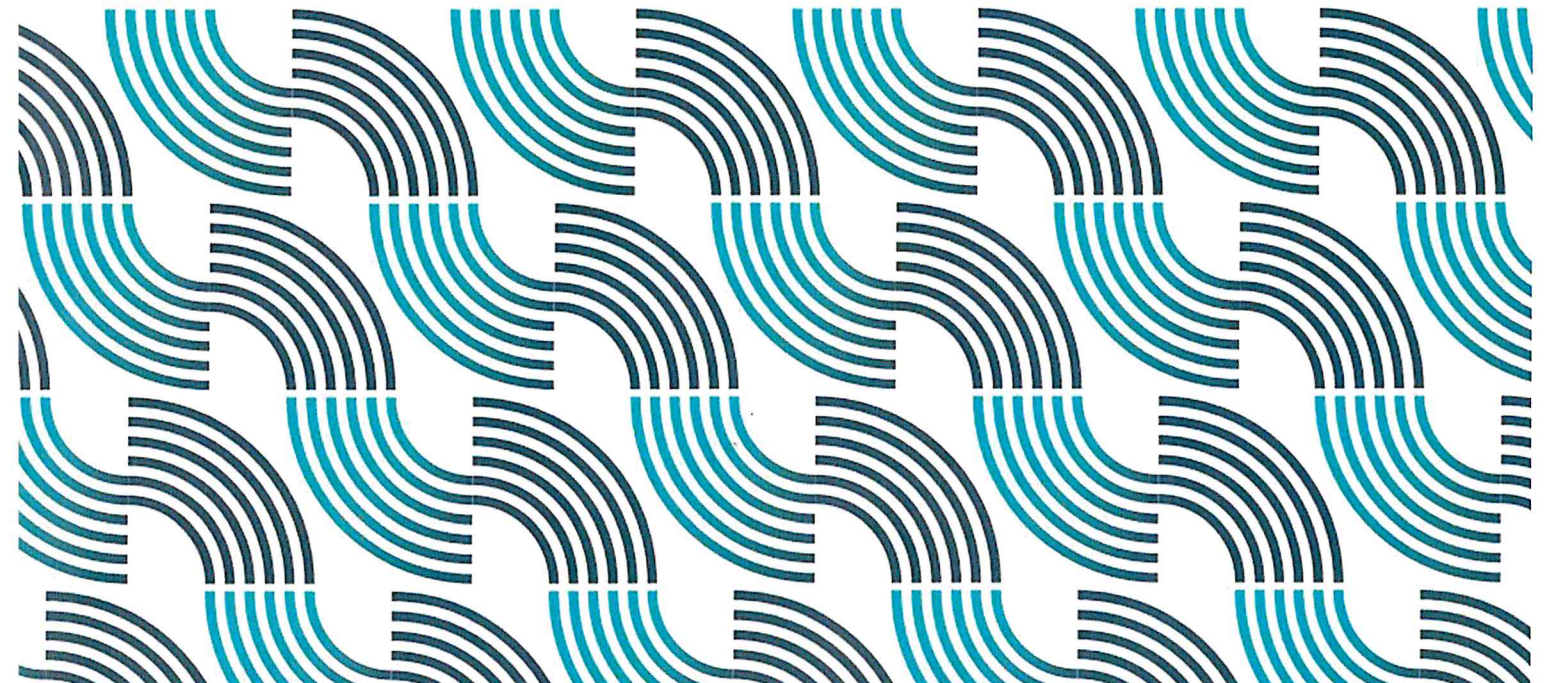


RiverStone Managing Agency Limited

2022 Annual Report



RiverStone Managing Agency Limited (Company No. 3253305)
Annual Report
For the year ended 31st December 2022

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RiverStone Managing Agency Limited (Company No. 3253305)
Directors and Administration
For the year ended 31st December 2022

Directors

T. A. Riddell – Independent Non-Executive Director
K. Shah – Independent Non-Executive Chairman
N. Smith – Independent Non-Executive Director
T. Ambridge – Non-Executive Director
M. J. Bannister
A. R. Creed
L. R. Tanzer
C. K. Pritchard
P. Prebensen
N. S. Taylor

Company Secretary

F. Henry

Registered Office

Park Gate
161-163 Preston Road
Brighton
East Sussex
United Kingdom
BN1 6AU

Independent Auditors

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Website

<https://www.rsml.co.uk>

RiverStone Managing Agency Limited (Company No. 3253305)

Strategic Report

For the year ended 31st December 2022

The Directors have pleasure in presenting the Strategic Report of RiverStone Managing Agency Limited (“RiverStone Managing Agency” or “the Company”) for the year ended 31st December 2022.

Ownership

RiverStone Managing Agency is a wholly owned subsidiary of RiverStone Holdings Limited (“RiverStone Holdings”), whose ultimate holding company is RiverStone International Holdings Limited, a company registered in Jersey, is the parent of RiverStone Managing Agency.

Principal Activities

RiverStone Managing Agency is a Lloyd’s Managing Agent, appointed by RiverStone Corporate Capital Limited (“RiverStone Corporate Capital”) to manage Syndicate 3500 and from 1 June 2021 by GAI Indemnity Limited (“GAI Indemnity”), Lavenham Underwriting Limited (“Lavenham”) and Sampford Underwriting Limited (“Sampford”) to manage Syndicate 2468. This managing agency contract was novated to RiverStone Managing Agency from Neon Underwriting Limited (“Neon Underwriting”) and followed the acquisition by RiverStone Holdings of 100% of the share capital of GAI Bermuda Holdings Limited (“GIA Holdings”), the 100% indirect owner of Neon Underwriting, on 31st December 2020.

RiverStone Corporate Capital is the sole corporate member of Syndicate 3500. Syndicate 2468 is participated on by the following corporate members GAI Indemnity (29%), Lavenham (35%) and Sampford (36%).

Syndicate 3500 was originally formed in 2003 to accept the reinsurance to close of the 2000 and prior years of account of Syndicate 271 and the 2001 and prior years of account of Syndicate 506, respectively.

Effective 1st January 2022, Syndicate 3500 entered into the following transactions:

- the reinsurance to close of the 2019 underwriting year of account liabilities of Syndicate 1897. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$13.5 million and \$13.4 million, respectively;
- the reinsurance to close of the 2019 and prior underwriting years of account liabilities of Syndicate 2468. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$400.6 million and \$295.3 million, respectively;
- the loss portfolio transfer reinsurance of the 2020 underwriting year of account liabilities of Syndicate 2468. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$22.7 million and \$19.3 million respectively;
- the reinsurance to close, or split reinsurance to close of the 2019 and prior underwriting years of account liabilities of Syndicate 1980, Syndicate 2014 and Syndicate 2001. These transactions resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$930.2 million and \$724.4 million, respectively; and
- the loss portfolio transfer reinsurance of certain discontinued lines of business originally written in the 2020 underwriting year of Syndicate 2001. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$3.8 million.

During 2022, Syndicate 3500 entered into the following transactions:

RiverStone Managing Agency Limited (Company No. 3253305)

Strategic Report

For the year ended 31st December 2022

- the loss portfolio transfer reinsurance of the 2018 and 2019 underwriting year of account liabilities of Syndicate 1200. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of \$293.8 million; and
- the loss portfolio transfer reinsurance of certain discontinued lines of Syndicate 1686. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of \$62 million.

RiverStone Managing Agency delegates most of its day-to-day management functions under an outsource agreement with RiverStone Management Limited (“RiverStone Management”), a fellow subsidiary of RiverStone Holdings. Provision of services under this agreement is monitored by regular reporting to the board of directors of RiverStone Managing Agency (“the Board”), which includes analysis of performance against key performance indicators.

Review of Business

Results and Performance

The results for the year set out in the profit and loss account show a result for the financial year of nil (2020: nil). The increase in administrative expenses in 2022 to £35.5 million (2021: £27.3 million) primarily reflects the increase in service costs incurred by RiverStone Managing Agency during the year as a consequence of a growth in the activity of its managed syndicates

RiverStone Managing Agency recharges all its net operating costs to the syndicates under its management. Total shareholders’ funds are the same as the prior year at £10,976.

Performance Measurements

RiverStone Managing Agency has made continued progress throughout 2022 in relation to key elements of its strategy, through the continued proactive management of its existing liabilities and through the acquisition of further run-off portfolios.

The key performance indicators for the company relate to the costs incurred and subsequently recharged, which in 2022 were £35.5 million (2021: £27.3 million), and total shareholders’ funds which remained the same as the prior year at £10,976.

Strategy and Future Developments

The Board’s strategy for Syndicate 3500 is the efficient and economic management of all existing liabilities. The Board intends to continue to actively pursue run-off acquisition opportunities for Syndicate 3500 through reinsurance to close or retroactive reinsurance transactions.

Syndicate 2468’s remaining open year of account, 2020, has been successfully reinsured to close into Syndicate 3500 as at 1st January 2023. Syndicate 2468 is now fully closed.

Principal Risks and Uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to approval by the Board and 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 RiverStone Managing Agency. 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 RiverStone Holdings UK Risk Committee.

RiverStone Managing Agency Limited (Company No. 3253305)

Strategic Report

For the year ended 31st December 2022

The principal risks faced by RiverStone Managing Agency arise from its ability to continue to meet the service standards in place with the entities for which it acts.

Section 172(1) of the Companies Act 2006

The Board of directors of RiverStone Managing Agency consider, in good faith, that they have had appropriate regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172.

Consequences of any Decision in the Long Term

The Board undertakes a detailed review of the Company's strategy annually and is actively involved in reviewing and approving the acquisitions policy and any acquisitions which ultimately drive the future of the business. All acquisitions are considered as part of an overarching governance process and set of risk appetite statements which actively ensure that all risks associated with the strategy are considered and long-term value is core to the decision-making process.

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 company's outsources services provider, 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. 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 includes a continuing focus on employee wellbeing, from regular promotion of support options such as counselling sessions, EAP offerings, virtual G.P. availability and 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 continues to operate an open forum steering group, to consider and make recommendations on matters pertaining to diversity and inclusion. The Executive Management have since adopted an inclusion and diversity charter and have sponsored a company-wide inclusion and diversity survey.

Business relationship Including Regulators

The Board recognises that a high standard of business conduct is essential for the delivery of the company's strategy and aspires to transparent communication with the company's regulators, the Prudential Regulation Authority, the Financial Conduct Authority and Lloyd's. During 2022, members of the Board have continued to have the opportunity to meet with regulators, which continues to refresh and facilitate an understanding of their needs and expectations. Regulatory compliance is managed by a dedicated and experienced compliance team which reports to the Board on a regular basis. The Board regularly engages with the CEO of Riverstone Management, the Company's outsource services provider, to ensure that a core supplier relationship is fostered.

Community and Environment

The Board engages actively with RiverStone Management, the Company's outsource services provider, to encourage, support and foster a positive relationship with the community and the environment. In the current year, through this engagement, the Board has supported charitable giving and infrastructure improvements to leased offices to support a reduction in the company's carbon footprint. The Board note that while it has no employees that it supports RiverStone Management's policy of matching employee charitable donations and of allowing time to be available to support others in the community.

RiverStone Managing Agency Limited (Company No. 3253305)
Strategic Report
For the year ended 31st December 2022

Business Conduct

The Board recognises that a commitment to a high standard of business conduct is critical to the delivery of strategy and aspires to complete honesty and transparency in all activity. Among key documents reviewed and approved by the Board annually are the Conduct Risk Strategy and Financial Crime Policy and the Board further monitors the performance of RiverStone Management, the Company's outsource services provider, who is committed to maintaining highest ethical standards.

Shareholder Engagement

The Board is committed to an open engagement with our shareholders and has had the opportunity to regularly meet with the directors of the immediate holding company throughout the year.

By Order of the Board

Park Gate
161-163 Preston Road
Brighton, East Sussex
United Kingdom, BN1 6AU



Andrew Creed
Chief Financial Officer
28th April 2023

RiverStone Managing Agency Limited (Company No. 3253305)

Directors' Report

For the year ended 31st December 2022

The Directors have pleasure in presenting their report and the audited financial statements for RiverStone Managing Agency (Company No. 3253305) for the year ended 31st December 2022.

Directors

Directors holding office during the period from 1st January 2022 to the date of this report were as follows:

T. A. Riddell – Independent Non-Executive Director
K. Shah – Independent Non-Executive Chairman
N. Smith – Independent Non-Executive Director
T. Ambridge – Non-Executive Director
M. J. Bannister
A. R. Creed
L. R. Tanzer
C. K. Pritchard
P. Prebensen
N. S. Taylor

RiverStone Managing Agency has provided an indemnity for its directors which is a qualifying third-party indemnity provision for the purposes of Section 234 of the Companies Act 2006. This indemnity was in force during the financial year and at the date of this report.

Future Developments

Likely future developments in the business of RiverStone Managing Agency are discussed in the Strategic Report.

Dividends

RiverStone Managing Agency paid no interim dividends during the year (2021: nil). The Directors do not recommend a final dividend (2021: nil).

Independent Auditor

During 2021, Deloitte LLP (“Deloitte”) were appointed as the Company’s registered auditor and have indicated their willingness to continue in office.

RiverStone Managing Agency Limited (Company No. 3253305)

Directors' Report

For the year ended 31st December 2022

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the situation of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Directors' Confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on 23 February 2023 and signed on its behalf by:



Park Gate
161-163 Preston Road
Brighton, East Sussex
United Kingdom, BN1 6AU

Andrew Creed
Chief Financial Officer
28th April 2023

RiverStone Managing Agency Limited (Company No. 3253305)

Profit and Loss Account

For the year ended 31st December 2022

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Riverstone Management Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and,
- the related notes 1 to 11.

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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RiverStone Managing Agency Limited (Company No. 3253305)

Profit and Loss Account

For the year ended 31st December 2022

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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/auditorsresponsibilities. This description forms part of our auditor's report.

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

RiverStone Managing Agency Limited (Company No. 3253305)
Profit and Loss Account
For the year ended 31st December 2022

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Max Jarvis, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28th April 2023

RiverStone Managing Agency Limited (Company No. 3253305)
Profit and Loss Account
For the year ended 31st December 2022

	Note	2022 £	2021 £
Turnover	3	-	-
Administrative expenses	4	(35,496,979)	(27,328,529)
Other operating income		35,496,979	27,328,529
Result before tax		-	-
Tax on result	6	-	-
Result for the financial year		£ <u>-</u>	£ <u>-</u>

The results above are all derived from continuing operations.

RiverStone Managing Agency has no recognised gains or losses other than those included in the Profit and Loss Account above and therefore no separate Statement of Comprehensive Income has been presented.

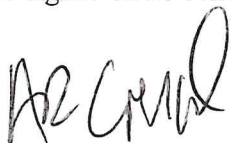
RiverStone Managing Agency Limited (Company No. 3253305)

Balance Sheet

As at 31st December 2022

	Note	2022 £	2021 £
Assets			
Current assets			
Debtors	7	2,532,055	9,649,691
Cash at bank and in hand	8	<u>5,959,793</u>	<u>5,732,838</u>
Total assets		£ 8,491,848	£ 15,382,529
Capital, reserves and liabilities			
Called up share capital	9	599,138	599,138
Profit and loss account		<u>(588,162)</u>	<u>(588,162)</u>
Total shareholders' funds		10,976	10,976
Creditors	10	<u>8,480,872</u>	<u>15,371,553</u>
Total capital, reserves and liabilities		£ 8,491,848	£ 15,382,529

The financial statements on pages 13 to 20 were approved by the Board of Directors on 23rd February 2023 and signed on its behalf on 28th April 2023 by:



A. R. Creed
Chief Financial Officer

RiverStone Managing Agency Limited (Company No. 3253305)
Statement of changes in equity
For the year ended 31st December 2022

	Called up Share Capital £	Profit and Loss Account £	Total Shareholder's Funds £
Balance at 1st January 2022	599,138	(588,162)	10,976
Result for the financial year	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 31st December 2022	£ 599,138	£ (588,162)	£ 10,976
	Called up Share Capital £	Profit and Loss Account £	Total Shareholder's Funds £
Balance at 1st January 2021	599,138	(588,162)	10,976
Result for the financial year	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 31st December 2021	£ 599,138	£ (588,162)	£ 10,976

RiverStone Managing Agency Limited (Company No. 3253305)

Notes to the Financial Statements

For the year ended 31st December 2022

1. General Information

RiverStone Managing Agency Limited (“RiverStone Managing Agency”) is a Lloyd’s Managing Agent, appointed by RiverStone Corporate Capital Limited to manage Syndicate 3500 and by GAI Indemnity Limited, Lavenham Underwriting Limited and Sampford Underwriting Limited to manage Syndicate 2468. The Company is limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England.

2. Statement of Compliance

The financial statements of RiverStone Managing Agency 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” (“FRS102”) and the Companies Act 2006.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These financial statements are prepared on a going concern basis under the historical cost convention.

(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. RiverStone Insurance (UK) Limited, has provided a guarantee of up to £1.5 million in support of RiverStone Managing Agency’s solvency, and the Company will continue to act as managing agency for Syndicate 3500 for the foreseeable future.

(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 RiverStone Managing Agency’s shareholder.

RiverStone Managing Agency has taken advantage of the following exemptions:

- i) from preparing a statement of cash flows, on the basis that it is a qualifying entity a consolidated statement of cash flows is included in the financial statements of Riverstone International Holdings Limited which can found on the RiverStone International group website.
- ii) from disclosing key management personnel compensation, as required by FRS102 paragraph 33.7.
- iii) from the requirement to disclose transactions with related parties within the same group as provided by FRS102, Section 33.1A.

RiverStone Managing Agency Limited (Company No. 3253305)
Notes to the Financial Statements
For the year ended 31st December 2022

(d) Translation of Foreign Currencies

The financial statements are presented in Pounds Sterling. Items included in RiverStone Managing Agency's financial statements are measured using the currency of the primary economic environment in which it operates. RiverStone Managing Agency's functional currency is Pounds Sterling.

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

(e) Turnover

Turnover from agency fees represents amounts charged for the year to the capital providers of RiverStone Managing Agency's managed syndicates. There is no turnover in the year as no amounts are currently due to be charged.

(f) Administrative Expenses

Administrative expenses represent costs incurred by RiverStone Managing Agency in the performance of its principal activity, being the management of Syndicate 3500 and Syndicate 2468, and are accounted for on an accruals basis.

(g) Other Operating Income

Other operating income represents recharges of administrative expenses to RiverStone Managing Agency's managed syndicates, denominated in Pounds Sterling.

(h) Tax

Tax expense for the year 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 is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Tax Rate Changes – Confirm requirement to disclose potential

The tax rate for the current year is 19%. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These included reductions to the main rate to reduce the rate to 17% from 1st April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

RiverStone Managing Agency Limited (Company No. 3253305)
Notes to the Financial Statements
For the year ended 31st December 2022

Legislation amending the Finance Bill 2016 to reverse proposed reductions to the UK corporation tax rate from 19% to 17% were enacted on 17th March 2020. From 1st April 2023, Section 6 of The Finance Act will increase the main corporation tax rate to 25%.

iii) **Deferred Tax**

Deferred tax assets and liabilities are established for differences between amounts reported in the financial statements and amounts reported in RiverStone Managing Agency's annual corporation tax returns, including revaluation gains and losses on investments. Deferred taxes are calculated at the rates at which it is expected that the tax liability or benefit will arise using tax rates and laws that have been enacted or substantively enacted by the year end. 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.

(i) **Financial Instruments**

RiverStone Managing Agency has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(j) **Related Party Transactions**

RiverStone Managing Agency 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.

(k) **Critical Accounting Judgements and Estimation Uncertainty**

RiverStone Managing Agency's financial statements do not contain any elements of significant accounting estimates or judgements requiring disclosure.

(l) **Insurance Broking Receivables and Payables**

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principles for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking activities are not recorded as an asset of the Company. No recognition of the insurance transaction occurs until the Company receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client.

4. Administrative Expenses

RiverStone Managing Agency has no employees (2021: none). The management and administration of RiverStone Managing Agency is carried out by RiverStone Management Limited ("RiverStone Management"), a fellow subsidiary, which also provides these services to other group companies. Administrative costs and amounts incurred for staff and related costs were wholly recharged to the syndicate under RiverStone Managing Agency's management. Operating expenses recharged by RiverStone Management during the year were £35,496,979 (2021: £27,328,529).

The directors receive no emoluments from RiverStone Managing Agency. The contracts of employment of the U.K. executive directors and employees are with RiverStone Management, which makes charges to RiverStone Managing Agency for services described above. Emoluments paid by RiverStone

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Management to the directors of RiverStone Managing Agency in respect of their services as directors of RiverStone Managing Agency are summarised below.

	2022 £	2021 £
Aggregate emoluments	£ 1,789,350	£ 2,942,533

As at 31 December 2022 the following number of Directors were accruing benefits under a:

	2022 No.	2021 No.
Money purchase pension schemes	3	3

During the year no directors exercised share options (2021: two).

The Directors' remuneration disclosed above includes the following amounts paid to the highest paid Director:

	2022 £	2021 £
Aggregate emoluments	£ 605,912	£ 1,146,090

As at 31st December 2022, £nil was accrued under a defined benefit pension scheme for the highest paid Director (2021: £nil).

5. Auditors' Remuneration

	2022 £	2021 £
Audit of these financial statements	£ 11,599	£ 10,625
Non audit – assurance related services	£ 1,500	£ 1,500

6. Tax on Result

	2022 £	2021 £
Current tax		
UK corporation tax at 19% (2021: 19%) based on the result for the year	£ -	£ -

Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6th September 2016). These included reductions to the main rate to reduce the rate to 17% from 1st April 2020. Legislation amending the Finance Bill 2016 to reverse proposed reductions to the UK corporation tax rate from 19% to 17% were enacted on 17 March 2020. Deferred taxes at the balance sheet date have

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been measured using these enacted tax rates and reflected in these financial statements. From 1st April 2023, Section 6 of The Finance Act will increase the main corporation tax rate to 25%.

7. Debtors

	2022 £	2021 £
Amounts owed by group undertakings	36,492	36,492
Amounts owed by managed syndicates	<u>2,495,563</u>	<u>9,613,199</u>
	£ 2,532,055	£ 9,649,691

8. Cash at Bank and in Hand

	2022 £	2021 £
Cash at bank and in hand	£ 5,959,793	£ 5,732,838

9. Called up Share Capital

	2022 £	2021 £
<u>Allotted and Fully Paid</u>		
599,138 (2020: 599,138) Ordinary Shares of £1	£ 599,138	£ 599,138

10. Creditors

	2022 £	2021 £
Amounts owed to group undertakings	2,521,079	9,638,715
Amounts owed to managed syndicates	5,959,793	383,367
Amounts owed to third parties/intermediaries	-	2,978,037
Cash in transit	<u>-</u>	<u>2,371,434</u>
	£ 8,480,872	£ 15,371,553

RiverStone Managing Agency has no creditors which are subject to security arrangements.

11. Related Party Transactions and Immediate and Ultimate Parent Company

RiverStone Managing Agency is a wholly owned subsidiary of RiverStone Holdings Limited which is registered in England and Wales. The ultimate holding company is RiverStone International Holdings Limited ("RiverStone International") which is registered in Jersey. The majority of the shares in RiverStone International are held by the controlling party CVC Capital Partners Strategic Opportunities II LP. Exemption has been taken under FRS102 section 33.1A to not disclose group related balances.