

Syndicate 2468

2022 Annual Report



Syndicate 2468
Annual Report
For the year ended 31st December 2022

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Syndicate 2468
Directors and Administration
For the year ended 31st December 2022

Managing Agent

RiverStone Managing Agency Limited
Park Gate
161 – 163 Preston Road
Brighton
East Sussex
United Kingdom
BN1 6AU

Directors of RiverStone Managing Agency Limited

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

Independent Auditors

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Website

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

Syndicate 2468

Managing Agent's Report

For the year ended 31st December 2022

The Directors of RiverStone Managing Agency Limited ("RiverStone Managing Agency") present their report for Syndicate 2468 ("the Syndicate") for the year ended 31st December 2022 ("the Financial Year").

Principal Activity

The Syndicate's principal activity was the underwriting of direct insurance and reinsurance business in the Lloyd's market. On 6th January 2020, the Syndicate was put into an orderly run-off. Effective 1st January 2023, the liabilities of Syndicate 2468's final remaining open year of account, 2020, were reinsured to close into Syndicate 3500, which is also under the management of RiverStone Managing Agency.

RiverStone Managing Agency and its immediate parent company RiverStone Holdings Limited ("RiverStone Holdings") are wholly owned subsidiaries of RiverStone International Holdings Limited.

Results and Business Review

The total recognised result for financial year 2022 is a loss of £1.0 million (2021: profit of £7.7 million). Profits and losses will be distributed and collected by reference to the results of individual underwriting years. Effective 1st January 2022, the 2019 year of account of was reinsured to close into Syndicate 3500.

The Syndicate's key financial performance indicators during the year were as follows:

	2022	2021
	£'000	£'000
Financial Investments and Cash	28,402	161,538
Gross technical provisions	11,200	326,772
Member's Balances	(11,243)	(49,931)
Total comprehensive (loss)/profit	(994)	7,687

The reduction in Financial Investments and Cash and Gross Technical provisions during 2022, primarily reflects the impact of the successful reinsurance to close of the 2019 year of account and the continued run-off of Syndicate 2468 through 2022.

Principal Risks and Uncertainties

The process of risk acceptance and risk management was addressed through a framework of policies, procedures and internal controls. All policies were subject to approval by the Board and ongoing review by the Board, executive committees, risk management and internal audit. Compliance with regulatory, legal and ethical standards was a high priority for Syndicate 2468 and remains so for RiverStone Managing Agency. The compliance, legal and finance departments of RiverStone Management Limited, RiverStone Managing Agency's outsource services provider, took on an important oversight role in this regard. The Board was responsible for ensuring that a proper internal control framework existed to manage financial risks and that controls operated effectively; it was assisted in discharging these responsibilities by the RiverStone Holdings UK Risk Committee.

The risks that Syndicate 2468 was exposed to and their impact on economic capital have been assessed. This process was risk based and used Solvency II based principles to manage capital requirements and to ensure that there was sufficient financial strength and capital adequacy to support the obligations to policyholders, regulators and other stakeholders.

The principal risks faced by Syndicate 2468 arose 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).

Syndicate 2468

Managing Agent's Report

For the year ended 31st December 2022

Future developments

The 2020 year of account was closed into Syndicate 3500 as of 1st January 2023. Syndicate 2468 is now closed.

Directors

The Directors of RiverStone Managing Agency 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

Annual General Meeting

The Directors do not propose to hold an annual general meeting for Syndicate 2468. A meeting will be convened should the corporate members of Syndicate 2468 request one.

Independent Auditors

During 2022, Deloitte LLP (“Deloitte”) were appointed as the Syndicate’s registered auditor. Beyond the end of the 2022 financial year no further audit is required.

Investment Policy and Management

All assets continued to be invested in a manner to maximize return within agreed investment policies established by RiverStone Managing Agency. These investments were managed within the risk constraints and credit guidelines agreed by the Board. The investment policy and performance of funds were reviewed regularly by the Board. Syndicate 2468 was not involved in the lending of investments to the securities market.

Financial Instruments

As described in Note 5 to the financial statements, Syndicate 2468 was exposed to financial risk through its financial assets and liabilities, including its reinsurance assets and policyholder liabilities. In particular, a key financial risk was that the proceeds from financial and reinsurance 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 risk and currency risk), credit risk and liquidity risk.

Syndicate 2468 managed this risk within its overall risk management framework.

Statement of Managing Agent's Responsibilities

The 2008 Regulations require RiverStone Managing Agency to prepare Syndicate Annual Accounts at 31st December each year which give a true and fair view of the state of affairs of Syndicate 2468 and of its profit

Syndicate 2468

Managing Agent's Report

For the year ended 31st December 2022

or loss for that year. In preparing those Syndicate Annual Accounts, RiverStone Managing Agency is required to:

- select suitable accounting policies, and then apply them consistently, subject to changes arising on the adoption of new accounting standards in the year;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Syndicate Annual Accounts ; and
- prepare the Syndicate Annual Accounts on a going concern basis, unless it is inappropriate to do so.

RiverStone Managing Agency confirms that it has complied with the above requirements in preparing the financial statements, which have been prepared on the basis that the Syndicate ceased to write new business and has reinsured to close its 2020 year of account into Riverstone Syndicate 3500 from 1st January 2023 and therefore is prepared on a basis other than going concern.

RiverStone Managing Agency is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Syndicate 2468 and enable it to ensure that the Syndicate Annual Accounts comply with the 2008 Regulations.

It is also responsible for safeguarding the assets of Syndicate 2468 and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

It is also responsible for the maintenance and integrity of the business' website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each person who is a director of RiverStone Managing Agency at the date this Managing Agent's 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 Order of the Board

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

L. R. Tanzer
Chief Executive Officer
24th February

Syndicate 2468

Independent Auditors' Report to the Members of Syndicate 2468

For the year ended 31st December 2022

Independent auditor's report to the members of Syndicate 2468

Report on the audit of the syndicate annual financial statements

Opinion

In our opinion the syndicate annual financial statements of Syndicate 2468 (the 'syndicate'):

- give a true and fair view of the state of the syndicate'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 Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

We have audited the syndicate annual financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in members' balances;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 26.

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 syndicate annual financial statements section of our report.

We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate annual 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.

Emphasis of matter - Financial statements prepared other than on a going concern basis

We draw attention to note 3 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the syndicate annual financial statements and our auditor's report thereon. The managing agent is responsible for the other information contained within the annual report. Our opinion on the syndicate annual financial

Syndicate 2468

Independent Auditors' Report to the Members of Syndicate 2468

For the year ended 31st December 2022

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 syndicate annual 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 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 managing agent

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

In preparing the syndicate annual financial statements, the managing agent is responsible for assessing the syndicate's ability to continue in operation, disclosing, as applicable, matters related to the syndicate's ability to continue in operation and to use the going concern basis of accounting unless the managing agent intends to cease the syndicate's operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the syndicate annual financial statements

Our objectives are to obtain reasonable assurance about whether the syndicate annual 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 syndicate annual financial statements.

A further description of our responsibilities for the audit of the syndicate annual 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 syndicate and its control environment, and reviewed the syndicate'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 frameworks that the syndicate operates in, and identified the key laws and regulations that:

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Independent Auditors' Report to the Members of Syndicate 2468 For the year ended 31st December 2022

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005)]; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the syndicate's ability to operate or to avoid a material penalty. These included the requirements of Solvency II.

We discussed among the audit engagement team including relevant internal specialists such as actuarial, valuations and IT specialist regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Valuation of technical provisions includes assumptions and methodology requiring significant management judgement and involves complex calculations, and therefore there is potential for management bias. There is also a risk of overriding controls by making late adjustments to the technical provisions. In response to these risks we involved our actuarial specialists to develop independent estimates of the technical provisions and we tested the late journal entries to technical provisions.

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, reviewing internal audit reports and correspondence with Lloyd's and the PRA.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008

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

- the information given in [the strategic report and] the managing agent's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- [the strategic report and] the managing agent's report [has/have] been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the syndicate and its environment obtained in the course of the audit, we have not identified any material misstatements in [the strategic report or] the managing agent's report.

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Independent Auditors' Report to the Members of Syndicate 2468

For the year ended 31st December 2022

Matters on which we are required to report by exception

Under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 we are required to report in respect of the following matters if, in our opinion:

- the managing agent in respect of the syndicate has not kept adequate accounting records; or
- the syndicate annual financial statements are not in agreement with the accounting records; 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 syndicate's members, as a body, in accordance with regulation 10 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate'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 syndicate'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
24/02/2023

Syndicate 2468
Profit and Loss Account
For the year ended 31st December 2022

	Note	2022 £'000	2021 £'000
Technical Account – General Business			
Gross premiums written	6	-	(2,190)
Outward reinsurance premiums		-	(36,890)
Net premiums written		-	(39,080)
Change in provision for unearned premium			
Gross amount		194	20,880
Reinsurers' share		(194)	(1,849)
Change in net provision for unearned premium		-	19,031
Written and earned premiums net of reinsurance		-	(20,049)
Other technical income, net of reinsurance		(74)	-
Gross claims paid	7	(4,460)	(107,712)
Reinsurers' share	7	4,369	43,198
Net claims paid		(91)	(64,514)
Change in the gross provision for claims		6,718	153,426
Reinsurers' share		(6,553)	(45,580)
Change in the net provision for claims		165	107,846
Claims incurred, net of reinsurance		74	43,332
Net operating expenses	6,8	(394)	(12,350)
Total technical credit, net of reinsurance		(394)	10,933
Balance on the technical account for general business		(394)	10,933
Non-Technical Account			
Investment income	10	734	1,175
Unrealised losses on investments		(5)	(839)
Realised losses on investments		(224)	-
Investment expenses and charges	11	-	(10)
Foreign Exchange loss	12	(1,105)	(3,572)
(Loss)/Profit for the financial year		(994)	7,687

The results above are all derived from continuing operations.

Syndicate 2468
Balance Sheet
For the year ended 31st December 2022

	Note	2022 £'000	2021 £'000
Assets			
Investments			
Other financial investments	13	165	94,623
Deposits from ceding undertakings		2,681	2,513
Reinsurers' share of technical provisions			
Claims outstanding	7	11,200	94,563
Provision for unearned premium		-	3,779
		11,200	98,342
Debtors			
Debtors arising out of direct insurance operations	14	-	12,707
Debtors arising out of reinsurance operations	15	173	28,210
Other debtors	16	16	4,509
		189	45,426
Other assets			
Cash at bank and in hand		28,237	66,915
Overseas Deposits		475	16,038
		28,712	82,953
Prepayments and accrued income			
Accrued interest		-	725
Deferred Acquisition costs		-	2,517
		-	3,242
Total assets		42,947	327,099
Capital, Reserves and Liabilities			
Capital and reserves			
Members' balances		(11,243)	(49,931)
Technical provisions			
Claims outstanding		11,200	312,493
Provision for unearned premium		-	14,279
		11,200	326,772
Deposits received from reinsurers		9,492	23,306
Creditors			
Creditors arising out of direct insurance operations	17	-	7,437
Creditors arising out of reinsurance operations	18	33,332	12,828
Other creditors including taxation and social security	19	166	6,686
		33,498	26,951
Total capital, reserves and liabilities		42,947	327,098

Syndicate 2468
Balance Sheet
For the year ended 31st December 2022

The financial statements on pages 11 to 35 were approved by the Board of RiverStone Managing Agency Limited on 23rd February 2023 and signed on its behalf by the Directors on 24th February 2023:

L. R. Tanzer
Chief Executive Officer

A. R. Creed
Chief Financial Officer

Syndicate 2468
Statement of Changes in Members' Balances
For the year ended 31st December 2022

	Members' Balances £'000
Balance at 1st January 2022	(49,931)
Loss for the financial year	(994)
Cash Call	40,000
Distribution on closed year of account	(318)
	<hr/>
Balance at 31st December 2022	<u>(11,243)</u>

	Members' Balances £'000
Balance at 1st January 2021	(69,873)
Profit for the financial year	7,687
Loss call from members	<u>12,255</u>
Balance at 31st December 2021	<u>(49,931)</u>

Syndicate 2468
Statement of Cash Flows
For the year ended 31st December 2022

	Note	2022 £'000	2021 £'000
Reconciliation of (loss) profit for the year to net cash inflow from operating activities			
(Loss) profit for the financial year		(994)	7,687
(Decrease) in gross technical provisions		(315,572)	(177,569)
Decrease in reinsurers' share of gross technical provisions		87,142	47,882
Decrease in debtors		48,312	39,257
(Decrease) increase in creditors		(7,267)	4,897
Movement in other assets/liabilities		15,562	7,561
Investment return		(505)	(326)
Other including foreign exchange		9,609	4,762
Net cash (outflow) from operating activities		(163,713)	(65,849)
Purchase of equity and debt instruments		(10,926)	(35,102)
Sale of equity and debt instruments		24,301	-
Purchase of derivatives		-	(4,811)
Investment income received		733	1,121
Net cash inflow (outflow) from investing activities		14,108	(38,792)
Open year cash calls		40,000	-
Distribution (profit) loss		(318)	12,255
Net cash inflow from financing activities		39,682	12,255
Net (decrease) in cash and cash equivalents		(109,923)	(92,386)
Cash and cash equivalents at beginning of year		125,706	217,943
Foreign exchange on cash and cash equivalents		12,454	148
Cash and cash equivalents at end of year		28,237	125,705
Cash and cash equivalents consist of:			
Cash at bank and in hand	21	28,237	66,915
Short term deposits with credit institutions		-	58,790
Cash and cash equivalents		28,237	125,705

Syndicate 2468

Notes to the Financial Statements

For the year ended 31st December 2022

1. General Information

The Syndicate's principal activity was the underwriting of direct insurance and reinsurance business in the Lloyd's market.

The Syndicate wrote predominately marine, property and casualty insurance and reinsurance.

Syndicate 2468 is managed by RiverStone Managing Agency Limited ("the Managing Agent"), whose registered office address is Park Gate, 161-163 Preston Road, Brighton, East Sussex, United Kingdom, BN1 6AU.

2. Statement of Compliance

The financial statements of Syndicate 2468 have been prepared in accordance with Regulation 5 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, and 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 Financial Reporting Standard 103, "Insurance Contracts" ("FRS103").

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

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 accounting policies of Syndicate 2468. 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

These financial statements have been prepared on a basis other than going concern. The Syndicate ceased to write new business on the 6th January 2020. Its final year of account is 2020 which had a 100% whole account reinsurance into Syndicate 3500 closed by reinsurance into Syndicate 3500 on 1st January 2023.

The assets and liabilities at the balance sheet date have been recognised under the historical cost convention except for certain financial assets which are measured at fair value, using the annual basis of accounting in accordance with Regulation 5 the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts Regulations 2008), and in compliance with United Kingdom Accounting Standards including Financial Reporting Standard 102, "The Financial Reporting Standard Applicable in the UK and republic of Ireland" ("FRS 102") and Financial Reporting Standard 103, "Insurance contracts" ("FRS 103").

Syndicate 2468

Notes to the Financial Statements

For the year ended 31st December 2022

There are no other assets or liabilities recognisable as a consequence of not preparing these financial statements on a going concern basis and no material adjustments arose. Therefore, no adjustments are necessary to the amounts at which the net assets are included in these financial statements. FRS 102 and 103 have been consistently applied to all years presented. There have been no material changes in accounting policies compared to the 2021 financial statements.

(c) Insurance Contracts

i) Premiums Written

Gross premiums written comprise amounts due for contracts commencing in the financial year, together with any differences between booked premiums for the prior years and those previously accrued, and estimates of premiums due but not yet receivable or notified to the Syndicate.

Premiums written also relate to adjustments made in the year to estimates of premiums written in prior years. Premiums are shown gross of commission payable and exclude taxes and duties levied on them. Estimates are made for pipeline premiums, including amounts due to Syndicate 2468 not yet notified.

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.

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 Sterling 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 year 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 years. 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 year where these costs are estimated to be in excess of the related unearned premiums and any premiums receivable on those contracts.

Syndicate 2468

Notes to the Financial Statements

For the year ended 31st December 2022

Whilst the board of directors of the Managing Agent (“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 Syndicate 2468, Syndicate 2468's payment of the loss and the receipt of reinsurance recoveries. The estimates made are based upon current facts available to Syndicate 2468 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.

(d) Syndicate Operating Expenses

All costs relating to the administration and handling of claims are shown as part of gross claims paid. All other administrative costs of Syndicate 2468, including acquisition costs and any members' expenses, are shown as net operating expenses.

(e) Distribution of Profits and Collection of Losses

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between Syndicates and their members. Lloyd's continues to require membership of Syndicates to be on an underwriting year of account basis and profits and losses accrue to members according to their membership of a year of account. Normally profits and losses are settled between Syndicate 2468 and members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into run-off. Syndicate 2468 may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd's requirements.

(f) Translation of Foreign Currencies

The financial statements are presented in Pounds Sterling (“GBP”) and, unless otherwise stated, are rounded to thousands. Items included in Syndicate 2468's financial statements are measured using the currency of the primary economic environment in which it operates. Syndicate 2468's functional currency is GBP.

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. All exchange differences arising from the translation from functional currency to presentation currency are recognised through the Statement of Comprehensive Income as a separate component of equity.

(g) Tax

No amount has been provided in these financial statements for tax on trading income. Under Schedule 19 of the Finance Act 1993, managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax deducted from syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by Syndicate 2468 during the year have been included in the balance sheet under the heading 'other debtors'.

Syndicate 2468

Notes to the Financial Statements

For the year ended 31st December 2022

No provision has been made for any other overseas tax payable by members on underwriting results.

(h) Investment Return

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

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the valuation at the 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 year.

(i) Other Financial Investments

Syndicate 2468 has chosen to apply the recognition and measurement provisions of IAS 39 (as adopted for use in the EU) and the disclosure requirements of FRS 102 in respect of the financial statements.

Syndicate 2468 classifies all of its investments as financial assets at fair value through profit and loss. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

A financial asset is classified as fair value through profit and loss 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.

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 Syndicate 2468's key management personnel. Syndicate 2468's investment strategy is to invest in listed and unlisted equity securities and fixed interest rate debt securities and derivatives designated upon initial recognition at fair value through profit and loss.

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.

Syndicate 2468 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
- iv)

Syndicate 2468

Notes to the Financial Statements

For the year ended 31st December 2022

(j) Related Party Transactions

Syndicate 2468 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.

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.

Syndicate 2468 makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimation of the ultimate liability arising from claims made under insurance contracts is Syndicate 2468's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that Syndicate 2468 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 year in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly. No other material critical judgements have been identified.

5. Management of Insurance and Financial Risk

Financial Risk Management Objectives

Syndicate 2468 was exposed to insurance risk through the insurance contracts that it has written and to financial risk through its financial assets, reinsurance assets and policyholder liabilities. In particular, the key financial risk was 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.

Syndicate 2468 established an overall risk management policy which focuses on the main risks to which it was exposed, paying particular attention to key risks which impact on the overall operation of the business. A risk register is maintained which is updated at least quarterly. All risks on the register were reviewed with key management personnel and the Board reviews the key risks on a quarterly basis.

Syndicate 2468

Notes to the Financial Statements

For the year ended 31st December 2022

(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 Syndicate 2468 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 be materially affected by a change in any subset of the portfolio. Syndicate 2468 has a diversified portfolio of insurance risks.

Syndicate 2468 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

Syndicate 2468 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. This is estimated based on known facts at the balance sheet date. The provision is revised as part of a regular ongoing process as claims experience develops, certain claims are settled and further claims are reported.

Syndicate 2468 uses assumptions based on a mixture of internal and market data to measure its claims liabilities. This information is used to project the ultimate 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 estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. Syndicate 2468 takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

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

Syndicate 2468

Notes to the Financial Statements

For the year ended 31st December 2022

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 gross and net technical provisions are those that affect the expected level of claims in the liability and professional indemnity classes. The largest sensitivities on these classes are in respect of uncertainties around future numbers and amounts of claims. The reserves for these classes will be paid out over several years.

iv) Claims Development Tables

The following table presents the comparison of actual claims incurred to previous estimates for 2020 only, being the only existing underwriting year.

Claims Outstanding (Gross)

Underwriting Year	2020 £'000	Total £'000
Estimate of cumulative gross claims		
At the end of the first year	29,267	29,267
- One year later	28,431	28,431
- Two years later	28,278	28,278
- Three years later	-	-
- Four years later	-	-
- Five years later	-	-
Current estimate of cumulative claims	28,278	28,278
Cumulative payments to date	17,078	17,078
Liability recognised in the balance sheet	11,200	11,200

Claims Outstanding (Net)

Underwriting Year	2020 £'000	Total £'000
Estimate of cumulative gross claims		
At the end of the first year	22,636	22,636
- One year later	8,752	8,752
- Two years later	10,362	10,362
- Three years later	-	-
- Four years later	-	-
- Five years later	-	-
Current estimate of cumulative claims	10,362	10,362
Cumulative payments to date	10,362	10,362
Liability recognised in the balance sheet	-	-

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 (gross and net of reinsurance) arising from insurance contracts,

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For the year ended 31st December 2022

	2022		2021	
	Gross £'000	Net £'000	Gross £'000	Net £'000
Credit and suretyship	-	-	38,078	22,692
Fire and other damage to property	4,426	-	55,504	22,214
General liability	2,448	-	156,921	121,358
Income protection	-	-	4,730	4,374
Marine, aviation and transport	1,311	-	30,208	27,073
Medical expenses	-	-	213	213
Miscellaneous financial loss	-	-	231	206
Property reinsurance	2,858	-	21,032	14,224
Claims expense reserve	157	-	5,576	5,576
Total technical provisions	£ 11,200	£ 0	£ 312,493	£ 217,930

(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. Syndicate 2468 works closely with its investment manager 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 Syndicate 2468, 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 Syndicate 2468's investments held at 31st December 2022 is an approximate £nil loss (2021: £229,000) to the profit and loss account. Similarly, a 100 basis point decrease in interest rates would give rise to an approximate £Nil gain (2021: £244,000) to the profit and loss account.

ii) Currency Risk

Syndicate 2468 manages its foreign exchange risk against its functional currency, which is the Pound Sterling. Syndicate 2468 has a proportion of its assets and liabilities denominated in currencies other than the Pound Sterling, the most significant being the US Dollar, Euro and Australian Dollar. Syndicate 2468 seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency.

At 31st December 2022, if the US Dollar had weakened by 10% against Pound Sterling with all other variables held constant, the loss for the year would have remained constant (2021: £0.3 million higher), as a result of the 100% reinsurance with Syndicate 3500.

At 31st December 2022, if the Euro had weakened by 10% against Pound Sterling with all other variables held constant, the loss for the year would have remained constant (2021: £2.2 million lower), as a result of the 100% reinsurance with Syndicate 3500.

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For the year ended 31st December 2022

At 31st December 2022, if the Australian Dollar had weakened by 10% against Pound Sterling with all other variables held constant, the loss for the year would have remained constant (2021: £0.2 million higher), as a result of the 100% reinsurance with Syndicate 3500.

(c) Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where Syndicate 2468 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 Syndicate 2468 is in runoff its exposures to other reinsurers and insurance intermediaries were determined by contracts previously written. Syndicate 2468 managed 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 was Syndicate 2468'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 the form of either deposits or letters of credit from reinsurers.

Syndicate 2468 reduces its exposure to credit risk in relation to investments by entering into transactions with counterparties that are reputable and by settling trades through recognised exchanges. The assets bearing credit risk are summarized below, together with an analysis by credit rating (AM Best or equivalent):

	2022 £'000	2021 £'000
Shares and other variable-yield securities	165	60,226
Debt securities	-	34,397
Deposits with ceded undertakings	2,681	2,514
Assets arising from reinsurance contracts held	11,373	109,051
Cash at bank and in hand	28,237	66,915
Overseas deposits	475	16,038
Total assets bearing credit risk	£ 42,931	£ 289,141

	2022 £'000	2021 £'000
AAA	102	14,860
AA	5,591	53,664
A	36,697	131,527
B++ and below or not rated	541	89,090
Total assets bearing credit risk	£ 42,931	£ 289,141

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For the year ended 31st December 2022

Assets arising from reinsurance and insurance contracts held are further analysed as follows:

	2022 £'000	2021 £'000
Performing	11,373	109,051
	£ 11,373	£ 109,051

(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 cash flow forecasting and actuarial techniques. The Board sets limits 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 Syndicate 2468'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 £'000	< 6 months or on demand £'000	Between 6 months and 1 year £'000	Between 1 year and 2 years £'000	Between 2 years and 5 years £'000	> 5 Years £'000	Carrying Value £'000
At 31st December 2022							
Deposits with reinsurers	-	9,492	-	-	-	-	9,492
Creditors	-	33,498	-	-	-	-	33,498
Claims outstanding	-	11,200	-	-	-	-	11,200
Financial liabilities and outstanding claims	£ -	£ 54,190	£ -	£ -	£ -	£ -	£ 54,190
At 31st December 2021							
Deposits with reinsurers	-	-	23,306	-	-	-	23,306
Creditors	-	-	26,951	-	-	-	26,951
Claims outstanding	-	-	69,075	117,787	78,935	46,696	312,493
Financial liabilities and outstanding claims	£ -	£ -	£ 119,331	£ 117,787	£ 78,935	£ 46,696	£ 362,750

(e) Capital Management

Syndicate 2468 maintained an efficient capital structure comprising only its members' balances, consistent with its risk profile and the regulatory and market requirements of its business. Syndicate 2468's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business
- to satisfy the requirements of its policyholders and regulators
- to retain financial flexibility by maintaining adequate liquidity

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Notes to the Financial Statements

For the year ended 31st December 2022

Syndicate 2468 is regulated by the Prudential Regulation Authority, the Financial Conduct Authority and Lloyd's and is subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held in addition to the insurance liabilities. Syndicate 2468 manages capital in accordance with these rules and performs the necessary tests to ensure continuous and full compliance with such regulations. Syndicate 2468 has complied with all of its capital requirements throughout the year.

The minimum capital required to support Syndicate 2468 is required to be provided by the corporate member, either by assets held in trust by Lloyd's specifically for that member ("Funds at Lloyd's"), held within, and managed within, a syndicate ("Funds in Syndicate") or as the member's share of the members' balances on each syndicate on which it participates. Accordingly, all of the assets less liabilities of the Syndicate, as represented in the member balances reported on the Balance Sheet, represent resources available to meet member and Lloyd's capital requirements

6. Segmental Analysis

	Gross premiums written 2022 £'000	Gross premiums earned 2022 £'000	Gross claims incurred 2022 £'000	Gross operating expenses 2022 £'000	Re- insurance balance 2022 £'000
Direct Insurance					
Accident and health	-	-	-	-	-
Motor	-	-	-	-	-
Marine, aviation and transport	-	21	241	(50)	(254)
Credit and surety	-	-	-	-	-
Fire and other damage to property	-	73	853	(176)	(899)
Third party liability	-	45	519	(108)	(547)
	-	139	1,613	(334)	(1,700)
Reinsurance acceptances	-	55	645	(134)	(678)
Total	£ -	£ 194	£ 2,258	£ (468)	£ (2,378)
	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
Direct Insurance					
Accident and health	(140)	(122)	1,531	(54)	(1,151)
Motor	-	-	-	-	-
Marine, aviation and transport	(804)	1,266	3,007	(1,665)	700
Credit and surety	73	168	271	(18)	(1,357)
Fire and other damage to property	(2,337)	6,856	24,493	(5,686)	(26,023)
Third party liability	(2,336)	3,096	5,025	(3,086)	(9,347)
	(5,544)	11,264	34,327	(10,509)	(37,178)
Reinsurance acceptances	3,353	7,426	11,387	(1,841)	(3,943)
Total	£ (2,190)	£ 18,690	£ 45,714	£ (12,350)	£ (41,121)

All premiums written were in respect of insurance contracts concluded in the UK.

Syndicate 2468

Notes to the Financial Statements

For the year ended 31st December 2022

7. Technical Provisions

The change in the provisions for claims outstanding during the year was as follows:

	2022			2021		
	Gross £'000	Reinsurers' Share £'000	Net £'000	Gross £'000	Reinsurers' Share £'000	Net £'000
Claims outstanding at 1 January	312,493	(94,563)	217,930	468,644	(140,547)	328,097
Change in estimates of technical provisions, including foreign exchange	(1,104)	1,275	(217,839)	(48,439)	2,786	(45,653)
2019 & Prior transfer to 3500	(295,729)	77,719	(218,010)	-	-	-
Paid claims	(4,460)	4,369	(91)	(107,712)	43,198	(64,514)
Claims outstanding at 31 December	£ 11,200	£ (11,200)	£ -	£ 312,493	£ (94,563)	£ 217,930

Included within reinsurers' share of technical provisions – claims outstanding are amounts recoverable from related companies of £9.4 million (2021: £23.3 million).

The change in the provisions for unearned premium during the year was as follows:

	2022			2021		
	Gross £'000	Reinsurers' Share £'000	Net £'000	Gross £'000	Reinsurers' Share £'000	Net £'000
Unearned premium at 1 January	14,279	(3,779)	10,500	35,697	(5,677)	30,020
Premiums written in the year	-	-	-	(2,190)	(22,435)	(24,625)
Premiums earned in the year	(194)	194	-	(18,690)	24,284	5,594
2019 & Prior transfer to 3500	(14,101)	3,711	(10,390)	-	-	-
Foreign exchange	16	(126)	(110)	(538)	49	(489)
Unearned premium at 31 December	£ -	£ -	£ -	£ 14,279	£ (3,779)	£ 10,500

The change in the provisions for deferred acquisition costs during the year was as follows:

	2022			2021		
	Gross £'000	Reinsurers' Share £'000	Net £'000	Gross £'000	Reinsurers' Share £'000	Net £'000
Deferred acquisition costs at 1 January	2,517	-	2,517	9,735	-	9,735
Change in deferred acquisition costs	-	-	-	(7,463)	-	(7,463)
2019 & Prior transfer to 3500	(2,490)	-	(2,490)	-	-	-
Foreign exchange	(27)	-	(27)	245	-	245
Deferred acquisition costs at 31 December	£ -	£ -	£ -	£ 2,517	£ -	£ 2,517

Syndicate 2468

Notes to the Financial Statements

For the year ended 31st December 2022

8. Net Operating Expenses

Syndicate operating expenses included within net operating expenses comprise:

	2022 £'000	2021 £'000
Administrative expenses	394	11,057
Acquisition costs	-	(6,170)
Change in deferred Acquisition Costs	-	7,463
	£ 394	£ 12,350

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. RiverStone Management recharges these costs to RiverStone Managing Agency, which in turn recharges them to Syndicate 2468.

Operating costs charged to Syndicate 2468 before reimbursement under the LPT from Syndicate 3500 by RiverStone Managing Agency during the year were £3,651,296 (2021: £6,359,848).

The Directors, Run-off Manager and other key management personnel of Syndicate 2468 receive no emoluments from RiverStone Managing Agency. The contracts of employment of the Executive Directors and employees are with RiverStone Management which makes charges for the services described above. Emoluments paid by RiverStone Management to the key management personnel of Syndicate 2468 in respect of their services in relation to Syndicate 2468 are summarised below. These amounts represent emoluments based on an apportionment of time.

	2022 £'000	2021 £'000
Total emoluments: Directors, run off manager and key management personnel	£ 100	£ 480
Run-off Manager	£ 22	£ 1,014

Further information in respect of the directors of RiverStone Managing Agency is provided in that company's financial statements.

9. Auditors' Remuneration

Fees payable for the audit of the Annual Accounts of RiverStone Managing Agency are £13,099 (2021: £12,125). Fees payable for audit-related assurance services provided to the managing agent are £nil (2021: nil). There were no other fees payable for the provision of other non-audit services.

	2022 £'000	2021 £'000
Audit of these financial statements	44	109
Audit related assurance services	22	96
Non-audit related other assurance services	25	85
	£ 91	£ 290

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Notes to the Financial Statements
For the year ended 31st December 2022

10. Investment Income

	2022 £'000	2021 £'000
Income from financial assets at fair value through profit and loss	£ 734	£ 1,175

11. Investment Expenses and Charges

	2022 £'000	2021 £'000
Investment expenses	£ -	£ 10

12. (Loss) / Profit for the year

	2022 £'000	2021 £'000
The (Loss)/Profit for the year is stated after charging:		
Foreign exchange loss	£ 1,105	£ 3,572

13. Other Financial Investments

(a) Other Financial Investments by Category

	Market Value 2022 £'000	Market Value 2021 £'000	Historic Cost 2022 £'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 profit and loss on initial recognition	165	60,226	165	60,226
Debt securities and other fixed interest securities designated at fair value through profit and loss on initial recognition	-	34,397	-	35,012
Derivative financial instruments - at fair value through profit and loss, held for trading	-	-	-	-
	£ 165	£ 94,623	£ 165	£ 95,238

Financial Liabilities

Derivative financial instruments - at fair value through profit and loss, held for trading	£ -	£ -	£ -	£ -
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Notes to the Financial Statements
For the year ended 31st December 2022

(b) Listed Investments

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

	2022 £'000	2021 £'000
At fair value through profit and loss		
Debt securities and other fixed interest securities	-	34,397
Total listed investments	£ -	£ 34,397

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

	Level 1 2022 £'000	Level 2 2022 £'000	Level 3 2022 £'000	Total 2022 £'000
Shares and other variable yield securities and units in unit trusts	-	-	165	165
Debt securities and other fixed interest securities	-	-	-	-
Overseas Deposits	258	217	-	475
Derivative financial instruments at fair value through profit or loss, held for trading	-	-	-	-
	£ 258	£ 217	£ 165	£ 640

	Level 1 2021 £'000	Level 2 2021 £'000	Level 3 2021 £'000	Total 2021 £'000
Shares and other variable yield securities and units in unit trusts	58,790	-	1,436	60,226
Debt securities and other fixed interest securities	-	34,397	-	34,397
Overseas Deposits	1,456	14,582	-	16,037
Derivative financial instruments at fair value through profit or loss, held for trading	-	-	-	-
	£ 60,246	£ 48,979	£ 1,436	£ 110,660

(d) Level 3 Pricing

Level 3 investments are made up of loan to the Lloyd's Central Fund of £165,000 (2021: £1,435,500). This loan is valued at fair value.

Syndicate 2468
Notes to the Financial Statements
For the year ended 31st December 2022

(e) **Reconciliation of Movements in Level 3 Financial Investments Measured at Fair Value**

	At Fair Value Through Profit and Loss			
	Debt Securities	Equity Shares	Derivatives	Total
	2022	2022	2022	2022
	£'000	£'000	£'000	£'000
At 1 st January	-	-	-	-
Expiry of in force forward contracts	-	-	-	-
Total	£ -	£ -	£ -	£ -

	At Fair Value Through Profit and Loss			
	Debt Securities	Equity Shares	Derivatives	Total
	2021	2021	2021	2021
	£'000	£'000	£'000	£'000
At 1 st January	-	-	97	97
Expiry of in force forward contracts	-	-	(97)	(97)
Total	£ -	£ -	£ -	£ -

Total losses of £Nil (2021: £4.8 million) comprise realised losses of £Nil, and unrealised losses of £Nil million on Level 3 financial investments held during the year, all of which are presented in the net investment return in the profit and loss account.

(f) **Collateralised Cash and Investments**

Syndicate 2468 maintains Lloyd's trust funds and overseas deposits in respect of its contractual obligations under which Syndicate 2468 is obliged to collateralise its liabilities. The total amount of collateral provided at 31st December 2022 was £1.9 million.

14. Debtors Arising Out of Direct Insurance Operations

	2022 £'000	2021 £'000
Amount owed from intermediaries	£ -	£ 12,707

15. Debtors Arising Out of Reinsurance Operations

	2022 £'000	2021 £'000
Amount owed from intermediaries	£ 173	£ 28,210

Syndicate 2468
Notes to the Financial Statements
For the year ended 31st December 2022

16. Other Debtors

	2022 £'000	2021 £'000
Overseas taxation	-	4,482
Sundry debtors	16	27
	<u>£ 16</u>	<u>£ 4,509</u>

17. Creditors Arising out of Direct Insurance Operations

	2022 £'000	2021 £'000
Amounts owed to cedants and intermediaries	£ -	£ 7,437

18. Creditors Arising out of Reinsurance Operations

	2022 £'000	2021 £'000
Amounts owed to cedants and intermediaries	9,418	12,818
Amounts owed to group undertakings	23,914	-
	<u>£ 33,332</u>	<u>£ 12,828</u>

19. Other Creditors Including Taxation and Social Security

	2022 £'000	2021 £'000
Amounts owed to group undertakings	166	6,686
	<u>£ 166</u>	<u>£ 6,686</u>

Syndicate 2468
Notes to the Financial Statements
For the year ended 31st December 2022

20. Movement in Opening and Closing Portfolio Investments Net of Financing

	2022 £'000	2021 £'000
Net cash outflow for the year	(45,320)	(44,362)
Decrease in overseas deposits	(16,400)	(6,997)
Net portfolio investment	<u>(104,604)</u>	<u>(13,017)</u>
Movement arising from cash flows	(166,324)	(64,376)
Changes in market value and exchange rates	<u>17,625</u>	<u>(1,123)</u>
Total movement in portfolio investments, net of financing	(148,699)	(65,499)
Balance brought forward at 1 st January, net of financing	<u>177,576</u>	<u>243,075</u>
Balance carried forward at 31st December, net of financing	£ <u>28,877</u>	£ <u>177,576</u>

21. Movement in Cash, Portfolio Investments and Financing

	At 1st January 2022 £'000	Cash Flow £'000	Changes to Market Value and Currencies £'000	At 31st December 2022 £'000
Cash at bank and in hand	66,915	(45,320)	6,642	28,237
Overseas deposits	<u>16,038</u>	<u>(16,400)</u>	<u>837</u>	<u>475</u>
	<u>82,953</u>	<u>(61,720)</u>	<u>7,479</u>	<u>28,712</u>
Portfolio investments:				
Shares and other variable yield securities	60,226	(65,873)	5,812	165
Debt and other fixed income	34,397	(38,731)	4,334	-
Derivative financial instruments	-	-	-	-
Deposits with credit institutions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total portfolio investments	<u>94,623</u>	<u>(104,604)</u>	<u>10,146</u>	<u>165</u>
Total cash, portfolio investments and financing	£ <u>177,576</u>	£ <u>(166,324)</u>	£ <u>17,625</u>	£ <u>28,877</u>

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22. Net Cash (Outflow) Inflow on Portfolio Investments

	2022	2021
	£'000	£'000
Shares and other variable yield securities	(65,873)	48,022
Debt and other fixed income securities	(38,731)	(35,102)
Derivative financial instruments	<u>-</u>	<u>97</u>
Net cash (outflow)/ inflow on portfolio investments	£ (104,604)	£ 13,017

23. Commitments and Contingent Liabilities

As at 31st December 2022, there were no outstanding commitments or contingent liabilities (2021: nil).

24. Funds at Lloyd's

Every member of Lloyd's is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's ("FAL"). These funds are required primarily in case syndicate assets prove insufficient to meet members' underwriting liabilities. The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's according to the nature and the amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of that business. FAL is not hypothecated to any specific syndicate participation by a member, therefore there are no specific funds available to a Syndicate which can be precisely identified as its capital. Consequently, no amount has been shown in these financial statements by way of capital reserves. In addition to the FAL and any additional funds a member may introduce to meet losses, there is a Central Guarantee Fund controlled by Lloyd's which they may utilise to meet any syndicate liabilities that are not met by a member.

25. Related Parties

The managing agent of the syndicate, RiverStone Managing Agency, and the corporate members that provide capital to the syndicate, GAI Indemnity, Ltd, Sampford Underwriting Limited and Lavenham Underwriting Limited, are wholly owned subsidiaries of RiverStone Holdings Limited which is registered in England and Wales. The ultimate parent company and controlling party is RiverStone International Holdings Limited which is registered in Jersey.

The nature of the transactions with the related parties below were primarily the provision of services and insurance transactions. All transactions are entered into on an arm's length basis.

The following amounts reflected in the profit and loss were transacted with related parties:

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	2022 £'000	2021 £'000
Neon Management Services Limited		-
Neon Underwriting Limited	-	(4,306)
Riverstone Managing Agency Limited	(3,651)	(6,329)
Other RSMA managed Syndicates	2,425	-
Riverstone International subsidiaries (Insurance)	-	(11,416)
Riverstone International subsidiaries (Other)	-	-
Total	£ (1,226)	£ (22,051)

The following balance sheet amounts were outstanding at the year end:

	2022 £'000	2021 £'000
Neon Management Services Limited	(4,763)	(4,777)
Riverstone Managing Agency Limited	2,270	(1,722)
Other RSMA managed Syndicates	(17,737)	(14,503)
Riverstone International subsidiaries (Insurance)	-	(8,800)
Riverstone International subsidiaries (Other)	(186)	(186)
Total	£ (20,416)	£ (29,988)

26. Subsequent Events

The only year of account remaining open, 2020, was closed into Syndicate 3500 as of 1st January 2023.