

# STARSTONE

---

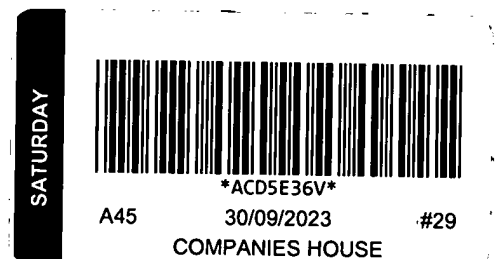
Part of the Enstar Group

**STARSTONE INSURANCE SERVICES LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 December 2022**

**Company registration number 06414328**



	Page
Company information	1
Directors' report	2 – 3
Statement of directors' responsibilities in respect of the financial statements	4
Independent auditors' report to the members of StarStone Insurance Services Limited	5 – 8
Profit and loss account	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 – 23

**Directors**

Luca Faini	(Appointed 20 <sup>th</sup> May 2021)
Shaun Holden	(Appointed 20 <sup>th</sup> May 2021)
Stephen Hutchins	(Appointed 20 <sup>th</sup> May 2021; Resigned 31 January 2022)

**Secretary**

Siobhan Hextall

**Company registration number**

06414328

**Registered office**

8<sup>th</sup> Floor  
One Creechurch Place  
London  
EC3A 5AY  
United Kingdom

**Independent auditors**

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

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

### **Principal activities**

The principal activity of the Company is to provide services and expense processing administrations on behalf of the StarStone group of companies ("StarStone Group"). All services and expenses are paid for by the Company and then recharged to the group companies, namely StarStone Insurance SE ("SISE") and StarStone Underwriting Limited ("SUL") as managing agent for Lloyd's Syndicate 1301.

The Company has branches in Germany, Italy, Liechtenstein and the Netherlands.

### **Going concern**

Having reviewed the capital resources and cash available to the Company along with forecast results for the forthcoming year, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of the approval of these financial statements.

Accordingly, the directors continue to adopt the going concern basis of accounting in preparing these annual financial statements.

### **Results and dividends**

The profit/(loss) for the year after taxation amounted to USD 1,024m (2021: USD (74k)). No dividend was declared or paid in the year (2021: Nil). A charge of USD Nil (2021: USD (465k) payment credit) has been made to the profit and loss account in respect of share-based payments.

### **Review of the business and future developments**

The results for the year are set out on pages 9 to 23.

The Company has claimed exemption under Section 414B of the Companies Act 2006 from preparing a Strategic Report.

The Company has no plans for any significant changes to its activities and current operations for the foreseeable future.

### **Directors**

The directors of the Company who were in office during the year and up to the date of signing the financial statements are shown on page 1

**Disclosure of information to auditors**

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Approved by the Board of Directors and signed on behalf of the Board by:



Shaun Holden  
Director

29 September 2023  
8<sup>th</sup> Floor  
One Creechurch Place  
London  
EC3A 5AY  
United Kingdom

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT  
OF THE FINANCIAL STATEMENTS  
Year ended 31 December 2022**

**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, 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 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 also 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.

# Independent auditors' report to the members of Starstone Insurance Services Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Starstone Insurance Services Limited's financial statements:

- 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 (United Kingdom Accounting Standards, including 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 and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; Profit and Loss Account and 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

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

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.

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

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

# Independent auditors' report to the members of Starstone Insurance Services Limited

## **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 Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2022 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 Directors' Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, 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



# Independent auditors' report to the members of Starstone Insurance Services Limited

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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax laws and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to risk of fraud through management override of control. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of fraud or non-compliance with laws and regulation;
- Reviewing relevant meeting minutes;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Identifying and testing journal entries, in particular journals that appear to be posted outside the normal patterns or risk criteria.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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](http://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.

# Independent auditors' report to the members of Starstone Insurance Services Limited

## 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 obtained 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.

### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



John Hawley (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 September 2023

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2022**

	Notes	2022 USD 000	2021 USD 000
Turnover	3	9,060	23,612
Administrative expenses	4	(9,361)	(23,439)
<b>Operating (loss)/profit</b>		(301)	173
Amounts written off on investments	9	-	(117)
Interest receivable and similar income	7	102	(2)
<b>(Loss)/profit before taxation</b>		(199)	54
Tax on (loss)/profit	8	1,223	(127)
<b>Profit/(loss) for the financial year</b>		<b>1,024</b>	<b>(73)</b>

There are no items of other comprehensive income in any of the years for which the financial statements are presented. Accordingly, no statement of total other comprehensive income is required.

The result above is derived wholly from continuing activities.

The notes on pages 12 to 23 form an integral part of these financial statements.

**BALANCE SHEET**  
As at 31 December 2022

	Notes	2022 USD 000	2021 USD 000
<b>Investments</b>	<b>9</b>	-	1,518
<b>Current assets</b>			
Debtors	<b>10</b>	4,024	4,564
Cash at bank and in hand	<b>12</b>	15,256	14,605
		<hr/>	<hr/>
		19,280	19,169
 Creditors: amounts falling due within one year	 <b>13</b>	 (10,928)	 (12,997)
		<hr/>	<hr/>
<b>Net current assets</b>		8,352	6,172
<b>Total assets less current liabilities</b>		8,352	7,330
 <b>Provisions for liabilities</b>	 <b>14</b>	 -	 (2)
		<hr/>	<hr/>
<b>Net assets</b>		<b>8,352</b>	<b>7,328</b>
		<hr/>	<hr/>
 <b>Capital and reserves</b>			
Called-up share capital	<b>15</b>	40	40
Profit and loss account		4,082	3,058
Other reserves		4,230	4,230
		<hr/>	<hr/>
<b>Total shareholders' funds</b>		<b>8,352</b>	<b>7,328</b>
		<hr/>	<hr/>

The notes on pages 12 to 23 form an integral part of these financial statements.

These financial statements on pages 9 to 23 were approved by the board of directors on 29 September 2023 and were signed on its behalf by:



Shaun Holden  
Director  
Company registration number 06414328

**STARSTONE INSURANCE SERVICES LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 December 2022**

	<b>Called-up share capital</b>	<b>Profit and loss account</b>	<b>Other reserves</b>	<b>Total shareholders' funds</b>
	<b>USD 000</b>	<b>USD 000</b>	<b>USD 000</b>	<b>USD 000</b>
<b>Balance as at 1 January 2021</b>	<b>40</b>	<b>3,131</b>	<b>4,230</b>	<b>7,401</b>
Loss for the financial year	-	(73)	-	(73)
<b>Balance as at 31 December 2021</b>	<b>40</b>	<b>3,058</b>	<b>4,230</b>	<b>7,328</b>
Profit for the financial year	-	1,024	-	1,024
<b>Balance as at 31 December 2022</b>	<b>40</b>	<b>4,082</b>	<b>4,230</b>	<b>8,352</b>

The notes on pages 12 to 23 form an integral part of these financial statements.

## **1. Accounting policies**

### **General information**

StarStone Insurance Services Limited ("the Company") is a company limited by shares and incorporated in England. The financial statements are presented for the year ended 31 December 2022.

The Company's registered office is 8th Floor, One Creechurch Place, London, EC3A 5AY.

### **Basis of preparation**

The financial statements have been prepared in accordance with the provisions of Section 396 of the Companies Act 2006 and Schedule 1 of the Small Companies and Groups (Accounts and Directors' Report) Regulations 2008.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102") as issued by the Financial Reporting Council.

The presentation and functional currency of these financial statements is United States Dollars ("USD"). All amounts in the financial statements have been rounded to the nearest USD thousand.

The Company's ultimate parent undertaking, Enstar Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Enstar Group Limited are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) and are available to the public and may be obtained from the US Securities and Exchange Commission ([www.sec.gov](http://www.sec.gov)). In these financial statements, the Company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes;
- Reconciliation of the number of shares outstanding;
- Key management personnel compensation; and
- Related party transactions.

As the consolidated financial statements of Enstar Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 in respect of the following:

- Certain disclosures required by FRS 102.26 Share Based Payments.

The significant accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**1. Accounting policies (continued)**

**Going Concern**

Having reviewed the capital resources and cash available to the Company along with forecast results for the forthcoming year, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of the approval of these financial statements.

Accordingly, the directors continue to adopt the going concern basis of accounting in preparing these annual financial statements.

**Turnover**

Turnover represents expenses that have been recharged to group companies on an accrual basis for intermediary activities performed on behalf of StarStone Underwriting Limited Syndicate 1301. Expense recharges are recognised when the services concerned have been performed.

**Investments**

Investments in group undertakings and jointly controlled entities are stated at cost less impairment. The Company makes an assessment at each reporting date as to whether there is any indication that investments in group undertakings may be impaired. Gains and losses on disposal are recognised through the income statement in the year of the transaction.

**Cash and cash equivalents**

Cash and cash equivalents include cash at hand and deposits held at call with banks and other financial institutions.

**Financial Instruments**

- i. Financial assets  
Basic financial assets, including trade and other receivables, cash and bank balances are recognised at transaction price.
- ii. Financial liabilities  
Basic financial liabilities, including trade and other payables are recognised at transaction price.
- iii. Offsetting  
Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**1. Accounting policies (continued)**

**Taxation**

The charge for taxation is based on the profit for the year at rates which have been enacted or substantively enacted by the balance sheet date, taking into account deferred taxation.

Deferred tax is provided on timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax assets and liabilities are not discounted.

**Foreign currency**

Transactions in foreign currencies during the year are translated into Sterling at average rates of exchange for the period. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rates ruling at the balance sheet date. All gains or losses on translation are included in the profit and loss account.

**Pension costs**

The Company operates a defined contribution pension scheme under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

**Share-based payments**

The Company's ultimate parent undertaking, Enstar Group Limited, issues both equity-settled and cash-settled share-based payments to certain employees.

Cash-settled share-based payments are recharged by Enstar Group Limited and recognised as an expense on a straight-line basis over the vesting period.

The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted and the price at which they may be exercised by the employee and is recognised as an expense on a straight-line basis over the vesting period. This cost is recognised as an expense with a corresponding credit to equity. Fair value is measured as the market value of the share granted. None of Enstar Group Limited's equity settled transactions have any market-based performance conditions. Amounts recharged by the ultimate parent undertaking are recognised as a recharge liability with a corresponding debit to equity.



## 1. Accounting policies (continued)

### Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

### Provision for liabilities

A provision is recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

## 2. 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.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- Redundancy provision (note 14). This requires management's best estimate of the expenditure that will be incurred based on contractual requirements. For further details, see note 14.

## 3. Turnover

The whole of the turnover and pre-tax profit arises from the Company's principal activities and derives from the following geographical areas.

	<b>2022</b>	<b>2021</b>
	<b>USD 000</b>	<b>USD 000</b>
United Kingdom	7,513	20,550
Rest of Europe	1,542	2,928
Bermuda and the Americas	(31)	101
Rest of the World	36	33
	<b>9,060</b>	<b>23,612</b>

#### 4. Administrative expenses

Administrative expenses are stated after charging/(crediting):

	<b>2022</b>	<b>2021</b>
	<b>USD 000</b>	<b>USD 000</b>
Staff costs	4,224	16,480
Directors' emoluments	-	218
Fees payable to the company's auditor for audit of the financial statements	50	58
Fees payable to the company's auditor for tax compliance services	87	-
<b>Total amount payable to the company's auditor</b>	<b>137</b>	<b>58</b>
Loss on investments (see note 9)	65	68
Operating lease rentals – land and buildings	-	10
Foreign exchange loss	497	287
Share-based payment charge	-	(465)

#### 5. Staff numbers and costs

The average monthly number of persons employed by the Company (including directors) during the year by category was as follows:

	<b>2022</b>	<b>2021</b>
	<b>No</b>	<b>No</b>
Underwriting	-	3
Support and administration	10	10
	<b>10</b>	<b>13</b>

The aggregate payroll costs of these persons were as follows:

	<b>2022</b>	<b>2021</b>
	<b>USD 000</b>	<b>USD 000</b>
Wages and salaries	3,246	14,709
Social security costs	258	1,197
Other pension costs	302	852
Share-based payments (see note 16)	-	(465)
Redundancy costs	-	502
Other staff costs	418	(315)
	<b>4,224</b>	<b>16,480</b>

For the year ended 31 December 2021 and up until 30 June 2022, employees working on StarStone related business were recharged from their employing entity, Enstar (EU) Limited (an associated company) and expensed in the Company as direct salary and benefit costs. From 1<sup>st</sup> July 2022, these costs were no longer booked as direct salary and benefit costs but were recharged from Enstar (EU) Limited as management fees.

The employee numbers disclosed relate to staff employed directly by the Company.

**6. Directors' remuneration**

	<b>2022</b>	<b>2021</b>
	<b>USD 000</b>	<b>USD 000</b>
Emoluments:	-	209
Other pension costs in respect directors (2021: 2 directors)	-	9
	<b>-</b>	<b>218</b>

**Highest paid Director**

The emoluments of the highest paid director were:

	<b>2022</b>	<b>2021</b>
	<b>USD 000</b>	<b>USD 000</b>
Emoluments:	-	114
Other pension costs	-	7
	<b>-</b>	<b>121</b>

The directors did not receive remuneration for their services during the year.

**7. Interest receivable and similar income**

	<b>2022</b>	<b>2021</b>
	<b>USD 000</b>	<b>USD 000</b>
Bank interest:	102	(2)
	<b>102</b>	<b>(2)</b>

**8. Tax on (loss)/profit**

(a) The tax (credit)/charge is based on the (loss)/profit for the year and represents:

	<b>2022</b>	<b>2021</b>
	<b>USD 000</b>	<b>USD 000</b>
Current tax:		
Adjustments in respect of prior years	(1,265)	137
<b>Total current tax</b>	<b>(1,265)</b>	<b>137</b>
Deferred tax:		
Deferred taxation: current year	42	(10)
<b>Total deferred tax</b>	<b>42</b>	<b>(10)</b>
<b>Tax on (loss)/profit</b>	<b>(1,223)</b>	<b>127</b>

**8. Tax on (loss)/profit (continued)**

**(b) Factors affecting the tax charge for the year**

The tax assessed for the year is different from the effective standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	<b>2022</b> <b>USD 000</b>	<b>2021</b> <b>USD 000</b>
(Loss)/profit before taxation	(199)	54
(Loss)/profit before taxation multiplied by effective standard rate of corporation tax of 19% (2021: 19%)	(38)	10
<i>Factors affecting the charge for the year:</i>		
Transfer pricing adjustments	(33)	(51)
Prior year adjustment corporation tax	(1,265)	137
Non-taxable gain on disposal	9	35
Derecognition of deferred tax asset	42	-
Impact of rate change on deferred tax	-	(10)
Losses not recognised for deferred tax	62	6
<b>Tax on (loss)/profit</b>	<b>(1,223)</b>	<b>127</b>

An increase from the current 19% UK corporation tax rate to 25%, effective from 1 April 2023, was announced in the Budget on 3 March 2021 and enacted on 10 June 2021. As a result, deferred tax balances have been revalued to take this rate change into account, where relevant. The deferred tax asset of USD 42k was derecognised in 2022 on the basis of insufficient evidence of suitable taxable profit arising in the immediate future, against which the asset can be utilised.

**9. Investments**

	<b>2022</b> <b>USD 000</b>	<b>2021</b> <b>USD 000</b>
Investments brought forward	1,158	1,985
Revaluation gain	-	586
Impairment loss	-	(117)
Disposals	(1,158)	(1,296)
	<b>-</b>	<b>1,158</b>

On 23 May 2022 the Company received the final distribution from the winding up of Torus Business Solutions Private Limited ("TBSPL"). The Company held 99.99% of the ordinary shares of "TBSPL", registered office S-369 Greater Kailash – II New Delhi, South Delhi, Delhi. "TBSPL" ceased to provide outsource services early in 2015. An impairment loss of "TBSPL" was recognised as an expense during 2021 and included in 'Impairment loss on subsidiary'.

**9. Investments (continued)**

On 10 February 2021 the Company completed the on sale of Arena Assurances SA ("Arena") for consideration of USD 725k. The resulting loss on disposal of USD 571k was recognised in the profit and loss account.

Details of directly owned subsidiary undertakings at 31 December 2022 are as follows:

Name	Address of the registered office	Nature of business	Interest
StarStone Underwriting Services B.V.	Weena_South 130, Ground Floor & 4 <sup>th</sup> Floor, 3012 NC, Rotterdam, Netherlands	Insurance Coverholder	100% ordinary shares

Details of directly owned subsidiary undertakings at 31 December 2021 are as follows:

Name	Address of the registered office	Nature of business	Interest
Arena Assurances SA	Avenue des Nerviens, 85 Bte 2, 1040 Brussels, Belgium	Underwriting Services	99.98% ordinary shares
StarStone Underwriting Services B.V.	Weena_South 130, Ground Floor & 4 <sup>th</sup> Floor, 3012 NC, Rotterdam, Netherlands	Insurance Coverholder	100% ordinary shares
Torus Business Solutions Private Limited	S-369 Greater Kailash – II New Delhi, South Delhi, Delhi	Outsourcing Services	99.99% ordinary shares

**10. Debtors: amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	USD 000	USD 000
Trade debtors	379	-
Amounts owed by group undertakings	3,199	3,764
Other debtors	-	9
Corporation tax	63	300
Deferred tax (note 11)	-	42
VAT	307	192
Prepayments	76	257
	<b>4,024</b>	<b>4,564</b>

**11. Deferred taxation**

	<b>2022</b>	<b>2021</b>
	<b>USD 000</b>	<b>USD 000</b>
Deferred tax asset at start of year	42	32
Profit and loss account (charge)/credit (note 8)	(42)	10
Deferred tax asset at end of year	<b>-</b>	<b>42</b>

**Analysis of provision for deferred taxation**

	<b>2022</b>	<b>2021</b>
	<b>USD 000</b>	<b>USD 000</b>
Other timing differences	-	42
	<b>-</b>	<b>42</b>

The other timing differences consist of share-based payments of USD Nil (2021: USD 168k).

**12. Cash at bank and in hand**

	<b>2022</b>	<b>2021</b>
	<b>USD 000</b>	<b>USD 000</b>
Cash at bank and in hand	10,036	10,275
Restricted cash	5,220	4,330
	<b>15,256</b>	<b>14,605</b>

Restricted cash balance is held in segregated accounts on behalf of Lloyd's Syndicate 1301 and Lloyd's Syndicate 2008 together known as "the Syndicates".

**13. Creditors: amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>USD 000</b>	<b>USD 000</b>
Trade creditors	-	4,636
Amounts owed to group undertakings	8,978	5,630
Other creditors	1,334	569
Other taxation and social security	322	578
Accruals	294	1,584
	<b>10,928</b>	<b>12,997</b>

Included within accruals is an amount of USD 213k (2021: USD 79k) for systems support.

**14. Provisions for liabilities**

	<b>Redundancy provisions</b>
	<b>USD 000</b>
At 1 January 2022	2
Provisions released in the year	(2)

At 31 December 2022

**15. Called up share capital**

	<u>2022</u>	<u>2021</u>
	USD 000	USD 000
<b>Authorised, allotted, called up and fully paid</b>		
40,000 (2021: 40,000) Ordinary shares of USD 1.00 each	<u>40</u>	<u>40</u>

**16. Share-based payments**

The Company operates four types of share-based payment arrangements: a cash-settled stock appreciation rights award ("SARs"), restricted stock units ("RSUs") performance stock units ("PSUs") and the Enstar Group Limited Employee Share Purchase Plan ("ESPP").

The total charge/(credit) recognised for the year for all share-based payment arrangements is USD Nil (2021: USD (465k) payment credit).

**SARs**

In previous years, the Company granted cash-settled SARs to certain employees. SARs gives the holder the right, upon exercise, to receive in cash the difference between the market price per share of the Company's ordinary shares at the time of exercise and the exercise price of the SARs. The exercise price of the SARs is equal to the market price of the Company's ordinary shares on the date of the grant. Vested SARs are exercisable for periods not to exceed 10 years from the date of grant.

The Company has recorded a share-based payment credit of USD Nil (2021: (USD 95k)) for the year.

**RSUs**

During the year, the Company granted RSU's to certain employees. Each RSU award allows a grantee to receive either one share, cash equal to the fair market value of such share, or a combination thereof, as decided by the Company's Compensation Committee.

The Company has recorded a share-based payment credit of (USD 2k) (2021: (USD 420k)) for the year.

**PSUs**

In previous years, the Company granted PSU's to certain employees. Each PSU award allows a grantee to receive, subject to the attainment of certain performance goals, either one share, cash equal to the fair market value of such share, or a combination thereof, as decided by the Company's Compensation Committee.

The Company has recorded a share-based payment charge of USD Nil (2021: USD 47k) for the year.

**16. Share-based payments (continued)**

**ESPP**

In addition to the above share awards all employees are entitled to participate in the Enstar Group Limited Employee Share Purchase Plan ("ESPP"). Under the rules of the ESPP employees are entitled to purchase shares in the ultimate parent company, via payroll deductions, at a 15% discount to their quoted value. A share-based payment of USD 2k (2021: USD 3k) has been charged to reflect the discounted value of shares purchased in the year.

Full disclosure of all of the above share awards is published in the financial statements of the ultimate parent undertaking, Enstar Group Limited.

**17. Related party transactions**

The Company has taken advantage of the exemption granted in FRS 102, available to members of a wholly owned group, not to disclose transactions between the Company and other wholly owned members of the group.

During the year the Company received fees for the provision of services from a number of related companies, as follows:

	(Income)/expenses		Due (to)/from at year-end	
	2022	2021	2022	2021
	USD 000	USD 000	USD 000	USD 000
Bayshore Holdings Limited	-	(350)	-	-
Enstar (EU) Limited	3,108	3,405	144	(1,631)
Enstar Limited	-	-	(1)	(33)
Enstar (US) Inc	-	-	-	(128)
Mercantile Indemnity Company Limited	-	-	-	1
River Thames Insurance Company	-	-	-	9
SGL No.1 Limited	(2,045)	(10,704)	(4,415)	889
StarStone Finance Limited	-	-	40	-
StarStone Insurance SE	(6,024)	(11,201)	2,385	2,289
StarStone Underwriting Services B.V.	-	(54)	158	166



**18. Operating lease commitments**

The total of future minimum lease payments under non-cancellable operating leases are as follows:

	<b>Land and buildings</b>	
	<b>2022</b>	<b>2021</b>
	<b>USD 000</b>	<b>USD 000</b>
Aggregate future minimum lease payments: Within one year	-	10

**19. Ultimate parent undertaking**

The Company's immediate parent undertaking is StarStone Insurance Bermuda Limited, a company incorporated in Bermuda.

The Company's ultimate parent undertaking is Enstar Group Limited, a company incorporated in Bermuda.

Enstar Group Limited's consolidated financial statements are filed as part of their annual U.S. Securities and Exchange Commission filing. These filings may be obtained from:

U.S. Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, D.C. 20549  
U.S.A.