



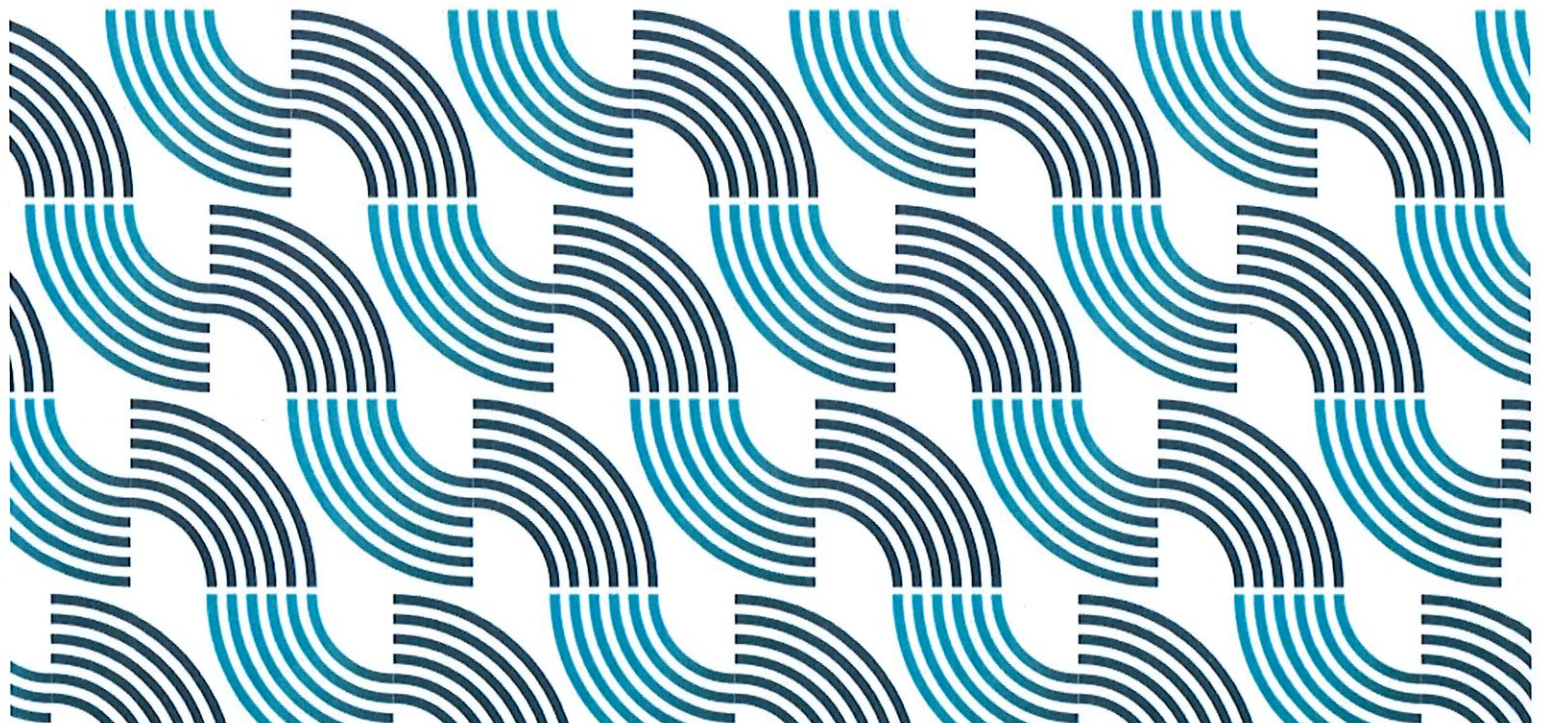
RiverStone
International

COMPANY NO. 1268308

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

RiverStone Management Limited

2022 Annual Report



RiverStone Management Limited (Company No. 1268308)
Annual Report
For the year ended 31st December 2022

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RiverStone Management Limited (Company No. 1268308)
Directors and Administration
For the year ended 31st December 2022

Directors

M. J. Bannister
M. R. Cain (appointed 13th October 2022)
A. R. Creed
F. Henry
C. K. Pritchard
S. C. Roberts
L. R. Tanzer
N. Taylor

Company Secretaries

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

www.rsml.co.uk

RiverStone Management Limited (Company No. 1268308)

Strategic Report

For the year ended 31st December 2022

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

Ownership

RiverStone Management is a wholly owned subsidiary of RiverStone Holdings Limited ("RiverStone Holdings"), whose ultimate holding company is RiverStone International Holdings Limited ("RiverStone International"), a company registered in Jersey.

Principal Activity

The principal activities of RiverStone Management continue to be that of a services provider to insurance related entities within its affiliated group. During 2022, RiverStone Management entered into new service arrangements with RiverStone Insurance (Malta) SE ("RiverStone Malta") and RiverStone International Bermuda Limited ("RiverStone Bermuda"). Service fees charged to the entities are set as a minimum so as to recover related costs on a net cost basis. RiverStone Management primarily operates in the London insurance market and is authorised by the Financial Conduct Authority.

Review of Business

Results and Performance

The results for the year set out in the profit and loss account show a profit for the financial year of £26,000 (2021: loss of £12,000). This represents profit on services provided to the RiverStone Malta and RiverStone Bermuda..

RiverStone International Holdings and its subsidiaries ("the Group") continue to acquire portfolios of run-off business in line with strategy. To ensure it is able to continue to provide the expected level of services to the Group, RiverStone Management continues to review resource levels to ensure they are appropriate to the business under its management.

Headcount at the end of the year was 292 (2021: 255).

Total shareholder's funds have increased by the profit for the financial year to £794,000 from £768,000. The Directors consider that the financial position at the year-end remains satisfactory.

Performance Measurements and Key Performance Indicators

RiverStone Management monitors its performance through adherence to service level standards set out in the agreements it has with the companies to whom it provides these services. Throughout the year these standards have been assessed as being met in all material respects.

RiverStone Management meets the minimum capital requirement under Financial Conduct Authority rules at 31st December 2022 of £10,000.

Total shareholder's funds are considered to be the key performance indicator of the company and have increased by the profit for the financial year to £794,000 from £768,000.

RiverStone Management Limited (Company No. 1268308)

Strategic Report

For the year ended 31st December 2022

Strategy and Future Developments

RiverStone Management's primary focus is to continue to support the management of the timely and efficient run-off of specific insurance related entities within the Group.

Environmental, Social, and Governance ("ESG")

ESG Strategy

The Board understands it has a responsibility to manage material environment and social issues in its investments and business operations. Significant progress was made in 2022 to develop an ESG strategy and framework and identify the ESG topics material to its business. For the second year in a row, RiverStone Management earned a Silver sustainability rating from EcoVadis, placing the Company in the top 25% of participating companies for sustainability efforts around environment, labour and human rights, ethics and sustainable procurement.

Environmental matters continued to be a focus with projects implemented to support the reduction of electricity and gas consumption, move to carbon-neutral energy suppliers, and reduce the waste caused by documents printed but not collected.

In line with the Greenhouse Gas Protocol ("GHG") Corporate Accounting and Reporting Standard, which applies for the first time in 2022, RiverStone Management continues to be engaged in a process aimed at reducing its energy and greenhouse gas emissions. RiverStone Management maintain both Scope 1, 2 and 3 emissions, which are generated from the Company's offices, and transportation.

The calculated carbon footprint for the current financial year January 2022 – December 2022 is 259.3 tCO₂e, whilst energy consumption was 895,953.99 kWh (895.9 MWh).

2022 Emissions

Scope 1 (natural gas and transport) emissions	Tonnes CO ₂ equivalent (tCO ₂ e)
	53.19
Scope 2 (electricity) emissions	Tonnes CO ₂ equivalent (tCO ₂ e)
	33.04
Scope 3 (electricity T&D, water, flights, and transport) emissions	Tonnes CO ₂ equivalent (tCO ₂ e)
	173.08
Total	259.3 tCO₂e
Carbon intensity ratio	0.943 tCO ₂ e

ESG Principles

RiverStone Management has adopted the following ESG Principles that are taken into account in the course of day to day activities and in monitoring and reporting on ESG:

- A commitment to addressing material environmental and social topics across our business. A recognition of climate change as a significant issue for society and the economy.
- A commitment to being a "good corporate citizen", community engagement, and supporting community geared social initiatives.
- Policies are set to comply, at a minimum, with legislation in the local areas in which we operate, including legislation regarding health and safety, labour, human rights and environmental management.

RiverStone Management Limited (Company No. 1268308)

Strategic Report

For the year ended 31st December 2022

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 of directors of RiverStone Management (“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 Management. 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.

The principal risks faced by RiverStone Management 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 Management 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. The Company’s role as a services provider is closely aligned to those of the companies to which it provides those services and the Board is cognisant of this. The service level standards and services agreements under which the Board deliver these services are designed to ensure long-term value is core to the decision-making process.

Employees

The Board acknowledges that people are essential to delivery of its strategy and has a well-established structure through which it supports engagement regularly with employees. During 2022, 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 2022 included a continuing increased focus on employee wellbeing, from the regular promotion of support options such as counselling sessions, EAP offerings, virtual G.P. availability & health assessments. Riverstone Management initiated an open forum steering group in 2019, to consider and make recommendations on matters pertaining to diversity. The Executive Management have since adopted an inclusion and diversity charter and have sponsored a company-wide, inclusion and diversity survey.

Business Relationships

The Board recognises that relationships with our stakeholders are vital to the delivery of our strategy and monitors the Company’s performance against key performance metrics. During 2022, the Board has regularly engaged with key stakeholders, RiverStone Managing Agency Limited and RiverStone Insurance (UK) Limited. Certain of the Board are also regularly engaged with RiverStone Resources LLC for whom RiverStone Management also provides services under an outsourcing agreement. RiverStone Management also entered into a new services agreement with RiverStone Insurance Malta SE in June 2022, and directors of both companies have had the opportunity to meet on several occasions during the period. The FCA as regulator receives regular updates on the financial health of the Company via the submissions of the D1 returns..

Community and Environment

The Board actively supports and fosters a positive relationship with the community and the environment. The Board has supported charitable giving and has a policy of matching employee charitable donations and of allowing time to be available to support others in our communities.

RiverStone Management Limited (Company No. 1268308)
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 our 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 Policy and Financial Crime Policy. The Board is further committed to maintaining the higher ethical standards.

Shareholder Engagement

The Board is committed to an open engagement with 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

F Henry
Company Secretary
19th July 2023

RiverStone Management Limited (Company No. 1268308)

Directors' Report

For the year ended 31st December 2022

The Directors have pleasure in presenting their report and the audited financial statements for RiverStone Management Limited (Company No. 1268308) ("RiverStone Management") 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:

M. J. Bannister
M. R. Cain (appointed 13th October 2022)
A. R. Creed
F. Henry
C. K. Pritchard
S. C. Roberts
L. R. Tanzer
N. Taylor

RiverStone Management 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 also at the date of this report.

Future Developments

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

Dividends

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

Independent Auditors

During 2022, in accordance with Section 485 of the Companies Act 2006, Deloitte LLP ("Deloitte") were reappointed as the Company's registered auditor.

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 state of affairs 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.

RiverStone Management Limited (Company No. 1268308)
Directors' Report
For the year ended 31st December 2022

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.

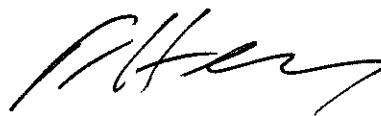
Directors' Confirmations

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.

By Order of the Board

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



F Henry
Company Secretary
19th July 2023

RiverStone Management Limited (Company No. 1268308)
Independent Auditors' Report to the Members of RiverStone Management Limited
For the year ended 31st December 2022

Independent auditor's report to the members of RiverStone Management Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of RiverStone Management Limited (the 'company') (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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

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.

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

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

RiverStone Management Limited (Company No. 1268308)
Independent Auditors' Report to the Members of RiverStone Management Limited
For the year ended 31st December 2022

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.

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, internal audit and the directors about their own

RiverStone Management Limited (Company No. 1268308)
Independent Auditors' Report to the Members of RiverStone Management Limited
For the year ended 31st December 2022

identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks 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 statements¹. These included 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;
- 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 has 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

RiverStone Management Limited (Company No. 1268308)
Independent Auditors' Report to the Members of RiverStone Management Limited
For the year ended 31st December 2022

- 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.

Adam Ely FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom
19 July 2023

RiverStone Management Limited (Company No. 1268308)
Profit and Loss Account
For the year ended 31st December 2022

	Note	2022 £'000	2021 £'000
Turnover	4	55,224	59,667
Staff costs	5	(32,864)	(44,820)
Other operating expenses	5	(23,557)	(17,334)
Realised gains on investments		33	-
Unrealised gains on investments		1,190	2,487
Operating profit		26	-
Other charges – foreign exchange		-	(12)
Profit (loss) before tax	10	26	(12)
Tax on profit (loss)	11	-	-
Profit (loss) for the financial year	£	26	£ (12)

The results above are all derived from continuing operations.

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

RiverStone Management Limited (Company No. 1268308)**Balance Sheet****As at 31st December 2022**

	Note	2022 £'000	2021 £'000
Assets			
Fixed assets			
Tangible assets	12	278	507
Other financial investments	13	8,417	6,486
		8,695	6,993
Current assets			
Debtors	14	6,067	17,120
Cash at bank and in hand		9,371	5,100
		15,438	22,220
Total assets		£ 24,133	£ 29,213
Capital, Reserves and Liabilities			
Capital and reserves			
Called up share capital	16	100	100
Profit and loss account		694	668
Total shareholder's funds		794	768
Creditors: Amounts falling due within one year	17	23,339	28,445
		23,339	28,445
Total capital, reserves and liabilities		£ 24,133	£ 29,213

The financial statements on pages 14 to 26 were approved by the Board of RiverStone Management Limited on 26th May 2023 and signed on its behalf by the Directors on 19th July 2023.



A. R. Creed
Chief Financial Officer

RiverStone Management Limited (Company No. 1268308)
Statement of Changes in Equity
For the year ended 31st December 2022

	Called up Share Capital £'000	Profit and Loss Account £'000	Total Share- Holder's Funds £'000
Balance at 1st January 2022	100	668	768
Profit for the financial year	-	26	26
Balance at 31st December 2022	£ 100	£ 694	£ 794
Balance at 1st January 2021	100	680	780
Loss for the financial year	-	(12)	(12)
Balance at 31st December 2021	£ 100	£ 668	£ 768

RiverStone Management Limited (Company No. 1268308)
Notes to the Financial Statements
For the year ended 31st December 2022

1. General Information

RiverStone Management Limited (“RiverStone Management” or “the Company”) provides run-off services to affiliated insurance related entities. Service fees charged to the entities are set out as to recover related costs on a minimum of a net cost basis. RiverStone Management is a private company limited by shares and is incorporated in England. The address of its registered office is Park Gate, 161-163 Preston Road, Brighton, East Sussex, United Kingdom, BN1 6AU.

2. Statement of Compliance

The financial statements of RiverStone Management 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 Management intends to continue to operate as a provider of run-off services to insurance related entities within its affiliated group 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 Management’s shareholders.

RiverStone Management has taken advantage of the following exemptions:

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

RiverStone Management Limited (Company No. 1268308)
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 and, unless otherwise stated, are rounded to thousands. Items included in RiverStone Management's financial statements are measured using the currency of the primary economic environment in which it operates. RiverStone Management'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) 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) Deferred Tax

Deferred tax assets and liabilities are established for differences between amounts reported in the financial statements and amounts reported in RiverStone Management'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.

(f) Financial Instruments

RiverStone Management has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments.

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method.

Other financial assets, being investments in preference shares are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

RiverStone Management Limited (Company No. 1268308)
Notes to the Financial Statements
For the year ended 31st December 2022

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 year in which they arise.

(g) 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

(h) Leased Assets

RiverStone Management 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.

(i) Employee Benefits

RiverStone Management provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and a defined contribution pension plan.

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 RiverStone Management pays fixed contributions into a separate entity. Once the contributions have been paid RiverStone Management has no further payment obligations. The contributions are recognised as an expense

RiverStone Management Limited (Company No. 1268308)
Notes to the Financial Statements
For the year ended 31st December 2022

when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from RiverStone Management in independently administered funds.

Further details of RiverStone Management's pension schemes are given in Note 9.

iii) Annual Bonus Plan

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

(j) Related Party Transactions

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

(l) Other Financial Investments

RiverStone Management 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

4. Turnover

The turnover represents the revenue earned by RiverStone Management for run-off, administrative and accounting services provided to affiliate insurance entities.

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5. Staff Costs

	2022	2021
	£'000	£'000
Wages and salaries	26,687	23,699
Social security costs	3,950	3,681
Other pension costs (Note 9)	2,227	12,923
Share based payment expense (Note 8)	-	4,517
	<u>£ 32,864</u>	<u>£ 44,820</u>

Other operating expenses comprise

	2022	2021
	£'000	£'000
Legal and Professional	10,975	6,299
Rent and Occupancy	4,706	4,562
Information Technology	2,587	2,422
Travel and Entertaining	492	168
Other Costs	4,797	3,883
	<u>£ 23,557</u>	<u>£ 17,334</u>

The average monthly number of employees, by main activity, during the year was made up as follows:

	2022	2021
	No.	No.
Office and management	29	28
Claims	120	102
Operations	28	29
Services	57	49
Financial and actuarial	33	32
	<u>267</u>	<u>240</u>

6. Auditors' Remuneration

	2022	2021
	£'000	£'000
Audit	<u>£ 16</u>	<u>£ 15</u>

7. Directors' Remuneration

Emoluments paid by RiverStone Management to the Directors in respect of their services as directors of RiverStone Management are summarised below. These amounts represent emoluments based on an apportionment of the Directors' time.

2022 **2021**

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	£'000	£'000
Aggregate emoluments	732	1,465
Amounts paid to defined contribution pension plans	12	11
Amounts paid in relation to loss of office	-	482
	<u>£ 744</u>	<u>£ 1,958</u>

During the year the following number of Directors:

	2022 No.	2021 No.
Accrued benefits under money purchase pension schemes	5	5

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

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

	2022 £'000	2022 £'000
Aggregate emoluments	<u>£ 231</u>	<u>£ 451</u>

8. Share Based Payments

RiverStone Management participated in a Fairfax Financial Holdings Limited ("Fairfax") group share plan up to 23rd August 2021 whereby options to acquire shares in Fairfax at a nil exercise price were granted to certain of its employees. The existing options vested in full upon the successful acquisition of Riverstone International by CVC Capital Partners in August 2021. The individuals to whom options have been granted have 15 years to exercise the options to acquire Fairfax shares from the acquisition date. Details of options granted by RiverStone Management which remain outstanding at the end of the year are as follows:

	2022 No.	2021 No.
Outstanding 1 st January	17,820	30,130
Granted during the year	-	230
Allocated during the year	-	(57)
Exercised during the year	(652)	(7,515)
Transfers to other group companies	<u>(108)</u>	<u>(4,968)</u>
Outstanding 31 st December	<u>17,060</u>	<u>17,820</u>
Exercisable at 31 st December	<u>17,060</u>	<u>17,820</u>

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	Years	Years
Weighted average remaining contractual life of options outstanding at 31 st December	<u>0</u>	<u>0</u>

The fair value of the compensation expense for the services received recorded in the Profit and Loss Account and the liability incurred is determined by reference to the market share price of the underlying Fairfax shares. The total compensation expense for 2022 was nil (2021: expense of £4,517,000). The total liability at the end of the year, which is included within Other Creditors on the balance sheet, was £8,417,000 (2021: £5,323,000). Of this amount £8,417,000 (2021: £8,785,000) relates to shares that have fully vested.

Due to the share options being fully vested at 31 December 2022 there is no financial risk to the Company

The weighted average fair value of options granted in the year is nil (2021 £322).

9. Other Pension Costs

RiverStone Management now operates just one pension scheme: a defined contribution scheme. The Defined Benefit Scheme was transferred out of the Riverstone International group on 23rd August 2021. Riverstone Holdings Limited was the principal employer, Riverstone Management was the primary participating employer. A valuation of the scheme was performed at the point of disposal where a £19,467k remeasurement gain was recorded in the statement of comprehensive income of Riverstone Holdings Limited ("RiverStone Holdings"), and a loss on disposal was recorded of £24,265k also in Riverstone Holdings.

Defined Benefit Scheme

RiverStone Management was a participating employer in a defined benefit pension scheme ("the Plan") which was closed to new employees with effect from 1st January 2003. The Plan was disposed of on 23rd August 2021 by way of a transfer out of the Riverstone International group.

RiverStone Management's contributions during the year and the charge to the Profit and Loss Account amounted to nil (2021: £10,740,000).

On 26th February 2021, following a consultation with the affected employees of the Plan in accordance with the Occupational and Personal Pension Schemes (Consultation by Employers and Miscellaneous Amendments) Regulations 2006 and having carefully considered all responses from the affected employees, RiverStone Holdings entered into a deed of amendment with the trustees of the Plan, pursuant to which the Plan was closed to future accrual of benefits on and from end of 28th February 2021.

Defined Contribution Scheme

With effect from 1st January 2003, all new staff are eligible to join a new defined contribution scheme. Company 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 RiverStone Management under the scheme during the year were £2,500,000 (2021: £2,183,000). Outstanding company contributions payable at 31st December 2022 were £243,000 (2021: £197,000). These contributions have since been paid.

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10. Profit (loss) before tax

	2022	2021
	£'000	£'000
The profit (loss) before tax is stated after charging		
Hire of plant and machinery – operating leases	62	81
Hire of other assets – operating leases	1,928	1,920
Realised foreign exchange loss	-	(12)
Depreciation – owned	229	268
	£ 2,219	£ 2,257

11. Tax on profit (loss)

	2022	2021
	£'000	£'000
(a) Current tax		
UK corporation tax at 19% (2021: 19%) based on the profit (loss) for the year	-	-
Total tax charge	£ -	£ -

(b) Factors affecting the tax charge for the year

The corporation tax assessed for the year differs (2021: differs) to the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022	2021
	£'000	£'000
Profit (loss) before tax	£ 26	£ (12)
Profit (loss) before tax multiplied by the UK corporation tax rate of 19% (2021: 19%)	5	(3)
Non-taxable investment income and investment gains	-	(473)
Expenses not deductible for tax purposes	276	579
Capital allowances claim	-	(115)
Group relief (surrendered)/claimed for nil consideration	(281)	3
Adjustment related to prior year	-	-
Total tax charge for the year	£ -	£ -

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12. Tangible Assets

	Fixtures and Fittings £'000	Motor Vehicles £'000	Leasehold Improvements £'000	Total £'000
Cost				
At 1st January 2022	300	10	1,289	1,599
Additions	-	-	-	-
At 31st December 2022	300	10	1,289	1,599
Accumulated depreciation				
At 1st January 2022	(208)	(10)	(874)	(1,092)
Charge for the year	(57)	-	(172)	(229)
At 31st December 2022	(265)	(10)	(1,046)	(1,321)
Net book value				
At 31st December 2022	£ 35	£ -	£ 243	£ 278
At 31st December 2021	£ 92	£ -	£ 415	£ 507

13. Other Financial Investments

	2022 £'000	2021 £'000
Preference shares	£ 8,417	£ 6,486

Refer to note 8, RiverStone Management participated in a Fairfax group share plan whereby options to acquire shares in Fairfax at a nil exercise price have been granted to certain employees. All existing options vested in full upon the successful acquisition of the Riverstone International group by CVC Capital Partners in August 2021. The individuals to whom options have been granted have 15 years to exercise the options to acquire Fairfax shares from the acquisition date. These preference shares represent the vested options not yet exercised. These are all considered to be level 2 investments.

14. Debtors

	2022 £'000	2021 £'000
Amounts owed by group undertakings	3,866	15,496
Other debtors	640	412
Prepayments and accrued income	1,561	1,212
	£ 6,067	£ 17,120

15. Deferred Tax

No deferred tax asset has been recognised in these financial statements as the Directors cannot be certain of an actual tax benefit crystallizing. The potential deferred tax asset not recognised amounts to:

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	2022 £'000	2021 £'000
Excess capital allowances	601	601
Short term timing differences	-	-
Potential deferred tax asset not recognised	£ 601	£ 601

16. Called up Share Capital

	2022 £'000	2021 £'000
<u>Allotted and fully paid</u>		
100,000 (2021: 100,000) ordinary shares of £1 each	£ 100	£ 100

17. Creditors: Amounts Falling Due Within One Year

	2022 £'000	2021 £'000
Trade creditors	170	572
Amounts owed to group undertakings	405	427
Other creditors	8,417	6,486
Tax and social security	1,186	702
Accruals and deferred income	13,161	10,904
	£ 23,339	£ 28,445

RiverStone Management has no creditors which are subject to security arrangements.

18. Other Financial Commitments

At 31st December 2022, RiverStone Management was committed to making the following minimum payments under non-cancellable operating leases for each of the following periods:

	2022 £'000	2021 £'000
Within one year	2,320	2,075
Between one and five years	9,301	8,261
Over five years	17,527	17,544
	£ 29,148	£ 27,880

19. Related Party Transactions and Immediate and Ultimate Parent Company

RiverStone Management 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.