALITY
The materiality that we used for the group financial statements was £60.8m which was determined on the basis of 1% of total assets.

SCOPING
The scope of our audit included four components subject to full scope audits and a further two components subject to the audit of specified account balances. These entities represent 91% of total assets and 100% of claims outstanding.

Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team.

4. 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.

Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- performing an assessment of the group's financial position and liquidity forecasting; and,
- assessing the current and projected levels of the group's regulatory capital coverage.

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 group'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.

5. 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) that we identified. These matters included 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.

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.

5.1. Valuation of Claims outstanding – Incurred But Not Reported UK mesothelioma claims (RiverStone Insurance (UK) Limited)

KEY AUDIT MATTER DESCRIPTION

The valuation of technical provisions of the RiverStone Insurance (UK) Limited is inherently a judgemental area and is classified as an area of significant risk due to the high degree of estimation involved, particularly on long tail or volatile business classes where claim development periods are longer and more unpredictable.

Due to the level of uncertainty and materiality, the incurred but not reported ("IBNR") element claims outstanding is identified as a key audit risk.

We have focused on the assumptions and methodology used by the company to value the mesothelioma IBNR provisions for UK-based claimants. Specifically, the potential future claims curve and the inflation rate are assumptions which are subject to estimation uncertainty.

Note 4(b) and 5(a) to the financial statements provides disclosure this area as a source of estimation uncertainty and judgement.

HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER

We have gained a detailed understanding of the end-to-end reserving process and obtained an understanding of the relevant controls over the data, methodology and assumptions, models and outputs used in reserving. We involved our actuarial specialists to assisting in performing the following procedures:

- Assess the appropriateness of the methodology used by management.
- Assess the reasonableness of key assumptions to derive a mesothelioma claims curve against justification of variance to previous periods and baseline asbestos, pollution and health hazard ("APH") market models;
- Challenge the claims inflation assumptions through comparison to previous periods, baseline APH market models and external benchmarks;
- Perform and analysis on actual versus estimated experience;
- Challenge management on their consideration of emerging market factors, through comparison to market practice;
- Assessing management's disclosures in Notes 4 and 5 of the financial statements describing the valuation uncertainty of the reserves.

Key observations

We have concluded that the methodology and assumptions used by the group to value IBNR are reasonable for RiverStone Insurance (UK) Limited. We have considered the adequacy of the disclosure in Note 5(a) which explains the group's exposure to UK disease claims, particularly arising from mesothelioma and the significant uncertainties that arise from this business.

5.2. Valuation of Claims outstanding - Incurred But Not Reported (Lloyd's syndicates)

KEY AUDIT MATTER DESCRIPTION

The valuation of technical provisions of the group's companies participating in Lloyd's syndicates is inherently a judgemental area and is classified as an area of significant risk due to the high degree of estimation involved.

We have identified the key audit matter with a number of specific classes of business which include Casualty, Professional Indemnity, Directors and Officers, Financial Lines, Political Risk and Mergers and Acquisitions. Due to the level of uncertainty and materiality, the incurred but not reported ("IBNR") element claims outstanding is identified as a key audit risk.

Note 4(b) and 5(a) to the financial statements provides disclosure this area as a source of estimation uncertainty and judgement.

HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER

We have gained an understanding of the end-to-end reserving process and obtained an understanding of the relevant controls over the data, methodology and assumptions, models and outputs used in reserving.

We involved our actuarial specialists to assisting in performing the following procedures:

- Assess the appropriateness of the methodology and assumptions used by the group against industry practice, including any changes made during the year;

– Produced an indicative reserve projection for the Large and Attritional components of these classes of business for comparison against management's recorded reserve;

We also performed additional attribute testing on the claims data used in the reserving process, testing the accuracy and completeness of the data.

We assessed management's disclosures in Notes 4 and 5 of the financial statements describing the valuation uncertainty of the reserves.

Key observations
We have concluded that the methodology and assumptions used by the group to value IBNR in the Lloyd's business are reasonable, and the related disclosures are in accordance with the relevant accounting standards.

6. Our application of materiality

6.1. Materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

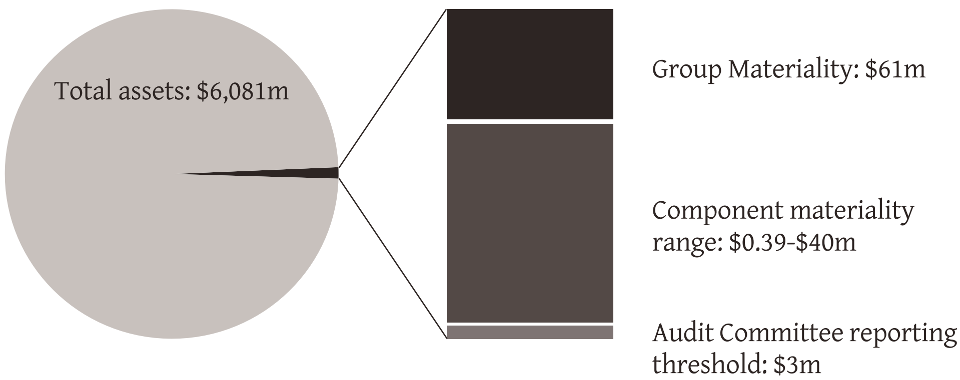
Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

MATERIALITY
$60.8m

BASIS FOR DETERMINING MATERIALITY
1% of Total assets

RATIONALE FOR THE BENCHMARK APPLIED
The principal activity of the company is the management of existing liabilities for its run-off portfolios, as well as acquisition of further run-off portfolios (which come with additional assets). Total assets are therefore a key metric showing the ability of the company to meet its liabilities.

TOTAL ASSETS: **GROUP MATERIALITY:**



6.2. Performance materiality
We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2021 audit. In determining performance materiality, we considered the following factors:

- the consistency of the company's control environment and management team;
- the results from our planning procedures including our preliminary analytical reviews; and,
- given this is our first year as auditor, the limitation to assess of the likelihood of uncorrected misstatements from prior periods recurring in the current period.

6.3. Error reporting threshold

We have agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $3m, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

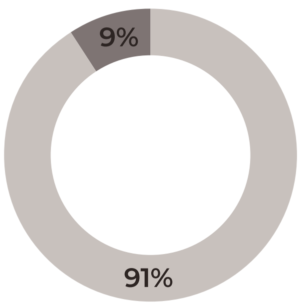
7.1. Identification and scoping of components

The group has one primary run-off insurance subsidiary, RiverStone Insurance (UK) Limited ("RIUK"), and a group internal reinsurance company TIG Insurance (Barbados) Limited ("TIG"). While the claims outstanding balances of TIG are eliminated on consolidation, the assets of the subsidiary are material to the group. The group also participates in syndicates 3500, 2468 and 1897 ("the syndicates") of the Lloyd's of London insurance market through several wholly owned corporate members.

We identified the syndicates and RIUK as in scope for full scope audit procedures. We have performed an audit of specified account balances for two other components which were TIG and Gatland Holdings Jersey Limited. We determined the scope for the components based on the coverage of key metrics which are 91% of total assets and 100% of claims outstanding. For all other components of the group we have performed analytical review procedures. Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team.

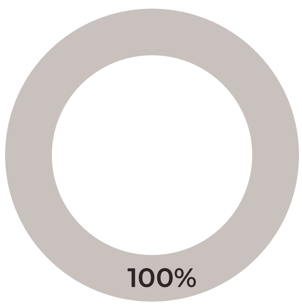
The range of component materiality metrics used was $0.39m to $40m.

TOTAL ASSETS



- Full audit and specified account balance scope
- Review at group level

CLAIMS OUTSTANDING



- Full audit scope

8. 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 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.

9. 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 group'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 group to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

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

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

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

Independent Auditors Report to the Members of Gatland Holdings Jersey Limited:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;

- results of our enquiries of management, internal audit, and the audit committee about their own identification and assessment of the risks of irregularities;

- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:

    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;

    - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;

- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, IT, and actuarial specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of claims outstanding – incurred but not reported UK mesothelioma claims (RiverStone Insurance (UK) Limited) and valuation of claims outstanding - incurred but not reported (Lloyd's syndicates). In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context were Companies (Jersey) Law 1991, UK Companies Act, tax legislation, the Financial Conduct Authority ("FCA") Handbook and the Prudential Regulatory Authority ("PRA") Rulebook.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's subsidiary's regulatory solvency requirements following the Solvency II 2009 Directive.

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of claims outstanding – incurred but not reported UK mesothelioma claims (RiverStone Insurance (UK) Limited) and valuation of claims outstanding - incurred but not reported (Lloyd's syndicates) as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

- enquiring of management, the audit committee and in house legal counsel concerning actual and potential litigation and claims;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, PRA and the FCA; and,

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Matters on which we are required to report by exception

12.1. Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or

- proper accounting records have not been kept or proper returns for our audit have not been received from branches not visited by us; or

- the group financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13. Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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.

Adam Ely, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 March 2022

Consolidated Profit and Loss Account:

	Note	2021 $'000
Technical Account – General Business		
Gross premiums written	7	1,350,301
Outward reinsurance premiums		(2,244)
Net premiums written		1,348,057
Change in provision for unearned premium		
Gross amount		(51,808)
Reinsurers' share		(9,399)
Change in net provision for unearned premium		(61,207)
Written and earned premiums net of reinsurance		1,286,850
Gross claims paid		(250,121)
Reinsurers' share		60,425
Net claims paid		(189,696)
Change in the gross provision for claims		(947,469)
Reinsurers' share		(57,029)
Change in the net provision for claims		(1,004,498)
Claims incurred, net of reinsurance		(1,194,194)
Net operating expenses	8	(35,338)
Total technical charges, net of reinsurance		(1,229,532)
Balance on the technical account for general business		57,318
Investment income	10	9,558
Realised gains on investments	10	3,920
Realised losses on investments	10	(8,122)
Unrealised gains on investments		58,489
Unrealised losses on investments		(144,993)
Finance costs	11	(28,889)
Other charges	12	(554)
Foreign exchange losses		(28,050)
Investment expenses and charges	13	(922)
Gains on derivative contracts	17	124,226
Losses on derivative contracts	17	(64,172)
Loss before tax		(22,192)
Total technical charges, net of reinsurance	14	13,782
Loss for the financial period		(8,410)

THE RESULTS ABOVE ARE ALL DERIVED FROM CONTINUING OPERATIONS.

Consolidated Statement of Comprehensive Income:

		2021 $'000
Loss for the financial period		(8,410)
Currency translation differences		429
Total comprehensive (loss) for the period	$	(7,981)

Consolidated Balance Sheet:

	Note	2021 $'000
Assets		
Intangible Assets		
Goodwill	15	61,088
Fixed Assets		
Tangible assets	16	897
Investments		
Financial investments	17	2,978,108
Deposits with ceding undertakings	17	418,721
		3,396,829
Reinsurers' share of technical provisions		
Claims Outstanding		473,775
Provision for unearned premiums		14,084
		487,859
Debtors: Amounts falling due within one year		
Debtors arising out of direct insurance operations	19	106,141
Debtors arising out of reinsurance operations	20	749,006
Other debtors	21	22,865
		878,012
Other assets		
Deferred taxation	27	6,734
Cash at bank and in hand		1,281,548
Prepayments and accrued income		
Accrued interest and rent		9,298
Prepayments		3,423
		12,721
Total assets		6,125,688

	Note	2021 $'000
Capital and reserves		
Share Capital	22	1,065,168
Profit and loss account		(7,563)
Own shares reserve		(418)
Total shareholders' funds		1,057,187
Technical provisions		
Claims Outstanding	5	4,061,997
Provision for unearned premiums		152,856
Provisions for other risks		
Deferred taxation	26	5,273
Creditors: Amounts falling due within one year		
Creditors arising out of direct insurance operations	23	20,498
Creditors arising out of reinsurance operations	24	92,163
Derivative financial instruments	17	147,509
Other creditors including tax and social security	25	58,063
		318,233
Creditors: Amounts falling due after one year		
Creditors arising out of direct insurance operations	23	5,061
Creditors arising out of reinsurance operations	24	20,395
Other creditors including tax and social security	25	18,861
		44,317
Long term loans	5	485,825
Total capital, reserves and liabilities		6,125,688

The financial statements on pages 18 to 52 were approved by the Board of Directors on 18 March 2022 and were signed on its behalf by:

L. R. Tanzer
Chief Executive Officer

A. R. Creed
Chief Financial Officer

Consolidated Statement of Changes in Equity

	Called Up Share Capital			Profit and loss account	Own shares reserve	Total shareholders' fund
	Class A	Class B	Class C			
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 10th December 2020	-	-	-	-	-	-
Issue of share capital	857,000	200,525	7,642	-	-	1,065,168
Loss for the financial period	-	-	-	(7,970)	(440)	(8,410)
Other comprehensive income for the period	-	-	-	407	22	429
Total comprehensive expense for the period	-	-	-	(7,563)	(418)	(7,981)
Balance at 31st December 2021	857,000	200,525	7,642	(7,563)	(418)	1,057,187

Consolidated Statement of Cashflow

	2021 $'000
Reconciliation of (loss) / profit for the period to net cash inflow from operating activities	
(Loss) for the financial period	(7,981)
Increase in gross technical provisions	754,680
Decrease in reinsurers' share of gross technical provisions	335,208
(Increase) in debtors	(824,573)
Increase in creditors	24,750
Investment return	(1,839)
Net cash inflow from operating activities	280,245
Purchase of equity and debt instruments	(2,046,886)
Sale of equity and debt instruments	1,568,193
Acquisition of subsidiary (net of cash acquired received)	3,220
Investment interest income received	9,292
Dividend income received	3,023
Other	(707)
Net cash inflow/(outflow) from investing activities	(463,865)
New Share Capital Issued	1,065,168
Debt issued	817,500
Debt repaid	(417,500)
Net cash inflow/(outflow) from financing activities	1,465,168
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	1,281,548

Notes to the Financial Statements:

1. General Information

Gatland Holdings Jersey Limited (“Gatland” or “the Company”) is a holding company of subsidiary undertakings (together “the Group”) primarily engaged in the run-off of insurance and reinsurance business and the performance of related services.

Gatland is a private company limited by shares and is incorporated in Jersey. The address of its registered office is Level 1, IFC1, Esplanade, St Helier, Jersey, JE2 3BX. The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group’s operations are set out in the directors’ report.

2. Statement of Compliance

The financial statements of Gatland and the Group have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” issued in March 2018 (“FRS102”), Financial Reporting Standard 103, “Insurance Contracts” (“FRS103”) and the Companies (Jersey) Law 1991.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of Preparation
The preparation of financial statements in conformity with FRS102 and FRS103 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements, are disclosed further below.

(b) Going Concern
Having addressed the principal risks, the directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements. In adopting the going concern basis, the Directors have reviewed the Group’s current and forecast budget and solvency positions for the next 12 months and beyond. The Group’s Solvency II available own funds capital as at the end of the period is $914.9 million, a surplus of 164% over the solvency capital requirement (unaudited).

(c) Exemptions for Qualifying Entities under FRS102
FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to the use of exemptions by Gatland's shareholders. Gatland has not taken advantage of any exemptions.

(d) Basis of Consolidation
The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 31st December 2021.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. There are two entities for which the group holds a majority shareholding where it was determined that the Group does not control the entity. These have not been consolidated and are accounted for as an investment.

Any subsidiary undertakings acquired during the period are included up to, or from, the date of change of control or change of significant influence respectively.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustment are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Own shares reserve relates to the capital reserve attributable to the Groups Employee Benefit Trust.

(e) Insurance Contracts

i) Premiums Written
Premiums written relate to business incepted during the period, together with any difference between recorded premiums for prior years and those previously accrued and include estimates of premiums due but not yet receivable or notified to the Group less an allowance for cancellations. Premiums written are shown gross of commission payable to intermediaries and exclude related taxes.

Premiums are accreted to the income statement on a pro-rata basis over the term of the related policy, except for those contracts where the period of risk differs significantly from the contract period. In these cases, premiums are recognised over the period of risk in proportion to the amount of insurance protection provided.

Legal portfolio transfers and Reinsurance to Close ("RITC") contracts are considered to be Portfolio premiums. These are payable by one insurer (the transferor) to another (the transferee) in compensation for the transferee assuming responsibility for claims arising on a portfolio of in-force business. Payments are be included as written premiums in the transferee's financial statements (with any unearned amount being deferred as unearned premium). Where portfolio claims are payable by one insurer (the transferor) to another (the transferee) in compensation for the transferee assuming responsibility for unpaid claims incurred, payments are credited to claims payable in the financial statements of the transferee.

Loss Portfolio Transfers by way of reinsurance are considered to be a single outwards reinsurance contract.

Unearned premiums represent the proportion of premiums written that relate to unexpired terms of policies in force at the balance sheet date. The unearned premium reserve is translated to USD at closing rates of exchange.

Acquisition costs, which represent commission and other related expenses, are allocated over the period in which the related premiums are earned.

ii) Claims Incurred and Reinsurers' Share
Claims incurred comprise claims and related claims handling expenses paid in the period and changes in provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous periods. Where applicable, reductions are made for salvage and other recoveries.

Provisions for outstanding claims and related reinsurance recoveries are established based on estimates of the ultimate net cost of settlement along with actuarial and statistical projections. Claims provisions are determined based upon previous claims experience, knowledge of events and the terms and conditions of the relevant policies and on interpretation of circumstances. Particularly relevant is experience with similar cases and historical claims payment trends. The approach also includes the consideration of the development of loss payment trends, levels of unpaid claims, judicial decisions and economic conditions.

Provisions for unexpired risks are established based on estimates of the cost of all claims and expenses in connection with insurance contracts in force after the end of the financial period where these costs are estimated to be in excess of the related unearned premiums and any premiums receivable on those contracts.

Whilst the Board of directors of Gatland ("the Board") believes that the provisions for outstanding claims and related reinsurance recoveries including bad debt provisions are fairly stated, these estimates inevitably contain inherent uncertainties because significant periods of time may elapse between the occurrence of an incurred loss, the reporting of that loss to the Group, the Group's payment of the loss and the receipt of reinsurance recoveries. These uncertainties are inherent in much of the business previously underwritten and assumed by the Group. The estimates made are based upon current facts available to Gatland's' and the prevailing legal environment and are subjected to continual review, with any resulting adjustments reported in current earnings. Anticipated reinsurance recoveries are disclosed separately as assets on the balance sheet.

(f) Translation of Foreign Currencies

The financial statements are presented in US Dollars ("USD") and, unless otherwise stated, are rounded to thousands. Items included in Gatland's financial statements are measured using the currency of the primary economic environment in which it operates. Gatland's functional currency is USD.

Foreign currency transactions are translated into the functional currency using the average rate of exchange during the period. At each period end foreign currency monetary items are translated using the period end rate of exchange. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account for the period.

The results and financial position of the non-USD functional currency subsidiaries are translated into the presentational currency as follows:

(a) assets and liabilities are translated at the closing rate at the balance sheet date;

(b) income and expenses are translated at the average rate of exchange of ownership during the period; and

(c) all resulting exchange differences are recognised in other comprehensive income.

Notes to the Financial Statements:

(g) Tax

Tax expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

i) Current Tax

Current tax, including corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where Gatland's subsidiaries operate and generate taxable income.

ii) Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where Gatland's subsidiaries operate and generate taxable income and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that they are regarded as more likely than not recoverable. Movements on deferred tax assets and liabilities are recognised in the profit and loss account, except to the extent that they arise in relation to movements in the Statement of Comprehensive Income.

(h) Other Financial Investments

Gatland has chosen to apply the recognition and measurement provisions of IAS 39 (as adopted for use in the EU) and the disclosure requirements of FRS102 in respect of the financial statements.

The Group classifies its investments into the following categories: financial assets at fair value through profit and loss and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

i) Financial Assets at Fair Value through Profit and Loss

A financial asset is classified into this category at inception if it is acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management to minimise any measurement or recognition inconsistency with the associated liabilities. All derivatives are classified as at fair value through profit and loss.

ii) Financial assets designated as at fair value through profit and loss at inception are those that are managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel.

The fair values of listed investments are based on current bid prices on the balance sheet date. Unlisted investments for which a market exists are also stated at the current bid price on the balance sheet date or the last trading day before that date.

Net gains or losses arising from changes in the fair value of financial assets at fair value through profit and loss are presented in the Profit and Loss Account within 'Unrealised gains on investments' or 'Unrealised losses on investments' in the period in which they arise.

The Group discloses its investments in accordance with a fair value hierarchy with the following levels:

i) Level 1 – the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;

ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly

iii) Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability

(i) Derivative Financial Instruments

Derivative financial instruments comprise foreign currency forward contract, equity warrant and fair value swaps. Derivatives are initially and subsequently measured at their fair value with movements in the fair value being immediately recognised in the profit and loss account. Fair values are obtained from quoted market prices, discounted cash flow models, risk models and option pricing models as appropriate.

(j) Investment Return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses.

Realised gains and losses on investments carried at fair value through profit and loss are calculated as the difference between net sales proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price or their fair value at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

(k) Related Party Transactions

Gatland discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

(l) Business Combinations and Goodwill

Third party business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at an estimated amount where the consideration is probable and can be measured reliably. Where **(i)** the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or **(ii)** contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

Notes to the Financial Statements:

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding ten years. The useful economic life of ten years has been applied to all goodwill held at the balance sheet date. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Where the cost of the business combination exceeds the fair value of Gatland's interest in the assets, liabilities and contingent liabilities acquired, negative goodwill arises. Gatland, after consideration of the assets, liabilities and contingent liabilities acquired and the cost of the combination, recognises negative goodwill on the balance sheet and release this to profit and loss, up to the fair value of non-monetary assets acquired, over the periods in which the non-monetary assets are recovered and any excess over the fair value of non-monetary assets in the income statement over the period expected to benefit.

(m) Tangible Assets and Depreciation

Tangible assets are valued at cost less accumulated depreciation. Cost includes the original purchase price, costs directly attributable to bringing the asset to its intended use, dismantling and restoration costs. Assets are depreciated on a straight-line basis from the time when they are available for use over the estimated useful lives as follows:

i) Fixtures and fittings (primarily computer equipment) – 20% to 33% per annum

ii) Motor vehicles - 25% per annum

iii) Leasehold improvements - amortised over lease period

(n) Leased Assets

The Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

i) Finance Leases

Assets under finance leases are capitalised in the balance sheet and amortised over their estimated useful life. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals consist only of a capital element and are applied to reduce the outstanding obligations.

ii) Operating Leases

Costs in respect of operating leases are charged to profit and loss as incurred over the lease term.

(o) Employee Benefits

RiverStone Management Limited, a subsidiary of the Company, provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

i) Short-term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Defined Contribution Pension Scheme

A defined contribution plan is a pension plan under which fixed contributions are paid to a separate entity. Once the contributions have been paid RiverStone Management has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately in independently administered funds.

Further details of the Group’s pension schemes are given in Note 9.

iii) Annual Bonus Plan

RiverStone Management operates a discretionary annual bonus plans for employees. An expense is recognised in the profit and loss account when a legal or constructive obligation to make payments under the plans as a result of past events exists and a reliable estimate of the obligation can be made.

Notes to the Financial Statements:

(p) Impairment of Non-Financial Assets
At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset. If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter, any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

(q) Borrowings
Long term debt is initially recognised at fair value, net of transaction costs incurred. Subsequently, long term debt is stated at amortised cost using the effective interest rate method. Any difference between the amortised cost and the redemption value is recognised in the income statement over the period of the debt.

4. Critical Accounting Judgements and Estimation Uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Gatland makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

(a) The Ultimate Liability Arising from Claims made under Insurance Contracts
The estimation of the ultimate liability arising from claims made under insurance contracts is Gatland's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims. Some of these claims are not expected to be settled for several years and there is uncertainty as to the amounts at which they will be settled. The level of provision has been set on the basis of the information that is currently available, including potential outstanding loss advices, experience of development of similar claims and case law.

The most significant assumptions made relate to the level of future claims, the level of future claims settlements and the legal interpretation of insurance policies. Whilst the directors consider that the gross provision for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in adjustments to the amount provided. Adjustments to the amounts of provision are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly. Please refer to note 5a for further detail.

(b) UK and US Disease Related and US Environmental Pollution Claims

The Group establishes case reserves for reported disease related and environmental pollution claims and future legal and associated expenses for such reported claims. It also establishes reserves for unreported claims and legal and associated expenses for such unreported claims. The Group regularly reviews the adequacy of its loss reserves for disease related and environmental pollution claims and claim expenses. These exposures do not lend themselves to traditional methods of loss reserve estimation. Reserving for disease related and environmental pollution claims is subject to significant uncertainties that are not generally present for other types of claims. These claims differ from almost all others in that it is often not clear that an insurable loss has occurred, which policy years apply, and which insurers may be liable.

In respect of US claims, these uncertainties prevent identification of applicable policies and policy limits until after a claim is reported to the Group and substantial time is spent (over many years in some cases) resolving contract issues and determining facts necessary to evaluate the claim. While the nature and extent of insurance and reinsurance coverage for these types of claims has widened in recent years, there has been no final judgement which would apply to all cases which would result in the wholesale transfer of these types of claims from insured to insurers and reinsurers. In other cases, there are US claims similar to UK claims, which differ from others in that it is often not clear that an insurable loss has occurred, which policy years apply, and which insurers may be liable.

The Group expects disease related and environmental pollution claims to continue to be reported for the foreseeable future. The claims to be paid and timing of any such payments depend on the resolution of uncertainties associated with them and could extend over many years.

For these reasons, the Group estimates that the possible ultimate liabilities for these exposures could be substantially different from the amounts currently provided in the financial statements. Nevertheless, Gatland believes that the reserves carried for these exposures are adequate based on known facts and current interpretation of applicable laws. Please refer to note 5a for further detail.

No other material critical judgements have been identified.

5. Management of Insurance and Financial Risk

Financial Risk Management Objectives

The Group is exposed to insurance risk through the insurance contracts that it has written, or which have been legally transferred to it, and to financial risk through its financial assets, reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

(a) Insurance Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty over the amount of the resulting ultimate claim. By the very nature of an insurance contract, this risk is unpredictable at the outset.

The principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. The actual number and amount of claims and benefits arising from insurance contracts will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to materially be affected by a change in any subset of the portfolio. The Group has a diversified portfolio of insurance risks, all of which relate to business originally written previously, and which are mature in nature.

The Group mitigates insurance risk through the use of reinsurance, both in the form of third party reinsurance associated with the business originally written and reinsurance with affiliated reinsurers.

i) Process for Assessment of Technical Provisions

The Group adopts a consistent process to the calculation of an appropriate provision for the exposures arising from the business it has written. A full reserving analysis is conducted at least annually and the technical provisions recorded on the balance sheet are in line with the Board's view of the best estimate value of the underlying liabilities.

The technical provisions recorded at the reporting date comprise the estimated ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses, less amounts already paid. The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. The provision is based on known facts at the balance sheet date. The provision is reviewed as part of a regular ongoing reserving process as the loss experience develops, certain claims are settled and further claims are reported. The cash flow, paid claims, outstanding claims, claims counts and incurred movement are compared with the actuaries' expected development of the account by class and year and where statistically significant, large loss or loss type. Where necessary, revisions are made to the ultimate expected loss on a best estimate basis.

The Group uses assumptions based on a mixture of claims information, internal historical data and market data to measure its claims liabilities. This information is used to project the ultimate expected number and value of claims, by major class of business, using recognised statistical estimation techniques.

Assumptions are reviewed and tested regularly in the light of actual claims development and general market movements and trends.

ii) Sources of Uncertainty in the Estimation of Future Claim Payments
The sources of estimation uncertainty in establishing the ultimate liability arising from claims made under insurance contracts is discussed in Note 4.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the future looking nature of outstanding claims and latency involved with certain classes of claims, for example asbestos exposures, it is likely that the final outcome, on a claim by claim basis, will prove to be different from the original assessed reserve for any given claim, although in aggregate, for known claims, the expected outcome is intended to be close to a break even, on a best estimate basis, with neither surplus or loss being generated over time. This is an aspect of executive and actuarial review which is closely monitored. In respect of latent claims (those that have yet to be notified) care is taken to assess historical notification patterns and the propensity of the underlying classes to produce losses (for example some policy classes are on the claims made basis and no new notifications are able to be made post expiry). The estimation of future losses will be cross referred to industry benchmarks and adjusted for actual experience over time.

The liability for insurance contracts comprises a provision for claims incurred but not yet reported and a provision for reported claims not yet paid. The estimation of claims incurred but not reported is generally subject to a greater degree of uncertainty than the estimates of claims that have already been notified, for which there is more information available.

iii) Key Assumptions and Sensitivities
The assumptions that have the greatest impact on technical provisions are those that affect the expected future claims amounts and claims numbers (IBNR). The most material IBNR liabilities and uncertainties for the Group relate to both its portfolio of UK disease claims, particularly arising from mesothelioma and other asbestos-related disease exposures, and Liability and Professional Indemnity classes.

UK disease claims are very long-tailed in nature with over 30 years of uncertain future cashflows expected and the largest sensitivities on the Liability and Professional indemnity classes are in respect of uncertainties around future numbers and amounts of claims for which the reserves for these classes will be paid out over several years.

The underlying sensitivity of the IBNR in respect of UK disease claims is driven by the uncertainty in the average cost per claim assumption and the future number of claims. A key assumption for the future average cost per claim is the estimate of future claims inflation which is inherently uncertain.

Notes to the Financial Statements:

The Group is judged not to have material insurance exposure to COVID-19 related claims and has experienced only moderate claims notifications in this regard during 2021. The 31st December 2021 technical provisions make allowance for potential claims arising in relation to this pandemic based on the detailed knowledge of business written and the expert judgements of actuarial and claims subject matter experts. While the final outcome of any potential claims is subject to uncertainty and is unlikely to be known for some time, the current provisions are deemed sufficient.

iv) Claims Development Tables

The following tables present the comparison of actual claims incurred to previous estimates for the 2021. The tables do not include provisions for unexpired risk.

	$'000 Portfolios acquired by Group during 2021
Gross claims at:	
Acquisition	4,363,852
First year period movement	(301,855)
Gross provision at 31st December 2021	4,061,997
Gross claims at:	
Acquisition	4,363,852
Exchange adjustments	(51,734)
Claims paid	(250,121)
Gross provision at 31st December 2021	4,061,997

v) Insurance Risk Concentrations

The concentration of insurance risk before and after reinsurance by the most material classes of business is summarised below, with reference to the carrying amount of outstanding claims and provisions for unexpired risk (gross and net of reinsurance) arising from insurance contracts:

	2021	
	Gross $'000	Net $'000
General Liability	1,278,395	1,087,435
Health reinsurance	30,605	29,803
Credit and suretyship	77,663	40,560
Marine, aviation and transport	144,244	120,641
Fire and other damage to property	197,926	121,015
Motor vehicle liability	214,979	197,402
Non-life annuities arising from reinsurance	167,898	167,898
Worker's compensation reinsurance	81,570	79,191
Credit and suretyship reinsurance	68,107	68,102
Fire and other damage to property reinsurance	263,039	211,426
General Liability Casualty reinsurance	1,140,155	1,110,972
Marine, aviation and transport reinsurance	177,921	174,473
Other	144,200	104,010
Claims expense reserve	75,295	75,295
	4,061,997	3,588,223

(b) Market Risk

i) Interest Rate Risk

Interest rate risk arises primarily from investments in fixed interest securities. In addition, to the extent that claims inflation is correlated to interest rates, liabilities to policyholders are exposed to interest rate risk. The Group works closely with its subsidiary investment managers to review the duration of the investment portfolio in relation to the estimated mean duration of the liabilities.

Given the short term nature of the cash and investments of the Group, it is not exposed to significant interest rate risk since maturing short term investments are repriced at market interest rates on an ongoing basis.

The impact of a 100 basis point increase in interest rates on the value of the Group investments held at 31st December 2021 is an approximate $36.2 million loss to the profit and loss account. Similarly, a 100 basis point decrease in interest rates would give rise to an approximate $38.2 million gain to the profit and loss account.

The Group is also exposed to interest rate risk within the Group's financial liabilities. This exposure lies predominately within the Group's Long Term Debt.

ii) Equity Price Risk

The Group is exposed to equity securities price risk as a result of its holdings in equity investments, classified as financial assets at fair value through profit or loss. Exposures to individual companies and to equity shares in aggregate are monitored in order to ensure compliance with the relevant regulatory limits for solvency.

Investments held comprise unlisted and listed investments. Listed investments are those that are traded on recognised stock exchanges, primarily in Europe, North America and Asia.

The Group's subsidiaries have a defined investment policy which sets limits on its exposure to equities, both in aggregate terms and by counterparty. This policy of diversification is used to manage the Group's price risk arising from its investments in equity securities.

Listed equity securities held at 31st December 2021 represent 66.8% of total equity investments. If equity market indices had increased/decreased by 5%, with all other variables held constant, and all the Group's equity investments moved according to the historical correlation with the index, the profit for the period would increase/decrease by $nil as all equity investments are protected by fair value swaps.

Notes to the Financial Statements:

iii) Currency Risk

The Group's subsidiaries manage their foreign exchange risk against their functional currency. The Group has a proportion of its assets and liabilities denominated in currencies other than the subsidiary functional currencies, the most significant being the Euro and Pound Sterling. The Group seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency and by the utilisation of forward currency contracts.

At 31st December 2021, if the Euro had weakened by 10% more than the actual 2021 movement against the US Dollar with all other variables held constant, loss for the period would have been $4.9 million less, mainly as a result of net foreign exchange gains on the translation of US Dollar denominated financial assets and US Dollar denominated liabilities, after forward currency contracts are taken into account.

At 31st December 2021, if the Pound Sterling had weakened by 10% more than the actual 2021 movement against the US Dollar with all other variables held constant, loss for the period would have been $5.4 million less, mainly as a result of net foreign exchange gains on the translation of US Dollar denominated financial assets and US Dollar denominated liabilities, after forward currency contracts are taken into account.

(c) Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- reinsurers' share of insurance liabilities
- amounts due from reinsurers in respect of claims already paid
- amounts due from insurance intermediaries
- amounts due from corporate bond issuers
- counterparty risk with respect to derivative transactions; and
- cash at bank and in hand.

As the Group is an acquirer of run-off insurance liabilities its exposures to reinsurers and insurance intermediaries are typically determined by contracts previously written. The Group manages the levels of credit risk from reinsurers and insurance intermediaries by quarterly review of receivable balances by counterparty. Management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. It is the Group's policy to provide for reinsurer bad debts in situations where it does not expect to collect the full amount outstanding due to the financial position of the reinsurer or due to disputes over coverage. In certain circumstances, collateral is held in order to mitigate credit risk exposure. This collateral is in the form of security accounts, deposits and letters of credit from reinsurers.

The Group reduces its exposure to credit risk in relation to investments by entering into transactions with counterparties that are reputable and by settling trades through recognized exchanges. The amount subject to credit risk at any one time is limited to the current fair value of derivative financial assets.

The assets bearing credit risk are summarized below, together with an analysis by credit rating (AM Best or equivalent):

	2021 $'000
Derivative financial instruments	104,231
Debt securities	1,584,162
Assets arising from reinsurance contracts held	1,393,168
Future premium receivable	9,252
Cash at bank and in hand	1,281,548
Lloyd's central fund loans	2,101
Lloyd's Overseas Deposits	155,155
Loan receivable	133,900
Total assets bearing credit risk	4,663,517

	2021 $'000
AAA	285,117
AA, AA+. AA-	658,218
A, A+, A-	2,455,077
B++ and below or not rated	1,265,102
Total assets bearing credit risk	4,663,517

Assets arising from reinsurance contracts held, including premium receivable are further analysed as follows:

	2021 $'000
Performing	4,640,556
Past due	23,693
Impaired	2,590
Provision for irrecoverable amounts	(3,322)
Total	4,663,517

Notes to the Financial Statements:

(d) Liquidity Risk
The primary liquidity risk is the obligation to pay claims to policy holders as they fall due. The projected settlement of these liabilities is modelled, on a regular basis, using a combination of operational cashflow forecasting and actuarial techniques. Limits are set on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover anticipated liabilities and unexpected levels of demand. The table below analyses the maturity of the Group's financial liabilities and outstanding claims. All liabilities are presented on a contractual cash flow basis except for the insurance liabilities, which are presented in their expected cash flows.

	No Contractual Maturity Date	<6 months or on Demand	Between 6 months and 1 year	Between 1 year and 2 years	Between 2 years and 5 years	>5 Years	Carrying Value
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities under investment contracts	-	6,012	141,497	-	-	-	147,509
Creditors	-	81,690	88,990	14,508	18,481	11,373	215,042
Long Term Debt	-	-	-	-	45,129	440,696	485,825
Claims outstanding	-	445,767	460,831	1,197,529	801,309	1,156,561	4,061,997
Financial liabilities and outstanding claims	$ -	$ 533,469	$ 691,318	$1,212,037	$ 864,919	$1,608,630	$ 4,910,373

(e) Capital Management
Gatland maintains an efficient capital structure comprising its equity shareholders' funds and certain regulatory qualifying subordinated debt consistent with its risk profile and the regulatory and market requirements of its business. The Group's objectives in managing its capital are:

– to satisfy the requirements of its policyholders, regulators and other stakeholders;

– to match the profile of its assets and liabilities, taking account of the risks inherent in the business;

– to retain financial flexibility by maintaining adequate liquidity

The Group considers not only the traditional sources of capital funding but the alternative sources of capital including reinsurance and debt, as appropriate, when assessing its deployment and usage of capital. The Group manages as capital all items that are eligible to be treated as capital for regulatory purposes. UK insurance entities within the Group are regulated by the Prudential Regulation Authority and Financial Conduct Authority ("FCA") and Barbadian insurance entities are regulated by the Financial Services Commission ("FSC"). All are subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held in addition to the insurance liabilities. The Group manages capital in accordance with these rules and performs the necessary tests to ensure continuous and full compliance with such regulations. Gatland manages its own regulatory capital by reference to capital requirements determined under UK Solvency II Directive. Gatland has complied with all of its capital requirements throughout the period.

The Group's Solvency II available own funds capital as at the end of the period is $914.9 million, a surplus of 164% over the solvency capital requirement (unaudited).

(f) long term debt

Outstanding debt	Issue date	Due date	Callable by the Company after	2021 $'000
US$34 million Interest rate 3 months LIBOR +	03/06/2005 3.90%	03/06/2035	3/6/2010	33,189
€12 million Interest rate 3 months EURIBOR +	03/06/2005 3.85%	03/06/2035	3/6/2010	13,312
US$26 million Interest rate 3 months LIBOR +	16/01/2006 4.50%	15/01/2026	16/1/2011	25,619
US$20 million Interest rate 3 months LIBOR +	15/12/2006 3.85%	15/12/2026	15/12/2011	19,710
US$400 million Interest rate SOFR +	13/12/2021 6.00%	13/12/2031	13/12/2026	393,995
Total debt at amortised cost				485,825
Weighted average interest rate				5.64%

6. Reconciliation of Technical Provisions

A reconciliation of the changes to the Group's gross, ceded and net loss reserves from incorporation to 31st December 2021:

Outstanding debt	Gross $'000	Ceded $'000	Net $'000
Amounts at 10th December 2020	-	-	-
Liabilities acquired on acquisition of RiverStone Barbados Limited	3,145,156	(544,436)	2,600,720
Liabilities acquired in normal course of business	1,219,651	-	1,219,651
Amounts paid during the year	(250,121)	60,425	(189,696)
Change in estimates	(100,183)	28,099	(72,084)
Foreign exchange	47,494	(17,863)	29,631
Amounts at 31st December 2021	4,061,997	(473,775)	3,588,223

7. Analysis of Gross Business

	Gross premiums written 2021 $'000	Gross premiums earned 2021 $'000	Gross claims incurred 2021 $'000	Gross operating expenses 2021 $'000	Re-insurance balance 2021 $'000
Accident and health	25	702	279	(116)	(50)
Motor	1	30	10	(120)	3
Marine, aviation and transport	81	2,385	924	(1,009)	(1,232)
Credit and surety	28	773	160	(53)	(132)
Fire and other damage to property	42	1,506	500	(2,760)	(43)
Third party liability	463	12,645	5,110	(6,043)	(2,695)
Miscellaneous	(3)	(76)	(12)	(144)	(78)
	637	17,964	6,971	(10,645)	(4,228)
Reinsurance acceptances	1,349,665	1,280,530	(1,234,741)	(13,782)	(4,019)
Total	1,350,301	1,298,494	(1,197,590)	(24,027)	(8,248)

Notes to the Financial Statements:

8. Net Operating Expenses

	2021 $'000
Transaction costs	13,819
Administrative expenses	21,519
	35,338

Consolidated details of Staff costs for the period are shown below.

	2021 $'000
Wages and salaries	8,204
Social security costs	1,501
Other pension costs	740
	10,445

During the period $0.5 million was paid to key management personnel. The average monthly number of employees of the Group, by main activity, during the period was made up as follows:

	2021 $'000
Office and management	28
Claims	102
Operations	29
Services	49
Financial and actuarial	32
	240

9. Auditors' Remuneration

	2021 $'000
Audit of these financial statements	37
Audit of subsidiary financial statements	1,571
Total audit fees	1,608
Total Non-audit related other assurance services	612

10. Investment Return

	2021 $'000
Investment income	
Income from financial assets at fair value through profit and loss –	5,767
designated upon initial recognition	(111)
Deposit interest	879
Income from treasury bills	3,023
	9,558

	2021 $'000
Realised gains on investments	
Financial assets at fair value through profit and loss:	
Held for trading	(4,202)
	(4,202)

11. Finance Costs

	2021 $'000
Debt Interest	8,337
Debt Issuance Fees	17,551
Letter of Credit Facility Commissions	3,001
	28,889

12. Other Charges

	2021 $'000
Sundry charges	554
	554

13. Investment Expenses and Charges

	2021 $'000
Investment Expenses	922
	922

Notes to the Financial Statements:

14. Tax on (loss)/profit

(a) Tax on (loss)/profit	2021 $'000
Current tax	
Foreign tax – current tax on income for the period	(7,653)
Total current tax (credit)/charge	(7,653)
Deferred tax	
Origination and reversal of timing differences	(6,129)
Total tax (credit)/charge	(13,782)

(b) Factors affecting the tax charge for the year

The corporation tax assessed for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2021 $'000
Loss before tax	**(22,192)**
(Loss)/Profit before tax multiplied by the corporate tax in Jersey 0%	-
Current tax credit arising from use of unutilised tax losses	(7,653)
Deferred tax origination and reversal of timing differences	(6,129)
Total tax (credit)/charge for the year	(13,782)

15. Goodwill

	Goodwill $'000	Total $'000
Cost		
At 10th December 2020	-	-
On acquisition	61,088	61,088
Additions	-	-
Disposals	-	-
At 31st December 2021	61,088	61,088
Accumulated Amortisation		
At 10th December 2020	-	-
On acquisition	-	-
Charge for year	-	-
At 31st December 2021	-	-
Net book amount	-	-
At 31st December 2021	61,088	61,088

16. Tangible Assets

	Fixtures and Fittings $'000	Leasehold Improvements $'000	Total $'000
Cost			
At 10th December 2020	-	-	-
On acquisition	1,817	974	2,791
Additions	-	-	-
Disposals	(73)	(154)	(227)
At 31st December 2021	1,743	820	2,564
Accumulated Depreciation			
At 10th December 2020	-	-	-
On acquisition	-	-	-
Charge for year	(1,368)	(298)	(1,667)
At 31st December 2021	(1,368)	(298)	(1,667)
Net book amount			
At 31st December 2021	375	522	897

17. Other Financial Investments

(a) Other Financial Investments by Category

	Market Value 2021 $'000	Historic Cost 2021 $'000
Financial Assets – at fair value through profit and loss		
Shares and other variable-yield securities and units in unit trusts - designated at fair value through	148,392	148,392
profit and loss on initial recognition	850,172	629,140
Debt securities and other fixed interest securities designated at fair value through profit and loss on initial recognition	1,584,162	1,789,459
Loan notes	136,001	136,001
Derivative financial instruments - at fair value through profit and loss, held for trading	104,231	-
	2,822,958	2,702,992
Deposits with ceding undertakings		
Funds withheld	418,721	-
Financial Liabilities		
Fair Value Swaps	141,497	-
Derivative financial instruments - at fair value through profit and loss, held for trading	6,012	-
	147,509	-

Notes to the Financial Statements:

(b) Listed Investments

Included in carrying values of financial assets above are amounts in respect of listed investments as follows:

	2021 $'000
At fair value through profit and loss	
Debt securities and other fixed-income securities designated at fair value through profit or loss upon initial recognition	1,295,649
Equity shares	434,078
Total listed investments	1,729,727

(c) Derivative Financial Instruments at Fair Value through Profit and Loss

	Market Value 2021 $'000	Historic Cost 2021 $'000
Derivative financial instruments assets		
Foreign currency forward contracts	3,283	-
Equity warrants	187	-
Fair value swaps	100,761	-
	104,231	-
Derivative financial instruments liabilities		
Foreign currency forward contracts	6,012	-
Fair value swaps	141,497	-
Financial Liabilities		
Fair Value Swaps	141,497	-
Derivative financial instruments - at fair value through profit and loss, held for trading	6,012	-
	147,509 £	-

The foreign currency forward contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for USD against Pound Sterling, Euro and Canadian Dollars.

	Market Value 2021 $'000	Contract/Notional Amount 2021 $'000
Foreign currency contracts	(2,729)	1,002,170
	(2,729)	1,002,170

(d) Disclosures of Fair Values in Accordance with the Fair Value Hierarchy

	Level 1 2021 $'000	Level 2 2021 $'000	Level 3 2021 $'000	Level 4 2021 $'000
At fair value through profit and loss				
Debt securities and other fixed-income securities designated at fair value through profit or loss upon initial recognition	522,202	996,379	65,581	1,584,162
Equity shares	646,520	138,539	65,113	850,172
Derivative financial instruments at fair value through profit or loss, held for trading	-	1,950	102,281	104,231
Loan notes	-	282,292	2,101	284,393
Total	1,168,722	1,419,160	235,076	2,822,958

(e) Level 3 Pricing
Level 3 contains investments where fair values are measured using valuation techniques for which significant inputs are not based on market observable data. Valuation techniques include comparisons with similar instruments where observable market prices exist, discounted cash flow analysis, option pricing models, and other valuation techniques commonly used by market participants.

(f) Collateralised Investments
The Group has pledged and encumbered financials assets amounting to $1,932.2 million in respect of various collateral and trust fund arrangements. These arrangements include outstanding letters of credit and guarantees issued in favour of certain cedants and other creditors, trust fund deposits held to cover US and CAD Dollar liabilities at Lloyd's of London and Lloyd's of London capital requirements. The terms and conditions of these arrangements are market standard.

(h) Held for sale investments
Included within other financial investments are $1,120.1 million of investments that as at 31 December 2021 have a contractually binding agreement for sale within the next 12 months. The assets held for sale relate to certain equities and debt investments under which the Group has entered into fair value swaps, these swaps include a condition of sale of the underlying asset within 12 months from the balance sheet date.

18. Pension Costs

Defined Contribution Scheme
All Group staff are eligible to join a defined contribution scheme. Contributions under this scheme are a percentage of salary. This percentage varies according to the age of the member of staff concerned.

The costs incurred by the Group under the scheme during the year were $580,181. Outstanding company contributions payable at 31st December 2021 were $271,053. These contributions have since been paid.

Notes to the Financial Statements:

19. Debtors Arising Out of Direct Insurance Operations

	2021 $'000
Amounts owed by intermediaries	106,141

20. Debtors Arising Out of Reinsurance Operations

	2021 $'000
Amounts owed by intermediaries	749,005

21. Other Debtors

	2021 $'000
VAT/IPT/Corporation Tax recoverable	14,682
Sundry Debtors	8,183
	22,865

Of the total debtor balance of $878.0 million, $863.6 million is due within one year, with the balance due after one year.

22. Called up Share Capital

	2021
Allotted	
857,000,000 Ordinary Shares Class A of $1	857,000,000
200,525,000 Ordinary Shares Class B of $1	200,525,000
7,642,500 Ordinary Shares Class C of $1	7,642,500
	1,065,167,500

	2021 $'000
Total allotted and fully paid	
857,000,000 Ordinary Shares Class A of $1	857,000
200,525,000 Ordinary Shares Class B of $1	200,525
7,642,500 Ordinary Shares Class C of $1	7,643
	1,065,168

23. Creditors Arising Out of Direct Insurance Operations

	2021 $'000
Amounts owed by intermediariest	25,559

24. Creditors Arising Out of Reinsurance Operations

	2021 $'000
Balances owed to cedants and intermediaries	112,558

25. Other Creditors Including Tax and Social Security

	2021 $'000
Payable for securities purchased	36,888
Tax payable	564
Restructuring provision	9,669
Accruals	18,695
Sundry creditors	11,108
	76,924

26. Deferred Taxation

	2021 $’000
Deferred tax liability	
At 10th December 2020	-
Recognition of future timing differences	5,273
Liability at 31st December 2021	5,273

27. Deferred Taxation

The deferred tax provision comprises future timing differences and is based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where Gatland’s subsidiaries operate and generate taxable income.

	2021 $’000
Deferred tax asset	
At 10th December 2020	-
Recognition of future timing differences	6,734
Asset at 31st December 2021	6,734

28. Other Financial Commitments

At 31st December 2021, the Group was committed to making the following minimum payments under non-cancellable operating leases for each of the following periods:

	2021 $’000
Within one year	5,387
Between one and five years	18,864
Over five years	23,763
	48,014

29. Business Combinations

On 23rd August 2021 CVC Capital Partners ("CVC") completed the acquisition of RiverStone Europe from Fairfax Financial Holdings Limited ("Fairfax") and the Ontario Municipal Employees Retirement Scheme (“OMERS”). The RiverStone Europe Group will now operate under the name RiverStone International. Pursuant to this transaction, Gatland Bidco Limited (“BidCo”), a wholly-owned subsidiary of Gatland Holdings Jersey Limited (“Gatland”), completed the acquisition of all the outstanding shares of Riverstone Barbados Limited (“RBL”).

Notes to the Financial Statements:

The following table summarises the consideration paid by the Group, the fair value of the assets acquired and fair value liabilities assumed, at the acquisition date. Total consideration was 100% cash:

	Book Value of Net Assets on Acquisition $m	Fair Value Adjustments $m	Adjusted Net Assets $m
Assets			
Other financial investments	2,510	-	2,510
Reinsurers share of technical provisions - Claims Outstanding	804	3	807
Reinsurers share of technical provisions - Unearned Premium	14	2	16
Debtors including deferred tax	485	3	488
Cash at Bank and in Hand	1,332	-	1,332
Prepayments and Accrued income including Deferred acquisition costs	22	(18)	5
Liabilities			
Technical Provisions - Claims Outstanding	3,375	32	3,408
Technical Provisions - Unearned Premiums	87	(35)	53
Creditors	428	1	429
Net Assets (Liabilities)	1,277	(8)	1,268
Total Consideration			1,329
Goodwill arising on acquisition			61

The adjustments arising on acquisition were in respect of the following:

- A fair value adjustment in respect of outstanding claims represents a reassessment of the level of outstanding claims at the date of acquisition.
- A fair value adjustment in respect of unearned premiums and deferred acquisition costs which represents a reassessment of the level of these provisions at the date of acquisition.
- A fair value adjustment to eliminate pre-existing fair value adjustments.
- An adjustment reflecting the impact on deferred tax as a result of the above adjustments.

30. Litigation and Contingent Liabilities

The Group is regularly involved, directly or indirectly, in litigation in the ordinary course of conducting its business including certain cases relating to asbestos and environmental pollution claims, as more fully described in Note 4. In the judgment of the Directors, none of these cases, individually or collectively, are likely to result in judgments for amounts which, net of loss and loss adjustment expense reserves previously established and reinsurance recoverables which the Group believes are probable of realisation, would have a material effect on the financial position of the Group.

31. Investments in Group Undertakings

Gatland directly owns all of the ordinary issued share capital of the following companies (none of which are listed). Under FRS 102, the carrying value of the investments in subsidiary undertakings on the balance sheet of Gatland is based on a cost less impairment accounting policy.

Name of Undertaking	Country	Registered address
Gatland Holdco Limited	Jersey	Level 1, IFC1, Esplanade, St Helier, Jersey, JE2 3BX
Gatland Topco Limited	Jersey	Level 1, IFC1, Esplanade, St Helier, Jersey, JE2 3BX
Gatland Midco Limited	Jersey	Level 1, IFC1, Esplanade, St Helier, Jersey, JE2 3BX
Gatland Bidco Limited	Jersey	Level 1, IFC1, Esplanade, St Helier, Jersey, JE2 3BX
TIG (Insurance) Barbados Limited	Barbados	Pine Commercial Centre, #12 Pine Commercial, The Pine, St. Michael, Barbados, BB11103
RiverStone International Limited	Bermuda	Clarence House, 2 Church Street, Hamilton HM 11, Bermuda
RiverStone Barbados Limited	Barbados	Pine Commercial Centre, #12 Pine Commercial, The Pine, St. Michael, Barbados, BB11103
RiverStone International (Bermuda) Limited	Bermuda	Clarence House, 2 Church Street, Hamilton HM 11, Bermuda
Advent Capital (Holdings) Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Advent Underwriting Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Advent Capital Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Advent Capital (No.2) Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Advent Capital (No.3) Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Holdings Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Managing Agency Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Insurance (UK) Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Management Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Corporate Capital Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Corporate Capital 2 Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Corporate Capital 3 Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Corporate Capital 4 Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
GAI Holding Bermuda Limited	Bermuda	GAI Bermuda Holdings Limited, 22 Victoria Street Hamilton, Bermuda
GAI Indemnity Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Neon Capital Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Neon Holdings (UK) Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Neon Underwriting Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Lavenham Underwriting Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Neon Management Services Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Neon Service Company (UK) Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Sampford Underwriting Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Gemini Holdco Limited	Ireland	PavilianPavilion House, 31 Fitzwilliam Square, Dublin 2

Notes to the Financial Statements:

RiverStone Luxembourg S.à.r.l ("RSLux") was incorporated on 14th June 2016. Its registered address is 20 Rue Eugene Ruppert, L-2453 Luxembourg. RSLux was disposed of on 15th December 2021 at a loss of $41,000.

32. Related Party Transactions and Immediate and Ultimate Parent Company

Gatland is the smallest and largest group of undertakings to consolidate these financial statements. The majority of the shares in Gatland are held by CVC Capital Partners Strategic Opportunities II LP. Gatland is the ultimate holding company of the Group and is registered in Jersey.

33. Subsequent Events

On 1 January 2022 Syndicate 3500 completed the reinsurance to close, or split reinsurance to close of the 2019 and prior underwriting years of account liabilities of three separate third party Lloyd's syndicates. These transactions result in the transfer to Syndicate 3500 of gross and net technical provisions of $270.9 million, $223.5 million and $266.8 million, respectively. These transactions are considered non-adjusting subsequent events.

Thank you for reading

Gatland Holdings
Jersey Limited