

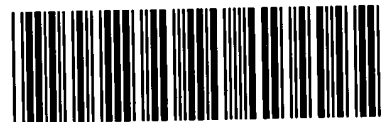
COMPANY NO. 3253305

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

RiverStone Managing Agency Limited

2017 Annual Report

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RiverStone Managing Agency Limited (Company No. 3253305)
Annual Report
For the year ended 31st December 2017

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RiverStone Managing Agency Limited (Company No. 3253305)
Directors and Administration
For the year ended 31st December 2017

Directors

M. J. Bannister
N. C. Bentley
L. A. Hemsley
A. J. E. Masterson - Independent Non-Executive Director
K. Shah - Independent Non-Executive Chairman
L. R. Tanzer

Company Secretaries

F. Henry
S. L. Garrod

Registered Office

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

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Website

www.trg.com

RiverStone Managing Agency Limited (Company No. 3253305)

Strategic Report

For the year ended 31st December 2017

The Directors have pleasure in presenting the Strategic Report of RiverStone Managing Agency Limited (“RiverStone Managing Agency” or “the Company”) for the year ended 31st December 2017.

Ownership

RiverStone Managing Agency is a wholly owned subsidiary of RiverStone Holdings Limited (“RiverStone Holdings”) which is registered in England and Wales. The ultimate parent company is Fairfax Financial Holdings Limited (“Fairfax”) which is registered in Canada and listed on the Toronto Stock Exchange. The registered office of Fairfax is 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada M5J 2N7.

Principal Activity

RiverStone Managing Agency is a Lloyd’s Managing Agent, appointed by RiverStone Corporate Capital Limited to manage Syndicate 3500. RiverStone Corporate Capital Limited is the sole corporate member of Syndicate 3500.

Syndicate 3500 was originally formed for the purpose of accepting the reinsurance to close of the 2000 and prior years of account of Syndicate 271 and the 2001 and prior years of account of Syndicate 506, respectively. As a consequence of reinsurance arrangements entered into immediately prior to the formation of Syndicate 3500, its liabilities related to Syndicate 271 and Syndicate 506 are fully reinsured by RiverStone Insurance (UK) Limited (“RiverStone Insurance (UK)”).

In 2011, Syndicate 3500 accepted the reinsurance to close of the liabilities of Syndicate 376, a runoff syndicate with underwriting years of 2001 and prior, and also entered into a reinsurance protection agreement with RiverStone Insurance (UK) to reinsure 50% of the liabilities that were transferred from Syndicate 376.

Effective 1st January 2012, the following transactions occurred resulting in the transfer of additional liabilities into a new 2012 year of account of Syndicate 3500:

Syndicate 3500 accepted the reinsurance to close of the liabilities of Syndicate 2112. Syndicate 2112 has unlimited protection for all of its remaining liabilities under a reinsurance protection agreement with RiverStone Insurance (UK).

Syndicate 3500 accepted the reinsurance to close of the liabilities of Syndicate 3330 (formerly and now referred to as Syndicate 2), a runoff syndicate with underwriting years of 2002 and prior. This syndicate primarily wrote marine and aviation business, within which the major losses are related to World Trade Centre and Erika.

Syndicate 3500 entered into a transaction to accept the novation of the contracts under which the 2001 and prior years of Syndicate 535 and the 1999 and prior years of Syndicate 1204 were previously closed into Centrewrite Limited. These syndicates primarily wrote engineering and liability business.

Also effective 1st January 2012, Syndicate 3500 entered into reinsurance protection agreements with RiverStone Insurance (UK) to reinsure all of the liabilities that have been transferred from Syndicates 3330, 535 and 1204, and to increase the reinsurance of liabilities related to Syndicate 376 from 50% to 100%. As a result of these transactions all of Syndicate 3500’s liabilities are fully reinsured by RiverStone Insurance (UK).

The capital support for Syndicate 3500 is provided by RiverStone Insurance (UK).

RiverStone Managing Agency Limited (Company No. 3253305)

Strategic Report

For the year ended 31st December 2017

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

Review of Business

Results and Performance

The results for the year set out in the profit and loss account show a result for the financial year of nil (2016: nil).

RiverStone Managing Agency recharges all of its net operating costs to the syndicate under its management. RiverStone Managing Agency’s affiliate, RiverStone Insurance (UK), has provided a guarantee of up to £1 million in support of RiverStone Managing Agency’s solvency. Additionally, RiverStone Managing Agency has received a letter of support from RiverStone Holdings, whereby funds will be made available to RiverStone Managing Agency to ensure liabilities are met as they fall due for payment.

Total shareholders’ funds are the same as the prior year at £10,976.

Performance Measurements

RiverStone Managing Agency has made continued progress throughout 2017 in relation to key elements of its strategy. The Board monitors the progress of Syndicate 3500 by particular reference to the reduction in gross loss reserves and reduction in reinsurance recoverables, in a timely and economic manner. Syndicate 3500’s reserves have reduced significantly during the year. This is primarily due to the agreed settlement of the World Trade Centre Properties claim in December 2017. Gross loss reserves decreased by 61% and third party reinsurance recoverables (excluding group reinsurance protection from RiverStone Insurance (UK)) decreased by 80%.

The Board regards RiverStone Managing Agency’s performance in respect of Syndicate 3500 as satisfactory.

Strategy and Future Developments

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

No capacity was established for Syndicate 3500’s 2017 year of account (2016: nil). At the end of 2017, the 2015 year of account was reinsured to close into the 2018 year of account and a capacity of £3 million was established for 2018.

In the event that further transactions do not materialise in the future, and depending on the level of uncertainty surrounding the remaining reserves, the Board will develop a strategy for the closure of Syndicate 3500 by way of a reinsurance-to-close of the remaining liabilities.

RiverStone Managing Agency Limited (Company No. 3253305)
Strategic Report
For the year ended 31st December 2017

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 Managing Agency ("the Board") and ongoing review by the Board, executive committees, risk management (including compliance) and assurance. Compliance with regulatory, legal and ethical standards is a high priority for RiverStone Managing Agency. Its compliance and finance departments take on an important oversight role in this regard. The RiverStone Holdings Group Risk Committee is responsible for satisfying itself and the Board that a proper internal control framework exists to manage financial and all other risks and that controls operate effectively.

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

By Order of the Board



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

F Henry
Company Secretary
6th March 2018

RiverStone Managing Agency Limited (Company No. 3253305)

Directors' Report

For the year ended 31st December 2017

The Directors have pleasure in presenting their report and the audited financial statements for RiverStone Managing Agency Limited (Company No. 3253305) ("RiverStone Managing Agency") for the year ended 31st December 2017.

Directors

Directors holding office during the period from 1st January 2017 to the date of this report were as follows:

M. J. Bannister
N. C. Bentley
L. A. Hemsley
A. J. E. Masterson - Independent Non-Executive Director
K. Shah - Independent Non-Executive Chairman
L. R. Tanzer

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

Future Developments

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

Dividends

RiverStone Managing Agency paid no interim dividends during the year (2016: nil). The Directors do not recommend a final dividend (2016: nil).

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 Managing Agency Limited (Company No. 3253305)
Directors' Report
For the year ended 31st December 2017

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 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 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.

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
6th March 2018

RiverStone Managing Agency Limited (Company No. 3253305)
Independent Auditors' Report to the Members of RiverStone Managing Agency Limited
For the year ended 31st December 2017

Report on the Audit of the Financial Statements

Opinion

In our opinion, RiverStone Managing Agency Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2017; the Profit and Loss Account for the year then ended, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

RiverStone Managing Agency Limited (Company No. 3253305)
Independent Auditors' Report to the Members of RiverStone Managing Agency Limited
For the year ended 31st December 2017

Reporting on Other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

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 based on these responsibilities. With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the Financial Statements and the Audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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

RiverStone Managing Agency Limited (Company No. 3253305)
Independent Auditors' Report to the Members of RiverStone Managing Agency Limited
For the year ended 31st December 2017

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 auditors' report.

Use of this Report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other Required Reporting

Companies Act 2006 Exception Reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Mark Bolton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
London
6th March 2018

RiverStone Managing Agency Limited (Company No. 3253305)
Profit and Loss Account
For the year ended 31st December 2017

	Note	2017 £	2016 £
Turnover	3(e)	-	-
Administrative expenses	4	(2,923,000)	(2,771,000)
Other operating income		<u>2,923,000</u>	<u>2,771,000</u>
Result before tax		-	-
Tax on result	6	<u>-</u>	<u>-</u>
Result for the financial year		£ <u>-</u>	£ <u>-</u>

The results above are all derived from continuing operations.

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

RiverStone Managing Agency Limited (Company No. 3253305)

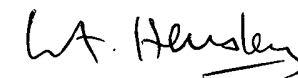
Balance Sheet

As at 31st December 2017

	Note	2017 £	2016 £
Assets			
Current assets			
Debtors	7	<u>951,440</u>	<u>669,085</u>
Total Assets		£ <u>951,440</u>	£ <u>669,085</u>
Capital, Reserves and Liabilities			
Capital and Reserves			
Called up share capital	8	599,138	599,138
Profit and loss account		(588,162)	(588,162)
Total shareholders' funds		10,976	10,976
Creditors: Amounts falling due within one year	9	<u>940,464</u>	<u>658,109</u>
Total capital, reserves and liabilities		£ <u>951,440</u>	£ <u>669,085</u>

The financial statements on pages 12 to 19 were approved by the Board of Directors on 6th March 2018 and signed on its behalf by:


L. R. Tanzer
Managing Director


L. A. Hemsley
Finance Director

RiverStone Managing Agency Limited (Company No. 3253305)
Statement of Changes in Equity
For the year ended 31st December 2017

	Called up Share Capital £	Profit and Loss Account £	Total Shareholders' Funds £
Balance at 1st January 2016	599,138	(588,162)	10,976
Result for the financial year	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 31st December 2016	£ 599,138	£ (588,162)	£ 10,976
Balance at 1st January 2017	599,138	(588,162)	10,976
Result for the financial year	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 31st December 2017	£ 599,138	£ (588,162)	£ 10,976

RiverStone Managing Agency Limited (Company No. 3253305)
Notes to the Financial Statements
For the year ended 31st December 2017

1. General Information

RiverStone Managing Agency Limited (“RiverStone Managing Agency” or “the Company”) is a Lloyd’s managing agent appointed by RiverStone Corporate Capital Limited to manage Syndicate 3500. RiverStone Managing Agency 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 Managing Agency have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS102”) and the Companies Act 2006.

3. Summary of Significant Accounting Policies

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

(a) Basis of Preparation

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

(b) Going Concern

Having addressed the principal risks, the directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

(c) Exemptions for Qualifying Entities under FRS102

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to the use of exemptions by RiverStone Managing Agency’s shareholder.

RiverStone Managing Agency has taken advantage of the following exemptions:

- i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the financial statements of Fairfax Financial Holdings Limited (“Fairfax”), includes RiverStone Managing Agency’s cash flows
- ii) from disclosing key management personnel compensation, as required by FRS102 paragraph 33.7.
- iii) from the requirement to disclose transactions with related parties within the same group as provided by FRS102, Section 33.1A. This exemption is available for RiverStone Managing Agency as consolidated financial statements are publicly available for Fairfax.

RiverStone Managing Agency Limited (Company No. 3253305)
Notes to the Financial Statements
For the year ended 31st December 2017

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

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

(e) Turnover

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

(f) Other Operating Income

Other operating income represents recharges of administrative expenses to RiverStone Managing Agency's managed syndicates.

(g) Tax

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

i) Current Tax

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

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

ii) Tax Rate Changes

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

iii) Deferred Tax

Deferred tax assets and liabilities are established for differences between amounts reported in the financial statements and amounts reported in RiverStone Managing Agency's annual corporation

RiverStone Managing Agency Limited (Company No. 3253305)
Notes to the Financial Statements
For the year ended 31st December 2017

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.

(h) Financial Instruments

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

(i) Related Party Transactions

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

(j) Critical Accounting Judgements and Estimation Uncertainty

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

4. Administrative Expenses

RiverStone Managing Agency has no employees (2016: none). The management and administration of RiverStone Managing Agency is carried out by RiverStone Management Limited ("RiverStone Management"), a fellow subsidiary, which also provides these services to other group companies. Administrative costs and amounts incurred for staff and related costs were wholly recharged to the syndicate under RiverStone Managing Agency's management. Operating expenses recharged by RiverStone Management during the year were £2,923,000 (2016: £2,771,000).

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

	2017	2016
	£	£
Aggregate emoluments	£ <u>331,000</u>	£ <u>266,000</u>

Retirement benefits are accruing to four directors (2016: four) under a defined benefit pension scheme.

During the year no directors exercised share options (2016: none).

RiverStone Managing Agency Limited (Company No. 3253305)
Notes to the Financial Statements
For the year ended 31st December 2017

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

	2017 £	2016 £
Aggregate emoluments	£ <u>152,000</u>	£ <u>79,000</u>

As at 31st December 2017, £65,600 per annum was accrued under a defined benefit pension scheme for the highest paid Director (2016: £52,500).

5. Auditors' Remuneration

	2017 £	2016 £
Audit	£ <u>4,463</u>	£ <u>5,304</u>

6. Tax on Result

	2017 £	2016 £
Current tax		
UK corporation tax at 19.25% (2016: 20%) based on the result for the year	£ <u>-</u>	£ <u>-</u>

Tax rate changes

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1st April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6th September 2016). These include reductions to the main rate to reduce the rate to 17% from 1st April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

7. Debtors

	2017 £	2016 £
Amounts owed by group undertakings	36,492	36,492
Amounts owed by managed syndicates	<u>914,948</u>	<u>632,593</u>
	£ <u>951,440</u>	£ <u>669,085</u>

RiverStone Managing Agency Limited (Company No. 3253305)
Notes to the Financial Statements
For the year ended 31st December 2017

8. Called up Share Capital

	2017 £	2016 £
<u>Allotted and Fully Paid</u>		
599,138 (2016: 599,138) Ordinary Shares of £1	£ <u>599,138</u>	£ <u>599,138</u>

9. Creditors: Amounts Falling Due Within One Year

	2017 £	2016 £
Amounts owed to group undertakings	£ <u>940,464</u>	£ <u>658,109</u>

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

10. Related Party Transactions and Immediate and Ultimate Parent Company

RiverStone Managing Agency is a wholly owned subsidiary of RiverStone Holdings Limited which is registered in England and Wales. The ultimate parent company and controlling party is Fairfax Financial Holdings Limited (“Fairfax”) which is registered in Canada and listed on the Toronto Stock Exchange.

Advantage has been taken of the exemption from the requirement to disclose transactions with related parties within the same group as provided by FRS102, Section 33.1A. This exemption is available for RiverStone Managing Agency as consolidated financial statements are publicly available for Fairfax.

Fairfax is the smallest and largest group of undertakings to consolidate these financial statements and its registered office is 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada, M5J 2N7. The financial statements of Fairfax can be obtained from the Corporate Secretary at this address or from the website at www.fairfax.ca.