

BRIT INSURANCE HOLDINGS LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL
STATEMENTS

31 DECEMBER 2017



Registered Number: 03121594

BRIT INSURANCE HOLDINGS LIMITED

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BRIT INSURANCE HOLDINGS LIMITED

Company Information

Directors

M B Cloutier
N Meyer (Resigned 19 March 2018)
A E Usher
M Allan
C Denton

Registered Office

The Leadenhall Building
122 Leadenhall Street
London EC3V 4AB

Independent Auditor

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

BRIT INSURANCE HOLDINGS LIMITED

Strategic Report

The Directors present their Strategic Report on the Company for the year ended 31 December 2017.

Review of the business

The Company is the principal intermediate holding company within the Brit Limited Group and the sole direct subsidiary of Brit Limited.

In the opinion of the Directors, the state of affairs of the Company and its subsidiaries at the end of the year was satisfactory.

The Directors do not envisage any changes to the current business model in 2018.

Principal risks and uncertainties

The principal risk confronting the Company is that its subsidiary investments could become impaired. This is monitored by management, and impairments are made when necessary.

Result and dividend

The loss for the financial year after taxation is US\$0.1m (2016: profit US\$124.1m).

On behalf of the Board

A E Usher
Director
24 September 2018

A handwritten signature in black ink, appearing to be 'A E Usher', with a horizontal line underneath.

BRIT INSURANCE HOLDINGS LIMITED

Report of the Directors

Registered number: 03121594

The Directors present their report and audited financial statements for the year ended 31 December 2017.

Principal activities

The Company is an intermediate holding company.

Result and dividend

The loss for the financial year is US\$0.1m (2016: profit US\$124.1m).

The Company paid an interim dividend of US\$45.8m. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: US\$nil).

The Directors do not envisage any changes to the current business model in 2018.

Post balance sheet event

On 26 October 2017, a stock purchase agreement was entered into to acquire 100% of the share capital of a dormant insurance entity valued at US\$17.5m. This acquisition has been approved by the local regulator and was completed on 30 April 2018 by a subsidiary of the Company.

Going concern

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors

The names of the Directors of the Company who held office during the financial year and up to the date of signing the financial statements are listed on page 2.

Employee and Environmental matters

All staff in the United Kingdom are employed by the Group services company, Brit Group Services Limited, and the full staff cost disclosures are included in the notes to those financial statements. Further information on the Group's employment policies can be found in the financial statements of Brit Group Services Limited.

Brit Group is committed to managing and reducing its environmental impact in a cost effective and responsible way.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, 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 Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (FRS 102), and applicable company law (UK Generally Accepted Accounting Practice).

BRIT INSURANCE HOLDINGS LIMITED

Report of the Directors (continued)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK 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 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.

Statement of Disclosure of Information to the Auditor

In accordance with the provisions of section 418 of the Companies Act 2006, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each Director has taken all the steps that ought to have been taken in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to have been reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

The review of the business and principal risks and uncertainties information is not shown in the Report of the Directors because it is shown in the strategic report instead under s414C(11).

On behalf of the Board



A E Usher
Director
24 September 2018

BRIT INSURANCE HOLDINGS LIMITED

Independent Auditor's Report to the Member of Brit Insurance Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Brit Insurance Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2017; the Income Statement, the Statement of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

BRIT INSURANCE HOLDINGS LIMITED

Independent Auditor's Report to the Member of Brit Insurance Holdings Limited (continued)

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

Strategic Report and Report of the Directors

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

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

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 set out on page 4, 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.

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

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

Use of this report

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

BRIT INSURANCE HOLDINGS LIMITED

Independent Auditor's Report to the Member of Brit Insurance Holdings Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Mark Bolton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

24 September 2018

BRIT INSURANCE HOLDINGS LIMITED

Income Statement

For the Year Ended 31 December 2017

	Note	Year ended 31 December 2017 US\$'000	Year ended 31 December 2016 US\$'000
Income from fixed asset investments	2	15,258	115,000
Other operating (expense) / income	3	(881)	21,542
Administrative expenses	4	(194)	(1,315)
Operating profit		14,183	135,227
Unrealised gains on investments	5	3,480	-
Interest receivable and similar income	6	3,513	5,725
Interest payable and similar expenses	7	(11,862)	(14,344)
Impairment of subsidiary	10	(9,430)	(166)
(Loss) / Profit before taxation		(116)	126,442
Tax on profit	11	52	(2,306)
(Loss) / Profit for the financial year		(64)	124,136

No other comprehensive income has been recognised and therefore no statement of other comprehensive income has been presented.

The notes on pages 12 to 19 form part of these financial statements.

BRIT INSURANCE HOLDINGS LIMITED

Statement of Financial Position

As at 31 December 2017

	Note	31 December 2017 US\$'000	31 December 2016 US\$'000
Fixed assets			
Subsidiary undertakings	10	793,940	803,370
Associated undertakings	12	33,496	33,496
Investments	13	3,480	-
		830,916	836,866
Current assets			
Debtors	14	236,430	147,957
Cash at bank and in hand		11,800	88,271
		248,230	236,228
Creditors: Amounts falling due within one year	15	(150,991)	(111,805)
Net current assets		97,239	124,423
Total assets less current liabilities		928,155	961,289
Creditors: Amounts falling due after more than one year	16	(139,470)	(127,396)
Deferred tax liability	17	(673)	-
Net assets		788,012	833,893
Capital and reserves			
Called up share capital	19	49,047	49,047
Share premium account		635,358	635,358
Retained earnings		103,607	149,488
Total equity		788,012	833,893

The financial statements on pages 9 to 19 were approved by the Board of Directors on 24 September 2018 and signed on their behalf by:


A E Usher
Director


C Denton
Director

The notes on pages 12 to 19 form part of these financial statements.

BRIT INSURANCE HOLDINGS LIMITED

Statement of Changes in Equity

For the year ended 31 December 2017

	Called up share capital US\$'000	Share premium account US\$'000	Retained earnings US\$'000	Total equity US\$'000
At 1 January 2017	49,047	635,358	149,488	833,893
Loss for the financial year	-	-	(64)	(64)
Dividend paid	-	-	(45,817)	(45,817)
At 31 December 2017	49,047	635,358	103,607	788,012

	Called up share capital US\$'000	Share premium account US\$'000	Retained earnings US\$'000	Total equity US\$'000
At 1 January 2016	49,047	635,358	83,352	767,757
Profit for the financial year	-	-	124,136	124,136
Dividend paid	-	-	(58,000)	(58,000)
At 31 December 2016	49,047	635,358	149,488	833,893

The notes on pages 12 to 19 form part of these financial statements.

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements

For the Year Ended 31 December 2017

1. Accounting policies

(a) Basis of preparation and statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting 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 financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets measured at fair value.

The Company is a private company, limited by shares and is incorporated in England. The address of its registered office is The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AB.

The financial statements for the year ended 31 December 2017 were approved for issue by the Board of Directors on 24 September 2018.

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.

(b) Consolidated financial statements

The financial statements present information relating to Brit Insurance Holdings Limited, not to the group of which it is the parent company. Brit Insurance Holdings Limited is exempt from preparing consolidated financial statements of the group, under section 400 of the Companies Act 2006. Brit Limited, which is registered in the UK and is the immediate holding company, has prepared Group financial statements.

(c) Fixed asset investments

Subsidiary undertakings and investments in associates are valued at cost less provision for impairment.

(d) Income from fixed asset investments

Interest income is recognised using the effective interest rate. Dividend income is recognised when the shareholder's right to receive the payment is established.

(e) Current income tax

Current income tax is the expected tax payable on the taxable profit for the period using tax rates (and laws) enacted or substantively enacted at the statement of financial position date and any adjustment to the tax payable in respect of previous periods. The Company calculates current income tax using the current income tax rate.

(f) Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit those earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred tax assets and liabilities are not discounted.

(g) Expenses

All expenses are accounted for on an accruals basis. Expenses which are incidental to the acquisition or disposal of an investment are treated as part of the cost or proceeds of the investment.

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2017

1. Accounting policies (continued)

(h) Foreign currency translation

Transactions in foreign currencies other than Sterling, United States dollars, Canadian dollars and Euros are translated at the rate of exchange ruling at the date the transaction is processed. Unless otherwise stated, transactions in Sterling, Canadian dollars and Euros are translated at the average rates of exchange for the period. Assets and liabilities in currencies other than United States dollars are translated at the rate of exchange ruling at 31 December of each year. Exchange differences arising on translation are dealt with in the income statement.

(i) Interest payable and receivable

Interest payable and receivable are recognised using the effective interest rate method.

(j) Derivative contracts

Derivative contracts include equity options in respect of the Company's associated undertakings. All derivatives are initially and subsequently measured at their fair value with movements in the fair value being recognised in the income statement. Fair values are obtained from discounted cash flow models and other pricing models as appropriate.

Where the risks and characteristics of derivatives embedded in financial instruments are not closely related to those of the host contract and the combined instrument is not measured at fair value with changes in fair value recognised in the income statement, the derivative is separated from that host contract and measured at fair value

2. Income from fixed asset investments

	Year ended 31 December 2017 US\$'000	Year ended 31 December 2016 US\$'000
Dividend income	15,258	115,000

Dividend income relates to dividends received from subsidiaries.

3. Other operating (expense) / income

	Year ended 31 December 2017 US\$'000	Year ended 31 December 2016 US\$'000
Foreign exchange (losses) / gains	(881)	21,542

4. Administrative expenses

	Year ended 31 December 2017 US\$'000	Year ended 31 December 2016 US\$'000
Administrative costs	194	382
Management fees	-	933
	194	1,315

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2017

5. Unrealised gains on investments

	Year ended 31 December 2017 US\$'000	Year ended 31 December 2016 US\$'000
Unrealised gain on derivative contracts	3,480	-
	3,480	-

6. Interest receivable and similar income

	Year ended 31 December 2017 US\$'000	Year ended 31 December 2016 US\$'000
Interest on cash at bank, deposits and cash in hand	83	224
Intragroup interest receivable	2,535	5,501
Dividend income	895	-
	3,513	5,725

7. Interest payable and similar expenses

	Year ended 31 December 2017 US\$'000	Year ended 31 December 2016 US\$'000
Revolving credit facility	1,576	3,417
Intragroup interest payable	10,286	10,927
	11,862	14,344

8. Auditor's remuneration

The auditor's remuneration for the current year has been paid by a fellow Group company and amounted to US\$10,621 (2016: US\$5,906).

9. Directors' remuneration

The Directors did not receive any remuneration for their services to the Company during the year ended 31 December 2017 (2016: US\$nil).

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2017

10. Subsidiary undertakings

All subsidiaries of the Company are 100% owned. The subsidiaries of the company at 31 December 2017, together with their main function, are listed below by country of incorporation. The registered address of each entity is The Leadenhall building, 122 Leadenhall Street, London, EC3V 4AB unless otherwise stated.

Subsidiary	Registered address	Principal activity
United Kingdom		
Brit Syndicates Limited	The Leadenhall building	Lloyd's managing agent
Brit UW Limited	The Leadenhall building	Lloyd's corporate member
Brit Insurance Services Limited	The Leadenhall building	Service company
Brit Investment Holdings Limited	The Leadenhall building	Investment company
Brit Group Services Limited	The Leadenhall building	Group services company
Brit Group Finance Limited	The Leadenhall building	Finance company
BGS Services (Bermuda) Limited	The Leadenhall building	Service company
Brit Pension Trustee Limited	The Leadenhall building	Group services company (Dormant)
Brit Corporate Services Limited	The Leadenhall building	Group services company (Dormant)
Brit Corporate Secretaries Limited	The Leadenhall building	Group services company (Dormant)
The Netherlands		
Brit Insurance Holdings B.V.	The Leadenhall building	Former holding company
Republic of Ireland		
Pimco Dynamic Global Investment Grade Credit Fund	PIMCO Select Funds Plc, Styne House, Upper Hatch Street, Dublin	Investment fund
United States of America		
Brit Insurance Services USA, Inc.	161N. Clark Street, Suite 3200, Chicago, IL 60601, United States of America	Service company
Brit Insurance USA Holdings, Inc.	161N. Clark Street, Suite 3200, Chicago, IL 60601, United States of America	Intermediate holding company
Scion Underwriting Services, Inc.	161N. Clark Street, Suite 3200, Chicago, IL 60601, United States of America	Service company
Bermuda		
Brit Reinsurance (Bermuda) Limited	Ground Floor Chesney House, The Waterfront, 96 Pitts Bay Road, Pembroke, HM 08, Bermuda	Insurance company
Sussex Capital Management Limited	Ground Floor Chesney House, The Waterfront, 96 Pitts Bay Road, Pembroke, HM 08, Bermuda	Service company
Sussex Capital Limited	Wessex House, 3rd Floor, 45 Reid Street, Hamilton HM 12, Bermuda	Special purpose vehicle
Sussex Re Limited	Wessex House, 3rd Floor, 45 Reid Street, Hamilton HM 12, Bermuda	Special purpose vehicle
Gibraltar		
Brit Group Finance (Gibraltar) Limited	Unit 2Aa, Leisure Island Business Centre, 23 Ocean Village Promenade, Ocean Village, Gibraltar	Finance company
Singapore		
Brit Global Specialty Singapore Pte. Ltd.	138 Market St. #04-03 CapitaGreen, 048946, Singapore	Service company

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2017

10. Subsidiary undertakings (continued)

Subsidiary	Registered address	Principal activity
Luxembourg		
Henderson Horizon Core Credit Fund	Henderson Horizon Core Credit Fund, 2 Ru de Bitbourg L-1273, Luxembourg	Investment fund
Brit Overseas Holdings S.à r.l.	6 Rue Eugene Ruppert, L-2453, Luxembourg	Former holding company

Movements in the Company's investments in subsidiaries during the year were as follows:

	2017 US\$'000	2016 US\$'000
Cost at 1 January	803,370	797,036
Investment in BGS Singapore Pte. Limited	-	500
Investment in Brit Insurance Services USA Inc.	-	6,000
Impairment of Brit Insurance Services USA Inc.	(9,133)	-
Impairment of investment in Brit Overseas Holdings S.à r.l.	(297)	(166)
Cost at 31 December	793,940	803,370

11. Tax on profit

(a) Tax on profit

	Year ended 31 December 2017 US\$'000	Year ended 31 December 2016 US\$'000
Current tax:		
UK corporation tax at 19.25% (2016: 20.0%)	(134)	(1,593)
Adjustments in respect of prior years	859	(713)
Total current tax credit / (charge)	725	(2,306)
Deferred tax:		
Origination and reversal of timing differences	(562)	(769)
Effect of future tax rate changes	449	-
Adjustments in respect of prior years	(560)	769
Total deferred tax	(673)	-
Tax charge on profit (Note 11b)	52	(2,306)

(b) Factors affecting tax charge for year

(Loss) / Profit before taxation	(116)	126,442
(Loss) / Profit multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.0%)	22	(25,288)
Effects of:		
Expenses not deductible for tax purposes	(7)	(81)
Non-taxable income	2,645	23,039
Impairment of subsidiary	(1,815)	(33)
Effect of future tax rate changes	449	-
Overseas taxes	(1,541)	-
Adjustments in respect of prior years	299	57
Total charge for the year Note 11 (a) above	52	(2,306)

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2017

11. Tax on profit (continued)

(c) Post balance sheet rate changes

UK legislation was substantively enacted on 9 September 2016 to reduce the main rate of UK corporation tax from 19% to 17% from 1 April 2020.

The reduction in rate from 19% to 17% has been used in the calculation of the UK's deferred tax assets and liabilities as at 31 December 2017.

12. Associated undertakings

On 30 August 2016, the Group acquired 50% of the share capital of the South African company, Camargue Underwriting Managers Proprietary Limited (Camargue) for ZAR65.5m plus £0.3m (US\$4.9m) and also entered into a call and a put option to purchase the remaining 50% in 2021.

The principal place of business of Camargue is South Africa. Camargue is a leading managing general underwriter of a range of specialised insurance products and specialist liability solutions in South Africa and is an important trading partner for the Brit Group.

On 8 December 2015, the Company acquired 50% of the members' interests of Ambridge Partners LLC for US\$28.6m and entered into a call and a put option to purchase the remaining 50% in 2019.

The principal place of business of Ambridge Partners LLC is the United States. Ambridge Partners LLC is a leading managing general underwriter of transactional insurance products, writing business on behalf of a broad consortium of Lloyd's of London syndicates and international insurers including the Brit Group.

13. Investments

	31 December 2017 US\$'000	31 December 2016 US\$'000
Derivative contracts	3,480	-
	3,480	-

The investments relate to the option agreements in place to acquire additional equity in the Company's associated undertakings. The Ambridge put/call option is exercisable in 2019, while the Camargue option will become exercisable in 2021. These options are recorded as derivatives by Brit and measured at fair value.

14. Debtors

	31 December 2017 US\$'000	31 December 2016 US\$'000
Current taxation	8,984	7,829
Amounts owed by Group undertakings	223,767	135,781
Prepayments and accrued income	3,572	4,347
Other debtors	107	-
	236,430	147,957

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2017

15. Creditors: Amounts falling due within one year

	31 December 2017 US\$'000	31 December 2016 US\$'000
Revolving credit facility loan	45,000	-
Amounts owed to Group undertakings	105,277	111,125
Accruals and deferred income	714	680
	150,991	111,805

US\$597k (2016: US\$545k) of the accruals and deferred income relates to the interest payable on the long term loan referred to in note 16.

16. Creditors: Amounts falling due after more than one year

	31 December 2017 US\$'000	31 December 2016 US\$'000
Amounts owed to group undertakings	139,470	127,396

This amount is due to Brit Group Finance Limited, a subsidiary company, under a long term loan agreement expiring on 9 December 2020. The loan has been made for £103.1m at an annual interest rate of 7.1%.

17. Deferred tax liability

	31 December 2017 US\$'000	31 December 2016 US\$'000
Balance at 1 January	-	-
Charge for the year	673	-
Balance at 31 December	673	-

18. Revolving credit facility

The Group has a US\$360.0m (2016: US\$360.0m) revolving credit facility which expires on 31 December 2020.

At 31 December 2017, a US\$80.0m (2016: US\$80.0m) letter of credit had been utilised. In addition, there was a cash drawing in the year of US\$45.0m.

19. Called up share capital

	31 December 2017 US\$'000	31 December 2016 US\$'000	2017 Number	2016 Number
Allotted, called up and fully paid:				
Ordinary share of 75p	1	1	1	1
Ordinary shares of 8p each	49,047	49,047	411,252,527	411,252,527

All shares rank *pari passu*. There are no restrictions on the distribution of dividends and the repayment of capital.

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2017

20. Disclosure exemptions

The Company has taken advantage of the disclosure exemptions provided by paragraph 1.12 of FRS 102. Accordingly, these financial statements do not include the following:

- Statement of cash flows;
- A reconciliation of shares outstanding at the beginning and end of the year;
- Specific information relating to financial instruments that is included within equivalent disclosures for the Group;
- Specific information relating to share-based payments that is included within equivalent disclosures for the Group; and
- Disclosure of key management personnel compensation.

The Company has been consolidated into the group financial statements of Brit Limited, a company registered in the United Kingdom. The Brit Limited consolidated Financial Statements and accompanying notes provide further detail in respect of these areas, copies of whose financial statements can be obtained from The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AB.

21. Related party transactions

The Company has taken advantage of the exemption afforded by FRS 102, paragraph 33.1A, in not disclosing transactions with other wholly owned subsidiaries of the Brit Limited Group.

22. Controlling party

The Company is a wholly owned subsidiary of Brit Limited, a company registered in the United Kingdom, details for which are provided in Note 20 above.

As at 31 December 2017, the ultimate parent company was Fairfax Financial Holdings Limited a company registered in Canada. Copies of Fairfax consolidated financial statements can be obtained by writing to 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada, M5J 2N7, or from the website at www.fairfax.ca.

23. Guarantees and contingent liabilities

The Company has provided a guarantee to the lenders of the revolving credit facility.

The Company has provided a guarantee to Brit Pension Trustee Limited whereby it guarantees certain payment obligations of Brit Group Services Limited to the Brit Group Services Limited Retirement Benefits Scheme. This guarantee is in respect of payments of a minimum of £2.0m per annum from 1 January 2017 to 31 July 2024 inclusive or such higher amount as the Company and the Trustee may agree.

24. Post balance sheet event

On 26 October 2017, a stock purchase agreement was entered into to acquire 100% of the share capital of a dormant insurance entity valued at US\$17.5m. This acquisition has been approved by the local regulator and was completed on the 30 April 2018 by a subsidiary of the Company.