



COMPANY NO. 03584307

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

Neon Holdings (UK) Limited

2022 Annual Report

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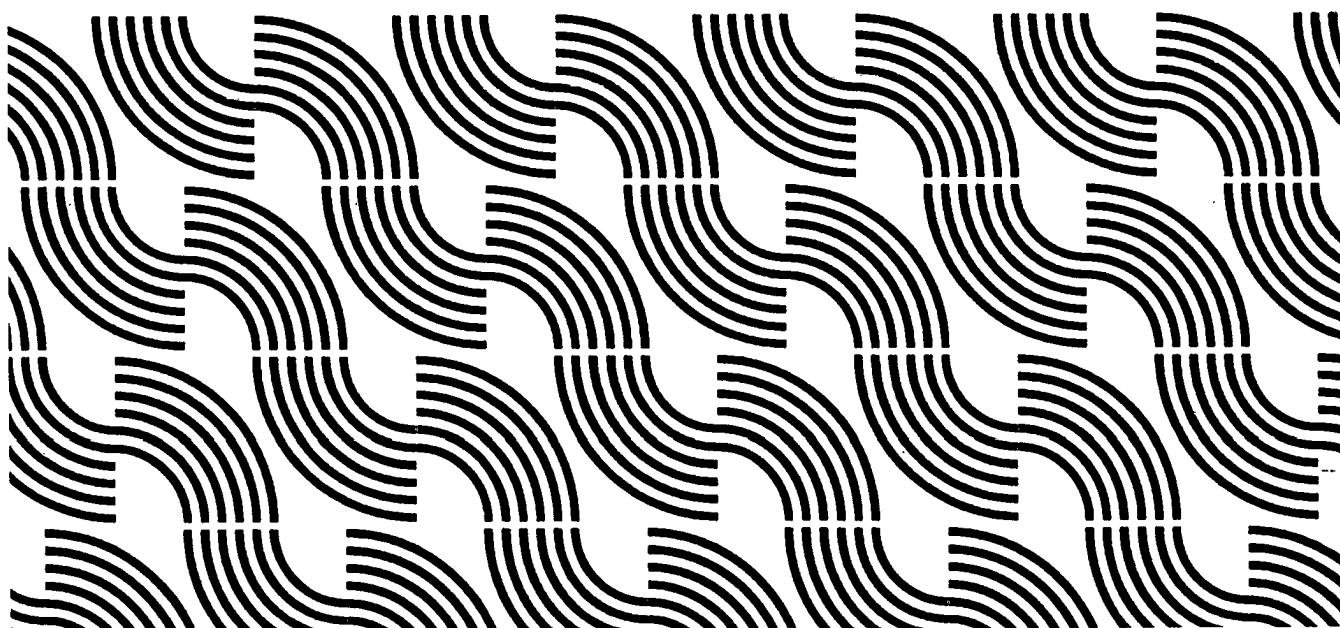
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Neon Holdings (UK) Limited (Company No. 03584307)
For the year ended 31st December 2022

Contents	Page
Directors and Administration	3
Directors' Report	4
Independent Auditors' Report to the Members of Neon Holdings (UK) Limited	7
Profit and Loss Account	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13

Neon Holdings (UK) Limited (Company No. 03584307)
Directors and Administration
For the year ended 31st December 2022

Directors of Managing Agent

A R Creed
L R Tanzer

Company Secretary

F Henry

Independent Auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Website

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

Neon Holdings (UK) Limited (Company No. 03584307)
Directors' Report
For the year ended 31st December 2022

The Directors of Neon Holdings (UK) Limited ("the Company"), present their report and the audited financial statements for the year ended 31st December 2022.

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Ownership

The Company is a wholly owned subsidiary of Neon Capital Limited which is registered in England and Wales. The company's ultimate holding company is Riverstone International Holdings Limited ("Riverstone International") which is registered in Jersey and for which group accounts are prepared.

Principal activities

The Company is an intermediate holding company and is part of the group of companies owned by Neon Capital Limited (together with GAI Indemnity Limited, a fellow indirect subsidiary of GAI Holding Bermuda Ltd, "the Group"). The Group's principal activity was participating in the underwriting of various classes of insurance and reinsurance through Lloyd's of London ("Lloyd's"). The Group includes Lloyd's corporate members that provided capital to support the underwriting of Syndicate 2468 ("the Syndicate"). The Syndicate's managing agent was Neon Underwriting Limited until 1st July 2021 when this was novated to Riverstone Managing Agency Limited. The Group itself is part of the RiverStone International group.

The directors consider that the Company is entitled to an exemption from the requirement to prepare a strategic report under section 414B of the companies act 2006. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Review of business

Performance measurements and Key Performance Indicators

The Company made a profit before taxation of £6,773k (2021: loss of £5,028k) for the financial year to 31st December 2022, this comprises operating profit of £19,449k offset by impairments in the Company's investment in subsidiaries of £12,676k. The loss observed in 2021 was mainly due to the impairment of the Company's investments in subsidiaries. Dividends of £24,250k (2021: £nil) were paid during the year. These are considered to be the key performance indicators of the Company.

Strategy and Future Developments

The Company expects to seek appropriate approvals to be wound up by way of members voluntary liquidation within 12 months of the date of these accounts being signed.

Principal risks and uncertainties

The Company faces the risk that its investments in subsidiaries become impaired or that it is unable to recover the value of its investments. The Company carries out annual reviews of the recoverability of investment balances and the directors are satisfied that the carrying values of investments in subsidiaries held by the Company at the reporting date are appropriate and recoverable.

Directors

The Directors of Neon Holdings (UK) Limited holding office during the period from 1st January 2022 to the date of this report were as follows:

Neon Holdings (UK) Limited (Company No. 03584307)
Directors' Report
For the year ended 31st December 2022

A R Creed
L R Tanzer

The directors consider that the Company is entitled to prepare a directors' report using the small companies exemptions under section 415A of the companies act 2006.

Independent Auditor

During 2022, Deloitte LLP ("Deloitte") the Company's registered auditor have indicated their willingness to continue in office.

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.

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

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

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

Neon Holdings (UK) Limited (Company No. 03584307)
Directors' Report
For the year ended 31st December 2022

Directors' Confirmations

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

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

By Order of the Board



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

F Henry
Company Secretary
15th September 2023

Neon Holdings (UK) Limited (Company No. 03584307)
Independent Auditors' Report to the Members of Neon Holdings (UK) Limited
For the year ended 31st December 2022

Independent auditor's report to the members of Neon Holdings (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Neon Holdings (UK) Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the statement of income and retained earnings
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 10.

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).

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

We draw attention to note 3(b) 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 financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of directors

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

Neon Holdings (UK) Limited (Company No. 03584307)
Independent Auditors' Report to the Members of Neon Holdings (UK) Limited
For the year ended 31st December 2022

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and

Neon Holdings (UK) Limited (Company No. 03584307)
Independent Auditors' Report to the Members of Neon Holdings (UK) Limited
For the year ended 31st December 2022

- reading minutes of meetings of those charged with governance reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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



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

Neon Holdings (UK) Limited (Company No. 03584307)
Statement of Income and Retained Earnings
For the year ended 31st December 2022

	Note	2022 £'000	2021 £'000
Turnover		-	77
Administration expenses		(7)	(13)
Dividend Income		19,456	2,500
Operating profit	1	19,449	2,564
Profit from disposals of operations		-	681
Amounts written off investments		(12,676)	(8,273)
Profit / loss on ordinary activities before taxation		6,773	(5,028)
Taxation	6	-	-
Profit / Loss attributable to members of the company		6,773	(5,028)
Retained earnings at 1 st January		21,557	(393,756)
Cancellation of share capital		-	420,341
Dividend Paid		(24,250)	-
Profit / loss for the period		6,773	(5,028)
Retained earnings 31st December		£ 4,080	£ 21,557

The Company has no discontinued operations. The notes on pages 13 to 17 form part of the financial statements.

Other than the items reported in the Income Statement the Company has no items of other comprehensive income in any of the periods for which the financial statements are presented. In accordance with FRS 102.3.19 the Company presents a statement of income and does not present a statement of comprehensive income.

Neon Holdings (UK) Limited (Company No. 03584307)
Balance Sheet
For the year ended 31st December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments in subsidiaries	5	<u>5,170</u>	<u>17,846</u>
Current assets			
Debtors	7	17	3,316
Cash at bank and in hand		<u>31</u>	<u>1,781</u>
		48	5,097
Creditors: amounts calling due within one year	8	<u>-</u>	<u>(248)</u>
Net current assets		48	4,849
Net assets		£ 5,218	£ 22,695
Shareholders' equity			
Called up share capital	9	1	1
Share premium		1,137	1,137
Profit and loss account		<u>4,080</u>	<u>21,557</u>
Total capital and reserves		£ 5,218	£ 22,695

The financial statements on pages 10 to 17 were approved by the Board of Neon Holdings (UK) Limited on 13th September 2023 and were signed on its behalf by the Directors on 15th September 2023:



A R Creed
Chief Financial Officer

Neon Holdings (UK) Limited (Company No. 03584307)
Statement of Changes in Equity
For the year ended 31st December 2022

	Called up Share Capital £'000	Share Premium Reserve £'000	Retained Earnings £'000	Total Share Capital and Reserves £'000
At 1 st January 2022	1	1,137	21,557	22,695
Dividends Paid	-	-	(24,250)	(24,250)
Profit for the financial year	-	-	6,773	6,773
At 31st December 2022	£ 1	£ 1,137	£ 4,080	£ 5,218

	Called up Share Capital £'000	Share Premium Reserve £'000	Retained Earnings £'000	Total Share Capital and Reserves £'000
At 1 st January 2021	394,842	1,137	(393,756)	2,223
Issue of share capital	25,500	-	-	25,500
Cancellation of share capital	(420,341)	-	420,341	-
Loss for the financial year	-	-	(5,028)	(5,028)
At 31st December 2021	£ 1	£ 1,137	£ 21,557	£ 22,695

Neon Holdings (UK) Limited (Company No. 03584307)
Notes to the Financial Statements
For the year ended 31st December 2022

1. Accounting Policies

Statement of compliance

Neon Holdings (UK) Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in England & Wales, United Kingdom, with registered offices in Park Gate, 161-163 Preston Road, Brighton, East Sussex, BN1 6AU.

The financial statements have been prepared in compliance with United Kingdom Accounting Standards including Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and the Republic of Ireland (FRS 102) and in accordance with the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations. The financial statements are prepared on a basis other than going concern under the historical cost convention modified for the revaluation of financial assets and liabilities measured at fair value through profit and loss.

Basis of preparation

The financial statements are prepared in Sterling which is the functional and presentational currency of the Company.

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 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").

Neon Holdings (UK) Limited has taken advantage of the following exemptions:

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

These financial statements have been prepared on the basis that the Company is entitled to an exemption from the requirement to prepare a strategic report under section 414B of the companies act 2006.

Going concern

These financial statements have been prepared on the basis that Syndicate 2468 ceased to write new business on the 6th January 2020. Its final year of account is 2020 which has a 100% whole account reinsurance into Syndicate 3500. The 2020 underwriting year has reinsured into Syndicate 3500 as of 1st January 2023. Neon Holdings (UK) Limited is an intermediate holding company for the Neon group, the primary activity of which was underwriting at Lloyd's through Syndicate 2468, and therefore these accounts have been prepared on a basis other than going concern. No adjustments arose as a result of ceasing to apply the going concern basis.

There are no other assets or liabilities recognisable as a consequence of not preparing these financial statements on a going concern basis. 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

Neon Holdings (UK) Limited (Company No. 03584307)
Notes to the Financial Statements
For the year ended 31st December 2022

to all years presented. There have been no material changes in accounting policies compared to the 2021 financial statements.

The Company expects to seek appropriate approvals to be wound up by way of members voluntary liquidation within 12 months of the date of these accounts being signed.

Turnover

Turnover represents an arrangement fee and interest payable to the Company on loans extended by the Company. These are calculated as a percentage of the amount drawn down on these loans.

Administrative expenses

All expenses in running the Company are charged to the Company on an incurred basis by the service company of the Group.

Deferred taxation

Deferred Taxation is provided at anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the Financial Statements. Provision is made to the extent that it is likely that the liability or asset will crystallise in the foreseeable future.

Investment in subsidiaries

The Company continues to carry investments in subsidiaries at cost, less impairment. In accordance with the transitional provision of FRS 102 (35.10) the Company has elected to continue to account for investments in subsidiaries at deemed cost less impairment, where deemed cost is the carrying amount at the date of transition as determined under the entity's previous GAAP. The Company will continue to account for any new investments in subsidiaries at cost, less impairment.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less.

Dividend recognition

Dividends are recognised when the shareholder's right to receive payment is established.

Financial investments

The company's financial assets are classified at fair value through profit or loss ("FVPL"). This classification requires all fair value changes to be recognised immediately within the income statement.

2. Auditor's remuneration

	2022 £'000	2021 £'000
Auditor's remuneration	£ 10	£ 8

Neon Holdings (UK) Limited (Company No. 03584307)
Notes to the Financial Statements
For the year ended 31st December 2022

3. Staff costs

The Company had no employees during the year.

4. Directors' emoluments

The directors of the Company are not remunerated for their services to this entity and their remuneration is based upon their services to all group entities that they are directors of. None of the directors received any remuneration during the year in respect of their services as a director of the company (2021: £nil). The details below represent total remuneration to directors of the Company charged across the Group:

	2022 £'000	2021 £'000
Remuneration in respect of qualifying services		
Aggregate emoluments	-	4
Loss of office	-	20
Pension contributions	-	1
	£ -	£ 25
Highest paid director		
Aggregate emoluments	-	2
Pension contributions	-	1
	£ -	£ 3

5. Investment return

The Company continues to carry investments in subsidiaries at cost, less impairment. In accordance with the transitional provision of FRS 102 (35.10) the Company has elected to continue to account for investments in subsidiaries at deemed cost less impairment, where deemed cost is the carrying amount at the date of transition as determined under the entity's previous GAAP. The Company will continue to account for any new investments in subsidiaries at cost, less impairment.

All indirectly owned subsidiaries are wholly owned by the Company.

Name	Country of Incorporation	Proportion of Voting Rights	Business activity
Subsidiaries			
Neon Service Company (U.K.) Limited	England	100%	Service Company
Neon Underwriting Limited	England	100%	Lloyd's Managing Agent
Neon Management Services Limited	England	100%	Service company
Sampford Underwriting Limited	England	100%	Lloyd's corporate member
Lavenham Underwriting Limited	England	100%	Lloyd's corporate member

Registered offices

All of the companies above are registered at Park Gate, 161-163 Preston Road, Brighton, East Sussex, UK, BN1 6AU.

Neon Holdings (UK) Limited (Company No. 03584307)
Notes to the Financial Statements
For the year ended 31st December 2022

Carrying value

	Subsidiary Undertakings £'000
At 1st January 2022	17,846
Additions	-
Disposal	-
Impairment	<u>(12,676)</u>
At 31st December 2022	£ 5,170

6. Taxation

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax charge/(credit)	-	-
Group relief payable (receivable)	-	-
Prior year charge/(credit)	<u>-</u>	<u>-</u>
Total current tax charge/(credit)	-	-
Deferred tax:		
Current year charge/(credit)	-	-
Prior year charge/(credit)	-	-
Effect of change in tax rate	<u>-</u>	<u>-</u>
Total deferred tax charge/(credit)	-	-
Total tax charge/(credit)	£ -	£ -

Factors affecting the tax charge/ (credit) for the year

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

	2022 £'000	2021 £'000
Profit / loss on ordinary activities before tax	<u>6,780</u>	<u>(5,028)</u>
Profit / loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	1,288	(955)
Effects of		
Expenses not deductible for tax purposes	2,408	1,572
Exempt Income for tax purposes	(3,696)	-
Group Relief	-	(617)
Deferred tax not recognised arising in year	<u>-</u>	<u>-</u>
Total tax charge for the year	£ -	£ -

Neon Holdings (UK) Limited (Company No. 03584307)
Notes to the Financial Statements
For the year ended 31st December 2022

On 23rd September 2022, the Chancellor of the Exchequer announced that the UK corporation tax rate would remain at 19% from 1st April 2023 - reversing a previously enacted measure to increase the main headline rate to 25%. The announcement of the reversal in the tax rate from 1st April 2023 was not enacted or substantively enacted at the balance sheet date.

7. Debtors

	2022 £'000	2021 £'000
Amounts due from group undertakings	£ 17	£ 3,316

8. Creditors due within one year

	2022 £'000	2021 £'000
Amounts due to group undertakings	-	208
Accruals	-	40
	£ -	£ 248

9. Share capital

	2022 £	2021 £
<i>Authorised share capital</i>		
Ordinary shares of £0.10	1,000	1,000
	£ 1,000	£ 1,000
<i>Allotted, called up, and fully paid</i>		
Ordinary shares of £0.10	1,000	1,000
Balance at 31st December	£ 1,000	£ 1,000

10. Related Party Transactions and Immediate and Ultimate Parent Company

The company's ultimate holding company is Riverstone International Holdings Limited ("Riverstone International") which is registered in Jersey and for which group accounts are prepared. The majority of the shares in Riverstone International are held by the controlling party CVC Capital Partners Strategic Opportunities II LP.

Exemption has been taken under FRS102 section 33.1A to not disclose group related balances with wholly owned subsidiaries.