Company registration no 2202362

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Talbot Underwriting Ltd

Report and financial statements

31 December 2017

Contents

Strategic report

The directors present the strategic report of Talbot Underwriting Ltd ("TUL" or "the company") for the year ended 31 December 2017.

Principal activity

The principal activity of the company is that of a Lloyd's managing agency. TUL manages the affairs of syndicate 1183 ("the syndicate"). The principal activity of the syndicate continues to be the underwriting of direct and reinsurance business in the Lloyd's market. Syndicate capacity for the 2017 year of account was £600m and capacity for the 2018 year of account is £650m. Syndicate capacity is provided by a fellow group company, Talbot 2002 Underwriting Capital Ltd.

The company also acts as holding company for one UK and four overseas companies which underwrite business on behalf of the syndicate. These companies are disclosed in note 9 to the financial statements.

Review of business

The principal sources of revenue for the company are the managing agency fee charged to the syndicate, currently 1% of syndicate capacity (2016: 1%) and profit commission on the underwriting results of the syndicate, currently 15% of the year of account result (2016: 15%), after personal expenses at 36 months. These are shown for the current and preceding year in the table below.

	2017 £'000	2016 £'000
Managed syndicate capacity	600,000	600,000
Managing agency fee	6,000	6,000
Profit commission	7,963	11,238
Total revenue	13,963	17,238

Expenses consist primarily of a management fee charged to TUL by the service company Talbot Underwriting Services Ltd ("TUSL"). Administrative expenses were £6.2m against £12.8m in 2016.

The profit and the total comprehensive income for the financial year was £6.3m (2016: profit £6.1m).

The net asset position of the company has increased from £14.5m to £20.8m. The main asset on the balance sheet is a debtor of £11.3m (2016: £10.1m) due from the syndicate, mainly in respect of profit commission on the 2015 year of account (2016: 2014 year of account). The other main asset on the balance sheet is a debtor of £10.7m (2016: £2.1m) due from group companies.

Strategic report (continued)

Principal risks and uncertainties

As a managing agent at Lloyd's, the principal risk to TUL arises from future cash flows in respect of income that it receives from its management of the syndicate. Income arises from fees charged to the syndicate and profit commission on the underwriting result. Managing agency fees are directly related to the future capacity of the syndicate. A reduction in the capacity due to unprofitable underwriting or reduction in capital support for the syndicate will reduce fee income to TUL. There is a level of uncertainty over the level of profit commission receivable by TUL as it is dependent on future syndicate results which can vary significantly.

The principal risks and uncertainties of the syndicate are disclosed in the syndicate's report and accounts.

Credit risk

The key risk is the risk of default by the syndicate and/or one or more group companies. To mitigate this risk, balances with the syndicate and group companies are reviewed on a regular basis.

Regulatory and compliance risk

TUL is required to operate under the regulatory and compliance frameworks set by the Prudential Regulation Authority as regulator and Lloyd's as franchisor. As a managing agent, TUL is required by Lloyd's to maintain a minimum level of net assets. Regulatory and compliance risk is considered to be the inability or failure of the company to comply with UK regulatory requirements. TUL's net assets are monitored regularly to ensure that solvency requirements are met.

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

JS Clouting

Company Secretary

1 March 2018

Directors' report

The directors present their report and audited financial statements of the company for the year ended 31 December 2017. The results, key performance indicators and principal risks and uncertainties are discussed in the strategic report.

Future developments

The managed syndicate capacity for the 2018 year of account is £650.0m. The directors are confident of the future prospects of the company as the syndicate is expected to continue to operate as a going concern.

In January 2018 the company's ultimate parent company, Validus Holdings Ltd, entered into a sale agreement with American International Group Inc ("AIG"). Further details are given in note 14 to the financial statements.

Dividend

The company did not pay any dividend during the year (2016: £15.0m).

Corporate governance

TUL Board

The TUL Board comprises executive directors and non-executive directors (including a Chairman, shareholder representatives and independent directors).

The non-executive directors: (i) challenge the executive directors constructively on their recommendations and running of the business; (ii) review the performance of management in meeting agreed objectives and targets and monitor the reporting of performance; and (iii) satisfy themselves that financial controls and systems of risk management are adequate.

TUL Audit Committee

The TUL Audit Committee is made up of six non-executive directors and is attended by various executive directors and members of management. The purpose of the Audit Committee is, with input from external auditors, internal audit and external actuaries, to review and to report to the board on the control infrastructure and financial reporting of TUL and the syndicate.

Directors

The following directors have held office from 1 January 2017 to the date of this report.

CNR Atkin	(Chairman, non-executive)
PA Bilsby	(Chief Executive)
NMA Burch	(Non-executive, appointed 7 April 2017)
MEA Carpenter	(Non-executive)
JS Clouting	
BJ Hurst-Bannister	(Non-executive)
AJ Keys	(Non-executive, resigned 16 March 2017)
EJ Noonan	(Non-executive)
JG Ross	
JD Sangster	(Non-executive)
M Scales	(Non-executive)
JE Skinner	
ND Wachman	

Directors' report (continued)

Statement of directors' responsibilities

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

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 and applicable law), including Financial Reporting Standard 102 "The Financial Standard Applicable in the UK and Republic of Ireland" ("FRS 102").

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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of the financial statements; and
- prepare the financial statements on a 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 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.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office. The company has an elective resolution in place under s485 of the Companies Act 2006 to dispense with the obligation to appoint an auditor annually.

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

JS Clouting

Company Secretary

1 March 2018

Independent auditors' report

Independent auditors' report to the member of Talbot Underwriting Ltd

Report on the financial statements

Our opinion

In our opinion, Talbot Underwriting Ltd financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit 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.

What we have audited

The financial statements, included within the Report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2017;
- the profit and loss account and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 statement; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK) ("ISAs (UK)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Andrew G Hill (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

1 March 2018

Profit and loss account and statement of comprehensive income

	Note	Year ended 31 December 2017 £	2016 £
Turnover	4	13,963,025	17,237,805
Administrative expenses		(6,175,465)	(12,859,157)
Operating profit		7,787,560	4,378,648
Dividends received from group undertakings	9	-	2,675,125
Profit on ordinary activities before taxation	5	7,787,560	7,053,773
Tax on profit on ordinary activities	8	(1,487,359)	(922,358)
Profit and total comprehensive income for the year		6,300,201	6,131,415

Balance sheet

	Note	As at 31 December 2017 £	2016 £
Fixed assets			
Investments	9	1,102,023	1,102,023
Current assets			
Debtors	10	22,107,491	12,262,767
Creditors - amounts falling due within one year	11	(2,384,063)	(2,188,540)
Net current assets		19,723,428	10,074,227
Accrued income – due after more than one year	12	-	3,349,000
Net assets		20,825,451	14,525,250
Capital and reserves			
Called-up share capital	13	400,000	400,000
Retained earnings		20,425,451	14,125,250
Total equity		20,825,451	14,525,250

The notes on pages 10 to 14 are an integral part of these financial statements.

The financial statements on pages 7 to 15 were approved by the Board of Directors on 1 March 2018 and were signed on its behalf.

ND Wachman

Director

Statement of changes in equity

	Called-up share capital £	Retained earnings £	Total £
Balance at 1 January 2016	400,000	22,993,835	23,393,835
Profit and total comprehensive income	-	6,131,415	6,131,415
Dividends	-	(15,000,000)	(15,000,000)
Balance at 31 December 2016	400,000	14,125,250	14,525,250
Profit and total comprehensive income	-	6,300,201	6,300,201
Balance at 31 December 2017	400,000	20,425,451	20,825,451

Notes to the financial statements

Year ended 31 December 2017

1 General information

Talbot Underwriting Ltd, company registered number 2202362, is a private company limited by shares. The company is a Lloyd's managing agency and manages the affairs of Lloyd's syndicate 1183.

The company also acts as holding company for one UK and four overseas companies that underwrite business on behalf of the syndicate. These companies are disclosed in note 9.

The company is incorporated and registered in England and Wales. The address of its registered office is 60 Threadneedle Street, London EC2R 8HP.

2 Statement of compliance

The financial statements of TUL have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006 ("the Act"), under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

3 Summary of significant accounting policies

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

(a) Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Act and applicable accounting standards in the United Kingdom, including FRS 102.

(b) Exemptions for qualifying entities under the Act and FRS 102

Under s401 of the Act the company is exempt from preparing consolidated financial statements on the basis that the ultimate parent undertaking, Validus Holdings, Ltd, prepares consolidated financial statements.

The company has taken advantage of the exemption under FRS 102 Section 7, paragraph 3.17(d), from preparing a statement of cash flows on the basis that it is a qualifying entity and its ultimate parent company, Validus Holdings, Ltd, includes the company's cash flows in its own consolidated financial statements.

(c) Foreign currency

(i) Functional and presentation currency

The company's functional and presentational currency is sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using either the spot exchange rate at the date of the transaction or the average rate for the period.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historic cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(d) Revenue recognition

Revenue consists of managing agency fees and profit commission receivable from the insurance underwriting activities of the syndicate. Managing agency fees are recognised during the first twelve months of the underwriting year.

Profit commission ("PC") expected to arise on closure of a Lloyd's year of account is recognised on an accruals basis subject to an assessment of certainty over the year of account's profitability. PC on a year of account is recognised initially at 24 months when the year of account result can be forecast with reasonable certainty. At this point only 50% of the expected ultimate PC is recognised to allow for future factors that may potentially affect the year of account result. The remaining PC is recognised over the following twelve months as these factors diminish.

Dividends due from subsidiary companies are recognised as income once the dividend has been approved by the board of the subsidiary company.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(e) Taxation

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

Current or deferred tax assets and liabilities are not discounted.

i) Current taxation

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

ii) Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(f) Investments

Investments in subsidiary companies are included at cost unless the value of net assets for a subsidiary is lower than its cost value. In this case, the difference between cost and net asset value is written off to the profit and loss account as an impairment of investment.

(g) Financial instruments

The company has chosen to adopt the recognition, measurement and disclosure requirements of FRS 102 sections 11 and 12.

Financial Assets

Basic financial assets, including amounts due from group undertakings are initially recognised at transaction price and subsequently carried at amortised cost.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when: (a) the contractual rights to the cash flows from the asset expire or are settled; (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) control of the asset has been transferred to another party.

Financial Liabilities

Basic financial liabilities, including amounts due to group undertakings, are initially recognised at transaction price and subsequently measured at amortised cost.

Financial liabilities are derecognised when the contractual obligation is discharged, cancelled or expires.

(h) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(i) Distributions to equity holders

Dividends and other distributions to the company's shareholder are recognised in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholder. These amounts are recognised in the statement of changes in equity.

Notes to the financial statements (continued)

4 Turnover

	2017	2016
	£	£
Managing agency fee	6,000,000	6,000,000
Profit commission	7,963,025	11,237,805
	13,963,025	17,237,805

All income arises in the United Kingdom.

5 Profit on ordinary activities before taxation

Profit before tax is stated after management charges of £6,175,465 (2016: £12,859,157).

6 Audit and non-audit fees

The audit fees for TUL are borne by Talbot Underwriting Services Ltd ("TUSL"), a fellow group company, and are recharged to the company as part of the management charge. During the year, TUSL incurred £22,961 (2016: £24,045) in respect of audit fees to TUL's auditors and associates. There are no non-audit fees in 2017 (2016: £nil).

7 Employees and directors

The company has no employees. All members of staff are employed by TUSL, which pays all their remuneration. No emoluments were paid to directors of the company in respect of their services as directors of the company.

8 Tax on profit on ordinary activities

(a) Tax expense included in profit and loss

	2017	2016
	£	£
Current tax		
UK corporation tax on profit for the year	1,503,630	880,427
Adjustment in respect of previous years	(16,271)	16,354
Withholding tax payable on foreign dividend receipt	-	25,577
Tax on profit on ordinary activities	1,487,359	922,358

(b) Reconciliation of tax charge

The current tax charge for the year is lower (2016: lower) than the standard effective rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017	2016
	£	£
Profit on ordinary activities before taxation	7,787,560	7,053,773
Profit on ordinary activities multiplied by 19.25% (2016: 20%)	1,499,105	1,410,755
Tax effect of:		
Dividend income not subject to UK tax	-	(535,025)
Notional interest on intercompany balances subject to tax	4,525	4,697
Adjustments in respect of previous years	(16,271)	16,354
Withholding tax payable on foreign dividend receipt	-	25,577
Tax charge for the year	1,487,359	922,358

Notes to the financial statements (continued)

8 Tax on profit on ordinary activities (continued)

(c) Tax rate changes

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017. A further reduction to the UK corporation tax rate has been substantively enacted; this reduces the main rate to 17% from 1 April 2020.

9 Investments

The company has four wholly owned subsidiary companies that underwrite as coverholders on behalf of the syndicate and one that is 99% owned as follows:

Subsidiary	Country of incorporation	Registered office	Interest (all direct)
Talbot Risk Services Pte Ltd ("Talbot Asia")	Singapore	138 Market Street, #04-01 Capita Green, Singapore 048946	100% ordinary shares
Talbot Underwriting (MENA) Ltd ("Talbot MENA")	UAE	The Gate Precinct Building 2, Level 3, Dubai International Financial Centre, PO Box 506809, Dubai, UAE	100% ordinary shares
Talbot Risk Services (Labuan) Pte. Ltd ("Talbot Labuan")	Malaysia	Brighton Place, Ground Floor, U0215 Jalan Bahasa, PO Box 80431, 87014 Labuan FT, Malaysia	100% ordinary shares
Talbot Underwriting (LATAM) S.A. ("Talbot Chile")	Chile	Avenida Apoquindo No. 3650, Piso 8 Oficina 803, Las Condes, Santiago, Chile	99% ordinary shares
Talbot Underwriting Risk Services Ltd ("TURSL")	England & Wales	60 Threadneedle Street, London EC2R 8HP, UK	100% ordinary shares

During the previous year the company sold 100% of its shares in Talbot Underwriting Services (US) Ltd ("Talbot NY"). The table below shows the value of investments at the end of each year.

	Talbot Asia	Talbot MENA	Talbot NY	Talbot Labuan	Talbot Chile	TURSL	Total
	£	£	£	£	£	£	£
31 December 2017	200,000	766,288	-	109,600	1,135	25,000	1,102,023
31 December 2016	200,000	766,288	-	109,600	1,135	25,000	1,102,023

Dividends received during the year

	Talbot Asia	Talbot MENA	Talbot NY	Talbot Labuan	Talbot Chile	TURSL	Total
	£	£	£	£	£	£	£
2017	-	-	-	-	-	-	-
2016	879,900	652,000	893,225	-	-	250,000	2,675,125

Notes to the financial statements (continued)

10 Debtors

	2017	2016
	£	£
Amounts owed by managed syndicate	11,312,025	10,065,233
Amounts owed by group companies	10,795,466	2,197,534
	22,107,491	12,262,767

Amounts owed by group companies and the managed syndicate, subject to Lloyd's distribution rules, are unsecured, interest free, have no fixed date of payment and are repayable on demand.

11 Creditors - amounts falling due within one year

	2017	2016
	£	£
Amounts owed to group companies	588,636	26,835
Corporation tax	1,795,427	2,161,705
	2,384,063	2,188,540

Amounts owed to group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12 Accrued income – due after more than one year

	2017	2016
	£	£
Profit commission accrued	-	3,349,000

13 Called-up share capital

Ordinary shares of £1 each

	2017	2017
Authorised, allotted and fully paid	No.	£
At 1 January and 31 December	400,000	400,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Notes to the financial statements (continued)

14 Controlling parties

The company is a subsidiary undertaking of Talbot Underwriting Holdings Ltd, a company incorporated and registered in England and Wales. The registered office is 60 Threadneedle Street, London, EC2R 8HP.

The ultimate parent company and controlling party is Validus Holdings, Ltd, a company registered in Bermuda. The registered office is 29 Richmond Road, Pembroke Parish, HM 08, Bermuda.

On 21 January 2018, Validus Holdings Ltd ("VHL") entered into a definitive agreement and plan of merger ("the Merger Agreement") with American International Group Inc ("AIG"). The Merger Agreement provides that, subject to the satisfaction or waiver of certain conditions set forth therein, VHL will merge with an existing AIG subsidiary in accordance with the Bermuda Companies Act ("the Merger"), with VHL surviving the Merger as a wholly owned subsidiary of AIG.

The Merger is expected to close mid-2018, subject to the approval of VHL's shareholders, regulatory approvals and other customary closing conditions.

15 Related party transactions

Under FRS 102 the company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the group.