



2020 Annual Report
Neon Underwriting Limited
Year ended 31 December 2020



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Corporate information

Directors

A R Creed
K D Curtis (Independent non-executive)
R E Heppell (Chief Financial Officer)
J Sterling
L R Tanzer
M J Wade (Independent non-executive)
M S D Washington

Company Secretary

Callidus Secretaries Limited

Registered number

03584320

Auditors

Ernst & Young LLP
25 Churchill Place
Canary Wharf
E14 5EY

Solicitors

Clyde & Co
Beaufort House
Chertsey Street
Guildford
Surrey
GU1 4HA

Registered Office

20 Gracechurch Street
London
EC3V 0BG

Strategic report

The directors of Neon Underwriting Limited (the Company) present their strategic report for the year ended 31 December 2020.

Principal activities and review of the business

The principal activity of the Company is to act as the Managing Agent of Lloyd's Syndicate 2468 (the Syndicate). The Company has responsibility for the management, conduct of the underwriting and all aspects of administration of the Syndicate. There have been no significant changes in the Company's principal activities in the year.

On 6 January 2020, the Company's ultimate parent company American Financial Group Inc, (AFG) announced that it was exiting the Lloyd's insurance market. Consequently, the Company put the Syndicate into an orderly run-off. During this process the Company has been, and continues to be, in regular dialogue with Lloyd's of London (Lloyd's) and other relevant regulators.

Following an agreement signed on 26 September 2020 and receipt of change of control approval by all relevant regulatory bodies, including the PRA, FCA and Lloyd's, the Neon Group of companies (Neon), including the Company, became part of RiverStone Holdings Ltd (RiverStone) from 31 December 2020.

The Company will remain the Managing Agent of Lloyd's Syndicate 2468 for the time being and will continue to work in close partnership with RiverStone, an experienced legacy partner. RiverStone possesses concentrated and knowledgeable teams and all parties are committed to ensuring continuity of service, at the same time as maintaining the Lloyd's Market reputation. Neon remains fully committed to all policyholders and all policies underwritten by the Syndicate will be honoured as per their terms and conditions. The Syndicate remains fully capitalised and, as with every other syndicate at Lloyd's will continue to benefit from Lloyd's full chain of security.

The Company is authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and the Financial Conduct Authority (FCA) (registration number 204971).

The Company receives a management fee from the Syndicate, calculated as a percentage of underwriting capacity managed, together with profit commission charged to underwriting members of the Syndicate. The underwriting capacity of the Syndicate for the 2020 underwriting year is £337m (2019: £305m).

All staff are employed by the Neon group service company, Neon Management Services Limited.

Results and Dividends

The profit for the year before taxation amounted to £2,492k (2019: £2,207k). The taxation credit was £nil (2019: £2k), and the retained profit for the year is £2,492k (2019: £2,205k).

Turnover has increased £239k for 2020 due to the managing agency fees being charged on an increased stamp capacity of £337m (2019: £305m). Other operating income in 2019 arose as a result of an early termination of a long term arrangement to handle claims following the 2015 & prior external RITC for the Syndicate.

No dividend (2019: £3.7m) was paid during the year.

Strategic report continued

Future Developments

As stated above, the Syndicate was put into run-off on 6 January 2020 and on 31 December 2020 Neon became part of RiverStone.

The Company will continue to manage the Syndicate in the first half of 2021 with the intention that this management is novated to RiverStone Managing Agency Limited as at 30 June 2021. The Company is a Managing Agent at Lloyd's and is authorised and regulated by the Prudential Regulation Authority and regulated by the Financial Conduct Authority. The process of de-authorisation and de-regulation will commence after June 2021 but the Company will continue in existence for the foreseeable future.

Principal risks and uncertainties

The principal risk to the Company is that the underwriting capacity of the Syndicate is reduced to a level where the managing agency fees received do not enable the Company to meet its liabilities and comply with Lloyd's solvency requirements. The fee income for 2020 was based on the Syndicate capacity of £337m and was due in full. No fee income will be due from the Syndicate from 2021 onwards. It is intended that the management of Syndicate 2468 is novated from the Company to RiverStone Managing Agency Limited in 2021 and the Company has sufficient assets to meet its liabilities and solvency requirements until that time and for the foreseeable future.

Approved by Order of the Board



M S D Washington
Managing Director
23 April 2021

Directors' report

The directors of the Company present their report and the financial statements for the year ended 31 December 2020.

Appointments and resignations since 1 January 2020

Name	Date of appointment
A McKay (Company Secretary)	19 June 2020
J Sterling	25 August 2020
C Andrew	14 September 2020
D Lawton-Bryce	30 September 2020
Callidus Secretaries Limited (Company Secretary)	01 October 2020
L R Tanzer	31 December 2020
A R Creed	31 December 2020

Name	Date of resignation
M R D Reith	20 February 2020
T S A Butt	27 March 2020
D M Lednor	1 April 2020
L A Dlaboha (Company Secretary)	29 May 2020
J E Consolino	12 June 2020
O Reeves	30 September 2020
A McKay (Company Secretary)	30 September 2020
C Andrew	31 March 2021
D Lawton-Bryce	31 March 2021

The Directors were appointed at Board meetings during the year subject to regulatory approval. The above appointment dates reflect the date that Companies House was notified following the regulatory approvals being received.

Directors' indemnity

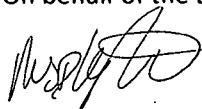
All directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

Disclosure of information to the auditors

In the case of each of the persons who are directors of the Company at the time the report is approved:

- So far as the directors are aware, there is no relevant audit information, being information needed by the Company auditor in connection with the auditors' report, of which the auditor is unaware; and
- Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he or she ought to have taken as director to become aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board



M S D Washington
23 April 2021

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Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic 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 elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law, the directors must not approve the Financial Statements unless they are satisfied that they are a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEON UNDERWRITING LIMITED

Opinion

We have audited the financial statements of Neon Underwriting Limited for the year ended 31 December 2020 which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEON UNDERWRITING LIMITED (continued)

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEON UNDERWRITING LIMITED (continued)

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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant were the direct laws and regulations, related to elements of company law and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the company accounts included permissions and supervisory requirements of the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA').
- We understood how the company is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters of the company. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the company and relevant regulatory bodies; reviewed minutes of the Board and Audit & Risk Committee of the managing agent; and gained an understanding of the managing agent's approach to governance.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items. For both direct and other laws and regulations, our procedures involved: making enquiry of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees and inquiring about the company's methods of enforcing and monitoring compliance with such policies. The Engagement partner also considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company has established to address risks identified by the company, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, complex transactions, performance targets, economic or external pressures and the impact these have on the control environment.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEON UNDERWRITING LIMITED (continued)

Our procedures involved:

- Evaluating the business rationale for significant and/or unusual transactions; and
- Testing the appropriateness of journal entries recorded in the general ledger.

In addition, we considered the impact of Covid-19 on the company, including an assessment of the consistency of operations and controls in place as they transitioned to operating remotely for a significant proportion of 2020. We performed analytical review procedures to assess for unusual movements throughout the year. Our audit procedures also incorporated unpredictability into the nature, timing and extent of our testing.

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

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.

Ernst & Young LLP

Vinood Ramabhai (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
27 April 2021

Statement of income and retained earnings
For the year ended 31 December 2020

	Notes	2020 £000	2019 £000
Turnover	1	2,527	2,288
Administration expenses		(35)	(312)
Other Operating Income	5	-	231
<i>Profit on ordinary activities before taxation</i>		2,492	2,207
Taxation	6	-	(2)
<i>Profit for the financial year</i>		2,492	2,205
Retained earnings at 1 January		1,596	3,091
Profit for the year		2,492	2,205
Dividends Paid		-	(3,700)
Retained earnings at 31 December		4,088	1,596

All of the Company's turnover relates to continuing activities, the Company has no discontinued operations. The notes on pages 13 to 20 form part of the financial statements.

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

Statement of financial position
As at 31 December 2020

	Notes	2020 £000	2019 £000
<i>Current assets</i>			
Debtors	7	633	21
Cash at bank and in hand		6,202	5,342
<i>Total assets</i>		<u>6,835</u>	<u>5,363</u>
Creditor falling due within one year	8	<u>(2,247)</u>	<u>(3,267)</u>
<i>Net current assets</i>		<u>4,588</u>	<u>2,096</u>
Deferred Tax	9	-	-
<i>Net assets</i>		<u>4,588</u>	<u>2,096</u>
<i>Shareholders' equity</i>			
Called up share capital	10	500	500
Retained Earnings		4,088	1,596
<i>Total capital and reserves</i>		<u>4,588</u>	<u>2,096</u>

The notes on pages 13 to 20 form part of the financial statements.

The financial statements were approved by the Board on 23 April 2021 and signed on its behalf by:



R E Heppell
Chief Financial Officer
23 April 2021

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting Policies

1.1. Statement of Compliance

Neon Underwriting Limited is a private company limited by shares and is incorporated and domiciled in the United Kingdom.

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 going concern basis under the historical cost convention modified for the revaluation of financial assets and liabilities measured at fair value through profit and loss.

1.2. Basis of preparation

The financial statements for the year ended 31 December 2020 were approved for issue by the Board on 23 April 2021.

The financial statements are prepared in Sterling which is the functional and presentation currency of the Company and rounded to the nearest £'000.

Going Concern

The Company has adequate resource to continue trading for a period of 12 months from the date the financial statements are authorised for issue to 23 April 2022 and the directors intend for it to do so. In support of this, Riverstone has committed to assist the company in meeting its liabilities to the extent funds are not otherwise available to the Company for a period of not less than 15 months from 19 April 2021. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The Company has taken advantage of the exemption in FRS 102.1.12 in electing not to present a Statement of Cash Flows on the basis that the Company's financial statements are consolidated as part of the financial statements of the Company's indirect UK parent, RiverStone Holdings Limited. Copies of the consolidated financial statements can be obtained from Park Gate, 161-163 Preston Road, Brighton, East Sussex, BN1 6AU.

The Company is part of a group of UK companies owned by GAI Holdings Bermuda Limited (GAHBL), being an intermediate holding company. The companies owned directly and indirectly by GAHBL are collectively referred to as "Neon" or "the Group" within these notes and form part of the consolidated financial statements of RiverStone Holdings Limited.

1.3. Significant accounting policies and key judgements

Turnover

Turnover represents managing agency fees and profit commission payable to the Company by the Syndicate. Managing agency fees are recognised by the Company in the year they are charged to the Syndicate.

Profit commission

Profit commission arising from agency agreements with members of Lloyd's is recognised when the contractual right to such profit commission is established, but only to the extent that a reliable estimate of the amount due can be made. Such estimates are made on a prudent basis that reflects the level of uncertainty involved.

Notes to the financial statements

For the year ended 31 December 2020

1.3. Significant accounting policies continued

Administrative expenses

All expenses are charged to the Company on an incurred basis by Neon Management Services Limited, the service company of the Group. Any expenses incurred directly in relation to running the Company, for example its audit fees and taxation fees, will be charged directly to the Company.

Taxation

Tax expense represents the sum of the current tax payable and deferred tax.

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of income and retained earnings as it excludes items of income and expense that are taxable or deductible in other years or that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the substantively enacted tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of income and retained earnings.

Dividend Recognition

Dividends are recognised in the period in which they are paid.

Key judgements

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.

Profit commission

The Company provides for profit commission receivable based on the financial performance of the Syndicate. At 31 December 2020 the Company has not made any provision for profit commission on the basis that none is receivable. The Company re-assesses the amount of profit commission receivable, on all underwriting years of account that have been open during the financial year, at each balance sheet date.

Notes to the financial statements

For the year ended 31 December 2020

2. Operating Profit

Operating profit is stated after charging:

	2020 £000	2019 £000
Fees paid to the company's auditors during the year	8	16

The audit fees paid during 2020 were £8k however this was offset in the statement of income and retained earnings by the reversal of the 2019 accrual, which was greater than the incurred expense.

The Company's turnover all arises in the UK from its principal activity as a Lloyd's Managing Agent. There were no profit commissions due or recognised in 2020 (2019: £nil). The Company is included in the consolidated accounts of its indirect UK parent undertaking RiverStone Holdings Limited. During the year the company paid £nil (2019: £nil) remuneration for non-audit services.

3. Staff costs

All staff were employed by Neon Management Services Limited, a wholly owned subsidiary of Neon Holdings (U.K.) Limited (NHL), the immediate parent company of Neon Underwriting Limited. Therefore the number of people employed by the Company is nil (2019: nil).

4. Directors' emoluments

The directors of the Managing Agent 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 (2019: £nil).

	2020 £000	2019 £000
Aggregate remuneration in respect to qualifying services	4,121	3,573
Aggregate contributions to defined contributions scheme	28	74
	<u>4,149</u>	<u>3,647</u>

The highest paid director received the following remuneration charged as a Syndicate expense in total:

	2020 £000	2019 £000
Aggregate remuneration in respect to qualifying services	1,003	1,137
Aggregate contributions to defined contributions scheme	3	10

£1,616k (2019: £500k) was paid to directors in the year for loss of office.

No advances or credits were granted by the Company to any of its directors during the year.

Company pension contributions to personal pension plans have been made to 8 directors (2019: 7 directors).

Notes to the financial statements

For the year ended 31 December 2020

5. Other Operating Income

During 2019 as a result of the 2015 & prior external RITC there was an early termination of a claims management contract. Neon Underwriting Limited recognised the contingent asset from 2018 of £231k as income in 2019. There was no contingent asset for 2019 or beyond and subsequently no further income relating to this contract.

6. Taxation

Analysis of charge in year

Taxation

	2020 £000	2019 £000
Current Tax:		
UK corporation tax charge/ (credit)	-	-
Prior year charge/(credit)	-	-
Total current tax charge/(credit)	-	-
Deferred Tax:		
Origination and reversal of timing difference	-	2
Prior year charge/(credit)	-	-
Total deferred tax charge/(credit)	-	2

Factors affecting the tax charge for the year

The tax assessed for the year is different than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	2,492	2,207
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	474	420
Effects of		
Group Relief	(474)	(420)
Adjustments to tax charge in respect of prior years	-	-
Net deferred tax not recognised arising/(Utilised) in year	-	2
Total deferred tax charge/(credit) for the year	-	2

The government announced on 16 March 2016 as part of its Budget that a rate of 17% will apply from 1 April 2020. On 11 March 2020, it was announced (and substantively enacted on 17 March 2020), that the UK corporation tax would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020.

Notes to the financial statements

For the year ended 31 December 2020

6. Taxation continued

The Company has a deferred tax asset of £2k (2019: £2k) in relation to fixed asset timing differences. This has not been recognised. The unrecognised deferred tax asset has been calculated at 19%, being the rate of corporation tax substantively enacted by the Balance Sheet date.

In the Budget of 3 March 2021 it was announced that the corporation tax rate would be increasing to 25% for periods commencing 1 April 2023. This has not yet been substantively enacted. Therefore, the unrecognised deferred tax balances included within the accounts have been calculated with reference to the rate of 19% (2019: 17%).

7. Debtors

	2020	2019
	£000	£000
Amounts due from group undertakings	633	21
	<u>633</u>	<u>21</u>

8. Creditors due within one year

	2020	2019
	£000	£000
Amounts due to group undertakings	-	13
Accruals	116	162
Cash in transit	2,131	3,092
	<u>2,247</u>	<u>3,267</u>

Cash in transit represents monies due for onward payment to and from the Syndicate or to and from managing general agencies relating to premiums, claims and brokerage costs. Fees are also collected on behalf of consortiums that Neon participates on.

Notes to the financial statements
For the year ended 31 December 2020

9. Deferred Tax

The movements in deferred taxation during the year were as follows:

	2020	2,019
	£000	£000
Deferred tax asset at 1 January	-	2
Credit to the profit and loss	-	(2)
Deferred tax asset at 31 December	-	-

Deferred taxation provided in the accounts is as follows

	2020	2,019
	£000	£000
Timing differences on fixed assets	-	-

10. Share Capital

Share Capital

	2020	2019
	£000	£000
Authorised share capital		
Ordinary shares of £1 each	500	500
Allotted, called up, and fully paid up		
Ordinary shares of £1 each	500	500

There have been no changes to share capital during the year.

Notes to the financial statements

For the year ended 31 December 2020

11. Related party transactions, balances and relationships

On 31 December 2020, the Company's ultimate parent company American Financial Group Inc, (AFG) completed the sale of GAI Holding Bermuda Ltd (GAHBL), the holding company for the whole Neon group including the Company, to RiverStone Holdings Limited.

The Company's immediate parent company is Neon Holdings (U.K.) Limited and the Company's indirect UK holding company is RiverStone Holdings Limited. Both of these companies are registered in England and Wales with the former at 20 Gracechurch Street, London, EC3V 0BG, United Kingdom and the latter at Park Gate, 161-163 Preston Road, Brighton, East Sussex, BN1 6AU. The ultimate parent company is RiverStone Barbados Limited, a company incorporated in Barbados. Copies of their Financial Statements may be obtained from Pine Commercial Centre, #12 Pine Commercial, The Pine, St Michael, Barbados, BB11103.

Syndicate 2468

The Company acts as Managing Agent to Syndicate 2468. Managing agency fees of £2,527k (2019: £2,288k) were charged to Syndicate 2468 during the year. There is £632k outstanding agency fee balance for the period ended 31 December 2020. At the balance sheet date, the Syndicate owes the Company £1k (2019: £11k owed to) relating to bank charges on Neon's internal broker bank accounts.

There have been no transactions entered into or carried out during the year by the Managing Agent on behalf of the Syndicate in which it or any of its executives had, directly or indirectly a material interest.

Intercompany balance

At the balance sheet date there is no outstanding balance between the Company and its parent company Neon Holdings (U.K.) Limited (2019: £21k).

The company owes £nil (2019: £2k) to a fellow group company, Neon Management Services Limited. The 2019 balance was due to expense recharges to the Company which have been recognised in the statement of income and retained earnings.

Transactions with directors

Certain directors of the Managing Agent are also directors of other Group companies. In all cases, transactions between the Syndicate and other entities within the group are carried out on normal arm's length commercial terms.

Management compensation

All of the Company's management personnel are employed by fellow group company Neon Management Services Limited. Remuneration of management is included in note 4 to the accounts and shows the total directors remuneration on behalf of the Group.

Notes to the financial statements
For the year ended 31 December 2020

12. Post balance sheet event

On 20th December 2020, Fairfax Financial Holdings Limited ("Fairfax") entered into a binding agreement with CVC Capital Partners to sell all of its equity interest in the RiverStone Barbados Limited Group, which includes the Neon Group of Companies, to CVC Strategic Opportunities Fund II. Fairfax currently own 60% of the equity of RiverStone Barbados Limited and OMERS, the Ontario Municipal Employees Retirement System, own the remaining 40%. OMERS have also agreed to sell its interests as part of this transaction. The transaction is subject to regulatory approval and is expected to close in the first quarter of 2021.