Saxon Motor & General Insurance Company Ltd.

Financial Statements

For the year ending March 31, 2020

SAXON MOTOR & GENERAL INSURANCE COMPANY LTD.

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INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF SAXON MOTOR & GENERAL INSURANCE COMPANY LTD.

Opinion

We have audited the financial statements of Saxon Motor & General Insurance Company Ltd. (the "Company") which comprise the statement of financial position as at March 31, 2020, and related statements of comprehensive loss, changes in shareholder's equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with *the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Company for the year ended March 31, 2019, were audited by another auditor who expressed an unmodified opinion on those financial statements on September 26, 2019.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF SAXON MOTOR & GENERAL INSURANCE COMPANY LTD.
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report, including the opinion, has been prepared for and only for the Company's Directors, as a body, and for no other purpose. We do not, in giving this opinion, 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.

Baker Tilly (Cayman) Ltd.

Baker Tilly (Cayman) Ltd.
September 18, 2020
Grand Cayman, Cayman Islands

SAXON MOTOR & GENERAL INSURANCE COMPANY LTD.
STATEMENT OF FINANCIAL POSITION

Assets	Notes		As at March 31, 2020		As at March 31, 2019
Assets:					
Goodwill	5	KYD	1,080,199	KYD	1,080,199
Property and equipment	4		1,266,000		1,266,000
Intercompany receivables	12		591,352		1,037,124
Reinsurers' share of provision for outstanding losses	9		3,853,307		4,126,012
Deferred reinsurance ceded	8		3,528,433		3,454,274
Premiums receivable	6		1,186,502		766,089
Prepaid expenses			68,877		65,580
Financial assets at fair value through profit and loss	7		851,218		0
Cash and cash equivalents			986,965		2,898,129
Total Assets		KYD	13,412,853	KYD	14,693,407
Liabilities and Shareholder's Equity					
Liabilities:					
Intercompany payables	12	KYD	21,857	KYD	8,905
Accrued liabilities			434,203		105,826
Premiums payable			18,906		25,210
Premium payable to reinsurer			925,837		1,590,830
Unearned premiums	8		3,673,602		3,595,540
Unearned commission	10		1,262,962		1,236,090
Provision for outstanding losses	9		4,166,998		4,455,166
		KYD	10,504,365	KYD	11,017,567
Shareholder's equity:					
Share capital	11	KYD	82	KYD	82
Share premium	11		399,918		399,918
Contributed surplus	11		4,303,733		4,303,733
Revaluation reserve	4		1,265,999		1,265,999
Accumulated deficit			(3,061,244)		(2,293,892)
		KYD	2,908,488	KYD	3,675,840
Total Liabilities and Shareholder's Equity		KYD	13,412,853	KYD	14,693,407

The Board of Directors approved the financial statements on September 18, 2020.

Scott Wallace
Chief Executive Officer

Don Seymour
Director

See accompanying notes to the financial statements

SAXON MOTOR & GENERAL INSURANCE COMPANY LTD.
STATEMENT OF COMPREHENSIVE LOSS

	Notes		Year ended March 31, 2020		Year ended March 31, 2019
Underwriting income					
Premiums written	7	KYD	8,282,268	KYD	7,592,062
Reinsurance ceded	7		(7,880,821)		(7,204,149)
Net premiums written			401,447		387,913
Movement in unearned premiums			(78,062)		(235,618)
Movement in deferred reinsurance ceded			74,159		227,796
Net premiums earned			397,544		380,091
Net commission income	10		2,203,429		2,357,824
Underwriting expenses					
Losses and loss adjustment expenses paid	9		4,909,752		3,567,641
Movement in provision for outstanding losses			(498,168)		1,204,137
Losses and loss adjustment expenses recovered from reinsurers	9		(4,023,039)		(3,268,223)
Movement in reinsurer's share of provision for outstanding losses			(143,943)		(1,252,994)
Commission expense and management fee	12		2,974,221		2,530,967
Salvages and excess			(7,100)		(4,997)
Net underwriting expenses			3,211,723		2,776,531
Net underwriting loss			(610,750)		(38,616)
Other income			325,335		103,843
Investment loss			(21,048)		0
Operating expenses	16		(460,889)		(395,153)
Net loss, being total comprehensive loss		KYD	(767,352)	KYD	(329,926)

See accompanying notes to the financial statements

SAXON MOTOR & GENERAL INSURANCE COMPANY LTD.
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Share capital	Share premium	Contributed surplus	Accumulated deficit	Revaluation reserve	Total
Balance at March 31, 2018	KYD 82	KYD 399,918	KYD 4,303,733	KYD (1,963,966)	KYD 1,150,999	KYD 3,890,766
Net loss for year	0	0	0	(329,926)	0	(329,926)
Revaluation of property	0	0	0	0	115,000	115,000
Balance at March 31, 2019	KYD 82	KYD 399,918	KYD 4,303,733	KYD (2,293,892)	KYD 1,265,999	KYD 3,675,840
Net loss for year	0	0	0	(767,352)	0	(767,352)
Revaluation of property	0	0	0	0	0	0
Balance at March 31, 2020	KYD 82	KYD 399,918	KYD 4,303,733	KYD (3,061,244)	KYD 1,265,999	KYD 2,908,488

See accompanying notes to the financial statements.

SAXON MOTOR & GENERAL INSURANCE COMPANY LTD.
STATEMENT OF CASH FLOWS

		Year ended March 31, 2020		Year ended March 31, 2019
Cash flows from operating activities:				
Net loss	KYD	(767,352)	KYD	(329,926)
Adjustments for:				
Unrealized losses		4,640		0
Realized losses		16,802		0
Operating profit before working capital changes		(745,910)		(329,926)
Changes in working capital:				
Reinsurers' share of provision for outstanding losses		272,705		(1,252,994)
Deferred reinsurance ceded		(74,159)		(227,796)
Premiums receivable		(420,413)		69,921
Prepaid expenses		(3,297)		2,697
Intercompany receivables		445,772		477,443
Unearned premiums		78,062		235,618
Premiums payable		(6,304)		(14,033)
Premium payable to reinsurer		(664,993)		1,313,866
Intercompany payables		12,952		0
Unearned commission		26,872		84,011
Provision for outstanding losses		(288,168)		1,204,137
Accrued liabilities		328,377		32,548
Net cash (used in)/generated by operating activities		(1,038,504)		1,595,492
Net cash from investing activities				
Proceeds from sale of investments		4,204,104		0
Purchase of investments		(5,076,764)		0
Net cash used in investing activities		(872,660)		0
(Decrease)/increase in cash during the year		(1,911,164)		1,595,492
Cash at beginning of the year		2,898,129		1,302,637
Cash at end of the year	KYD	986,965	KYD	2,898,129

See accompanying notes to the financial statements.

1. INCORPORATION AND BACKGROUND INFORMATION

Saxon Motor & General Limited (the "Company") was incorporated as an exempted Company with limited liability under the Companies Law of the Cayman Islands on October 8, 2010. The Company changed its name to Saxon Motor & General Insurance Company Ltd. on November 9, 2010. The Company holds an Ordinary Class "A" Insurer's Licence under Section 4 of the Cayman Islands Insurance Law. The license enables the Company to conduct domestic insurance business in the Cayman Islands. The registered office is DMS Corporate Services Ltd., DMS House, 20 Genesis Close, P.O. Box 1344, Grand Cayman, KY1-1108, Cayman Islands. The Company is wholly owned by Saxon Holding Company Ltd. (the "Shareholder") which in turn is fifty percent owned by Green Seguros Limited (Cayman) and fifty percent owned by DMS Organization (together the "Parent's Shareholders"). Green Seguros Limited (Cayman) is in turn fully owned by Codan Trust Company (Cayman) while DMS Organization is fully owned by Greta Eloise Seymour (the "Ultimate Parents").

On February 27, 2013, Saxon MGA Ltd. ("MGA") was formed as a registered Company under Cayman Islands Law. The purpose of this entity was to act as a managing general agent for the Company. From April 1, 2013, expenses not directly attributable to the Company were borne by MGA and, in return, the Company paid MGA a commission based on gross premiums written by the Company. On April 1, 2015, Saxon Insurance Solutions (Cayman) Ltd ("SIS") took over as the insurance broker for the Company and MGA was no longer utilized by the Company. SIS has authorization to underwrite proposals for insurance, negotiate placement of reinsurance and manage, negotiate and settle insurance claims. The Company pays SIS a management fee linked to the gross earned premium recognised.

The Company provides motor vehicle insurance in terms of comprehensive or third party liability policies covering loss of or damage to owned or third party property as well as death of and bodily injury to third parties with limits of KYD250,000 for any one event for third party property damage, KYD1,000,000 per person in respect of death/bodily injury, and KYD5,000,000 in the aggregate for death/bodily injury regardless of the number of claims or persons involved in any one event. Until December 31, 2013, these policies were reinsured by a panel of global reinsurers, all unrelated to the Company, and each having a satisfactory credit rating. Reinsurance was in excess of a retention level of KYD200,000.

From January 1, 2014, the Company entered into a 95% quota share reinsurance agreement with an unrelated global reinsurer. The agreement stipulates the premiums that should be ceded to the reinsurer, commission paid to the Company and losses that the reinsurer assumes. The reinsurer assumed the losses of the Company that existed at the date of the quota share reinsurance agreement in exchange for a portion of the Company's premiums written at that date.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB").

These financial statements were prepared under the historical cost convention except for goodwill (see note 2(m)) and property and equipment (see note 2(l)), and are presented in Cayman Islands dollars ("KYD"), which is also the Company's functional currency, rounded to the nearest dollar.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) New and amended standards and interpretations issued but not yet effective:

At the date of authorisation of the financial statements, the following new standards, amendments and interpretations, which are relevant to the Company, were in issue but not yet effective. Those standards, amendments and interpretations are effective for the accounting periods beginning on, or after the indicated dates:

- IFRS 17, *Insurance contracts,* is effective for annual periods beginning on or after January 2023 with an early adoption being permitted. IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts.

The Company is assessing the impact, if any, which the new, revised and amended standards may have on its financial statements in future year when they become effective.

(c) Fair value measurement

The fair value of a financial asset or liability is defined using an “exit price” definition. It is the amount that would be received to sell the asset or the amount that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of fair value hierarchy are described below.

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is based upon valuation techniques that use significant inputs that are unobservable or are generated from model-based techniques that use significant inputs not observable in the market. These unobservable inputs and assumptions reflect the Company’s own conclusions about the inputs market participants would use in pricing the assets or liabilities.

(d) Cash and cash equivalents

Cash and cash equivalents include funds held in current and call accounts with original maturity dates of 90 days or less.

(e) Premiums written and unearned premiums

Premiums written are recorded in the period in which they are assumed and any unearned portion at the statement of financial position date is transferred to unearned premiums.

(f) Commission expense and management fee

Fees related to securing new contracts and renewing existing contracts are paid to SIS based on the earned premium. All other costs are recognised as expenses are incurred.

(g) Reinsurers’ share of provision for outstanding losses, deferred reinsurance earned, premium payable to reinsurer and reinsurance ceded

The Company enters into reinsurance contracts in the normal course of business in order to limit potential losses arising from certain exposures. Reinsurance premiums are accounted for in the same period as the related premiums for the direct insurance business being reinsured with the unearned portion at the statements of financial position date being transferred to deferred reinsurance earned.

Due to the assumption by the reinsurer of losses of the Company that existed at the date of the quota share reinsurance agreement as described in note 1, reinsurance premium on the portfolio acceptance and return has been recorded in the statement of comprehensive income. Premiums payable to reinsurer for the purchase of reinsurance contracts are included in the statement of financial position as a payable and are recognized as an expense when earned.

Expected reinsurance recoveries on unpaid losses and adjustment expenses are recognized as assets at the same time and using principles consistent with the Company's method for establishing the related liability.

(h) Commission income and unearned commission

Commission income is accounted for in the same period as the related reinsurance premium with the unearned portion at the statement of financial position date being transferred to unearned commission. The commission income and related movement in unearned commission is recognised as net commission income in the statement of comprehensive income.

(i) Other income

Other income consists of administration income and finance income. These fees are earned on instalment premiums received from policyholders and are recorded as invoiced.

(j) Premiums receivable

Premiums receivable are carried at original contract amount less an estimate made for doubtful receivables when required based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

(k) Provision for outstanding losses

The Company determines its provision for reported losses with the assistance of loss adjustors and legal advice. The Company provides for adverse development on known claims and incurred but not yet reported claims ("IBNR") on the basis of the advice of an independent actuary.

These reserves are based on estimates and the ultimate liability may be significantly in excess of or less than the reserve. Changes in estimates of outstanding losses resulting from the continuous review process and differences between estimates and payments for losses are recognised in the statement of comprehensive income in the year in which the estimates are changed or payments are made.

(l) Property and equipment

Property and equipment is initially recorded at cost. Equipment is subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Property is subsequently measured at a revalued amount, being its fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations on property are performed with sufficient regularity such that the revalued amount is not significantly different from fair value. At the date the property is revalued, any accumulated depreciation is eliminated against the gross carrying amount and the net amount is restated to the revalued amount of the asset.

Depreciation is recognized in the statement of comprehensive income and is provided on a straight-line basis over the estimated useful life of the assets as follows:

	Year
Building	50
Automobiles	5
Furniture and fittings	5
Computer hardware	3

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if necessary.

(m) Goodwill

Goodwill arose on the acquisition of certain assets and liabilities of Motor & General Insurance Company Limited. Goodwill is initially recorded at the excess of the cost of the business combination over the Company's interest in the fair value of the acquired identifiable net assets and liabilities.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell.

Any impairment is recognised immediately as an expense and is not subsequently reversed. The Company performed an impairment test on the goodwill at March 31, 2020 and no impairment was detected or recognised (refer note 5).

(n) Financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, financial assets at fair value through profit and loss, intercompany receivables, premiums receivable, premiums payable, premium payable to reinsurer, intercompany payables and accrued liabilities.

(i) Classification

Financial assets that are measured at amortized cost include premiums receivable and intercompany receivables. Financial liabilities that are classified as payables include intercompany payables, premium payable to reinsurer and accrued liabilities.

A financial asset is measured at fair value through profit or loss (FVPL) if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding; or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

(ii) Recognition

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

(iii) Measurement

Financial instruments are measured initially at fair value plus, in the case of financial instruments not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Subsequent to initial recognition, all instruments that are classified as receivables and payables are measured at amortised cost using the effective interest method. Subsequent to initial recognition, all instruments classified as FVPL are measured at fair value with changes in their fair value recognised in the statement of comprehensive loss.

(iv) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in financial assets transferred that is created or retained by the Company is recognized as a separate asset or liability. The Company derecognizes a financial liability when the contractual obligations related to the allocated amounts are discharged, cancelled or expire.

(v) Offset

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies investments in fixed income securities and exchange traded funds within this category at the reporting date.

(o) Taxation

At present, amounts earned by the Company are not subject to any form of taxation in the Cayman Islands. Consequently, no provision for taxes has been made in the financial statements. Stamp duty represents amounts collected from policyholders on behalf of the Cayman Islands Government for stamp duty. These are excluded from the gross premiums written in the statement of comprehensive income.

(p) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into KYD, using the year-end exchange rates, resulting in gains and losses, which are presented in operating expenses on the statement of comprehensive income. Income and expenses denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction date.

3. CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in accordance with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the period. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions.

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in the statement of comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both. 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 discussed below.

(i) Provision for outstanding losses and reinsurers' share of provision for outstanding losses

The estimation of the provision for outstanding losses is part of the Company's most critical accounting estimates. There are several sources of uncertainty that need to be considered by the Company in estimating the amount that will ultimately be paid on these losses. The uncertainty arises because all events affecting the ultimate settlement of losses have not taken place and may not take place for some time. Changes in the estimate of the provision can be caused by receipt of additional loss information, changes in judicial interpretation of contracts, or significant changes in severity or frequency of losses from historical trends. The estimates are based on the Company's historical experience and industry experience. More details are included in note 9. In the event that the Company's reinsurers are unable to meet their obligations under the reinsurance agreements, the Company would be liable to pay all those losses under the reinsurance ceded but would only receive reimbursement to the extent that the reinsurers can meet their obligations.

(ii) Property and equipment

The revalued amount of property and equipment is estimated based on a revaluation performed by an independent valuator. The uncertainty arises because of the methodologies and inputs used by the valuator in performing the valuation. Changes in the estimate of the revalued amount can be caused by changes in the methodologies applied or inputs used. More details are included in note 4.

(iii) Goodwill

The carrying amount of goodwill is estimated based on a calculation of the recoverable amount of goodwill, to ensure that the recoverable amount exceeds the carrying amount and therefore no impairment loss is required. The uncertainty arises because of the inputs and assumptions used in calculating the recoverable amount of goodwill. Changes in the estimate of the recoverable amount can be caused by changes in the inputs and assumptions used. More details are included in note 5.

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Cost/Revalued amount		March 31, 2019		Additions		Disposals		March 31, 2020
Property	KYD	1,266,000	KYD	0	KYD	0	KYD	1,266,000
Furniture and fittings		121,555		0		0		121,555
Computer hardware		31,563		0		0		31,563
		1,419,118		0		0		1,419,118

Accumulated depreciation		March 31, 2019		Charge for the period		Disposals		March 31, 2020
Property		0		0		0		0
Furniture and fittings		121,555		0		0		121,555
Computer hardware		31,563		0		0		31,563
		153,118	KYD	0	KYD	0		153,118
Net Book Value	KYD	1,266,000					KYD	1,266,000

The property was valued at KYD1,500,000 on May 16, 2019 by an independent valuator, Quayside Surveyors. Management deemed the 30% increase in valuation since 2016 to be excessive after reviewing the local commercial market and therefore at March 31, 2019 discounted the valuation to KYD1,266,000, a 10% increase on the 2016 valuation. At March 31, 2020 management re-evaluated and deemed that due to the restrictions caused by the Covid-19 outbreak it would be inappropriate to increase the property value above the carrying amount of KYD1,266,000. The carrying amount that would have been recognised had the property been carried under the cost model would have been KYD1, being the cost at which it was acquired from DMS Properties Ltd.

The property has been categorised as Level 3 in the fair value hierarchy. The following table shows the valuation technique used in measuring the revalued amount as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and revalued amount
Market based approach: A combined valuation approach was followed based on the principle of substitution whereby the purchaser with perfect knowledge of the property market pays no more for the subject property than the cost of acquiring an existing comparable property or in renting the property at the current rental value, assuming no cost delay in making the substitution. The approach requires comparison of the subject property to recent sales of similar properties and the current rental values which are being obtained for the subject property. The comparison unit used for recent sales is square foot and adjustments are made to allow for variable factors such as location, size, shape, road frontage, neighbourhood etc.	▪ Details of the sales of comparable properties (KYD$200 per square foot) ▪ Adjustments made for comparability ▪ Rent per square foot (KYD$23 per square foot)	The estimated revalued amount would increase/(decrease) if: ▪ Sale value of comparable properties were higher/(lower) ▪ Comparability adjustment were higher/(lower) ▪ A higher rent per square foot would imply a higher value
Investment approach: The approach is based on an assessment of what level of net revenue can be generated by letting the	▪ Rent per square foot (KYD$23 per square foot)	The estimated fair value would increase/(decrease) if:

building and what yield in terms of percentage return on invested capital would be a reasonable expectation for a business investor in this type of property. The approach takes the actual or likely rentals and projects these to a gross annual income and deducts those outgoings that would be the obligation of the owner (repairs, insurance and management etc.) to arrive at a net income from the property. The figure is then capitalised at a reasonable rate of return that an investor for the type of property could expect.	▪ Investment return (9% per annum)	▪ Rental income were higher/ (lower). ▪ A higher expected rate of return would imply higher fair value.

5. GOODWILL

The full goodwill of KYD1,080,199 (2019: KYD1,080,199) has been allocated for impairment testing purposes to be a cash-generating unit, being the auto book of policies (the "CGU") acquired from Motor & General. KYD136,546 (2019: KYD136,546) of the goodwill was allocated to customer lists acquired at the acquisition of Motor & General, and the customer list was fully amortised by the 2016 year (refer note 15). The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management using a discount rate of 5**%** (2019: 5%). Management believes that any reasonably possible change in the key assumptions on which the CGU's recoverable amount is based would not cause the CGUs carrying amount to exceed its recoverable amount. The key assumptions used in the value in use calculation are as follows:

Key assumption:	Basis for determining values assigned to key assumption:
Future growth in premiums and expenses	Average growth in premiums and expenses achieved in period immediately before the budget period with a decrease in future periods due to the limited size of the market. Values assigned to key assumption reflect past experience.
Weighted-average cost of capital	Weighted-average cost of capital experience in the insurance market. Value assigned to key assumption is consistent with external sources of information.

6. PREMIUMS RECEIVABLE

Premiums receivable is made up of amounts due from policyholders. As at March 31, 2020 and 2019, management has determined that no provision for doubtful debts is required as receivables are short term in nature and coverage can be terminated in cases of default on premium instalments.

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Company's investing activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed to are market risk (comprising price risk, interest rate risk and currency risk), credit risk and liquidity risk. See note 15 for more details on these risks.

As at the reporting date, the Company's financial assets at fair value through profit or loss comprise investment positions as outlined in the following table:

	Level		March 31, 2020		March 31, 2019
Fixed income securities	1		746,942		0
Exchange traded funds	1		104,276		0
		KYD	851,218	KYD	0

8. UNEARNED PREMIUMS AND DEFERRED REINSURANCE CEDED

		2020				2019		
		Gross	Reinsurance	Net		Gross	Reinsurance	Net
Balance at beginning of year		3,595,540	3,454,274	141,266		3,359,922	3,226,478	133,444
Premiums written during year		8,282,268	7,880,821	401,447		7,592,062	7,204,149	387,913
Premiums earned during year		(8,204,206)	(7,806,662)	(397,544)		(7,356,444)	(6,976,353)	(380,091)
Balance at end of year	KYD	3,673,602	3,528,433	145,169	KYD	3,595,540	3,454,274	141,266

9. PROVISION FOR OUSTANDING LOSSES AND REINSURER'S SHARE OF PROVISION FOR OUTSTANDING LOSSES

		2020				2019		
		Gross	Reinsurance	Net		Gross	Reinsurance	Net
Provision for reported losses		2,649,431	2,616,755	32,676		2,730,951	2,471,896	259,055
Provision for adverse development on known claims + IBNR		1,517,567	1,236,552	281,015		1,724,215	1,654,116	70,099
	KYD	4,166,998	3,853,307	313,691	KYD	4,455,166	4,126,012	329,154

Analysis of movement in provision for outstanding losses

Balance at beginning of year		4,455,166	4,126,012	329,154		3,251,029	2,873,018	378,011
Incurred losses		4,621,584	3,750,334	871,250		4,771,778	4,521,217	250,561
Claims paid		(4,909,752)	(4,023,039)	(886,713)		(3,567,641)	(3,268,223)	(299,418)
Balance at end of year	KYD	4,166,998	3,853,307	313,691	KYD	4,455,166	4,126,012	329,154

An independent consulting actuary has been engaged by the Company to evaluate the required provision for adverse development on known claims and IBNR. In their report dated July 29, 2020, they estimated that as at March 31, 2020, the estimate of this reserve on an undiscounted basis at the expected level would be KYD 3,956,999 (2019: KYD4,294,667)

Consistent with most companies with similar insurance operations, the Company's provision for outstanding losses is ultimately based on management's reasonable expectations of future events. It is reasonably possible that the expectations associated with these amounts could change in the near term (i.e. within one year) and that the effect of such changes could be material to the financial statements.

Claims development information on the gross provision for reported losses is disclosed below in order to illustrate the insurance risk inherent in the Company. The estimates are increased or decreased as losses are paid and more information becomes known about the severity of unpaid claims. The table provides a reconciliation of the gross provision for reported losses to the provision included in the financial statements and the estimate of cumulative claim payments.

Gross claims development

Financial year ending	End of period	12 months later	24 months later	36 months later	Current estimates	Payments	Liability
Accident period							
2012 & prior	7,650,757	7,866,779	8,105,203	7,322,148	7,245,122	7,187,443	57,679
2013	2,268,457	2,446,225	2,245,276	2,467,096	4,141,375	3,212,362	929,013
2014	3,246,748	3,122,235	3,232,871	3,251,082	2,527,382	2,515,817	11,565
2015	2,884,043	3,251,863	2,956,489	3,248,054	2,778,591	2,545,067	233,524
2016	2,476,107	2,067,932	2,026,527	2,640,819	3,169,388	2,994,563	174,825
2017	2,996,716	2,997,950	2,695,550	2,314,919	2,314,919	2,264,013	50,906
2018	3,665,379	3,854,988	3,370,634		3,370,634	3,011,983	358,651
2019	3,259,352	3,691,142			3,691,142	2,879,476	811,666
2020	3,995,367				3,995,367	2,666,198	1,329,170
				Total	33,233,920	29,276,922	3,956,998
					General liability & contents		210,000
					Total liability		4,166,998

10. UNEARNED COMMISSION

		2020		2019
Balance at beginning of year	KYD	1,236,090	KYD	1,152,079
Movement for the year*		26,872		84,011
Balance at end of year	KYD	1,262,962	KYD	1,236,090

** Included in net commission income in the statement of comprehensive loss*

11. SHARE CAPITAL

		2020		2019
Authorised: 50,000 shares of US$1 each	KYD	41,000	KYD	41,000
Issued and fully paid: 100 shares of US$1 each	KYD	82	KYD	82

Effective February 24, 2016, David Bree and DMS Organization (together the "Parent's Shareholders") transferred their shares in the Company to Saxon Holding Company Ltd. (the "Shareholder"), with David Bree and DMS Organization becoming the Shareholders of Saxon Holding Company Ltd. The Parent's Shareholders had contributed an additional KYD399,918 for share premium and KYD4,803,733 as additional equity prior to the transfer of shares. During the year ended March 31, 2016, KYD500,000 was redistributed to the Parent's Shareholders prior to the transfer of shares. These balances are recorded in the statement of financial position as share premium and contributed surplus, respectively, as at March 31, 2020.

12. RELATED PARTY TRANSACTIONS AND BALANCES

As at March 31, 2020, the Company had the following transactions with related parties:

		Saxon Insurance Solutions (Cayman) Limited		Saxon Administration Limited		DMS Organization		Director fees
Balance at April 1, 2018	KYD	1,505,866	KYD	(8,905)	KYD	8,701	KYD	0
Commission and management fee:								
- Expense incurred		(2,530,967)		0		0		0
- Payments received		2,003,893		0		0		0
Director fees:								
- Expense incurred		0		0		0		22,960
- Payments		0		0		0		(22,960)
Other net payments made to the Company		49,631		0		0		0
Balance at March 31, 2019	KYD	1,028,423	KYD	(8,905)	KYD	8,701	KYD	0
Commission and management fee:								
- Expense incurred		(2,974,221)		0		0		0
- Payments received		2,528,449		8,905		0		0
Director fees:								
- Expense incurred		0		0		0		24,600
- Payments		0		0		0		(24,600)
Other net payments made to the Company		0		(21,857)		0		0
Balance at March 31, 2020	KYD	582,651	KYD	(21,857)	KYD	8,701	KYD	0

13. PENSION PLAN

The Company maintains a defined contribution retirement benefit plan for its employees. The Company pays contributions to publicly and privately-administered pension insurance plans on a mandatory basis as required by the National Pensions Law of the Cayman Islands, which is normally 5% of the salary or wage of the employee. The Company has no further payment obligations once the required contributions have been paid. The contributions are recognised as pension expense when they are due and are included in operating expenses in the statement of comprehensive income.

14. FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS

For certain classes of financial instruments, including cash and cash equivalents, financial assets at fair value through profit and loss, intercompany receivables, premiums receivable, premiums payable, premium payable to reinsurer, intercompany payables, and accrued liabilities, the carrying amount approximates the fair value due to the immediate or short term maturity of these financial instruments.

The provision for outstanding losses and the reinsurer's share of provision for outstanding losses is based upon management's reasonable expectations of future events. Due to the uncertainty surrounding these provisions, it is not practicable to estimate the final amount and dates of settlement of these losses with sufficient accuracy, which would be necessary in order to determine a reliable fair value of the provisions.

15. CERTAIN RISKS AND UNCERTAINTIES

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that is entered into with the Company. Financial assets which potentially expose the Company to credit risk consist principally of cash and cash equivalents, financial assets at fair value through profit and loss, premiums receivable, intercompany receivables, losses recoverable from reinsurer and reinsurer's share of provision for outstanding losses. The Company holds its cash and cash equivalents and financial assets at fair value through profit and loss with several financial institutions in the Cayman Islands. Management expects to recover its premiums receivable from policyholders and the intercompany receivables from related parties. With respect to the reinsurer's share of provision for outstanding losses. The Company manages this exposure to credit risk by actively reviewing the financial strength of the reinsurers. The policyholders are all concentrated in the Cayman Islands.

The table below summarises the credit quality of the Company's financial assets.

March 31, 2020		High grade*		Standard grade**		Past due and impaired
Cash and cash equivalents	KYD	0	KYD	986,965	KYD	0
Financial assets at fair value		851,218		0		0
Premiums receivable		0		1,186,502		0
Intercompany receivables		0		591,352		0
Reinsurer's share of provision for outstanding losses		3,853,307		0		0
	KYD	4,704,525	KYD	2,764,819	KYD	0

March 31, 2019		High grade*		Standard grade**		Past due and impaired
Cash and cash equivalents	KYD	0	KYD	2,898,129	KYD	0
Premiums receivable		0		766,089		0
Intercompany receivables		0		1,037,124		0
Reinsurer's share of provision for outstanding losses		4,126,012		0		0
	KYD	4,126,012	KYD	4,701,342	KYD	0

** Higher grade relates to all highly rated reinsurers and/or financial institutions with a rating of A or better*

*** Standard grade relates to local counterparties with no recognised credit rating.*

(b) Interest rate risk

The Company's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Cash and cash equivalents and financial assets at fair value through profit and loss are the main interest-bearing asset held by the Company and interest income is not significant. The Company's exposure to interest rate risk is considered to be limited.

(c) Currency risk

Most transactions of the Company originate in Cayman Islands dollars. The Cayman Islands dollar is fixed to the United States dollar and therefore the Company is not exposed to significant currency risk.

(d) Insurance risk

The Company is exposed to insurance risk on the policies it has underwritten. A 5% increase/(decrease) in underwriting expenses would (decrease)/increase net income by KYD160,586 (2019: KYD146,161).

(e) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment of obligations when they fall due under normal and stress circumstances. The Company monitors its liquidity risk by constantly monitoring the cash position. The Company's objective is to maintain a healthy cash flow. The table below summarises the maturity profile of the Company's financial liabilities:

March 31, 2020		Less than 12 months		More than 12 months		Total
Provision for outstanding losses	KYD	4,166,998	KYD	0	KYD	4,166,998
Premiums payable		18,906		0		18,906
Premium payable to reinsurer		925,837		0		925,837
Intercompany Payables		21,857		0		21,857
Accrued liabilities		434,203		0		434,203
	KYD	5,567,801	KYD	0	KYD	5,567,801

March 31, 2019		Less than 12 months		More than 12 months		Total
Provision for outstanding losses	KYD	4,455,166	KYD	0	KYD	4,455,166
Premiums payable		25,210		0		25,210
Premium payable to reinsurer		1,590,830		0		1,590,830
Intercompany Payables		8,905		0		8,905
Accrued liabilities		105,826		0		105,826
	KYD	6,185,937	KYD	0	KYD	6,185,937

(f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Company's senior management team.

(g) Price risk

Price risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As the majority of the Company's financial instruments are carried at fair value with fair value changes recognised in the statement of comprehensive loss, all changes in market conditions will directly affect investment income.

If the market prices of investments held at March 31, 2020 had increased by 5% with all other variables held constant, net assets would have increased by $42,561 (2019: $Nil). A 5% decrease in market prices would have an equal but opposite effect.

16. OPERATING EXPENSES

			2020		2019
Salaries, employee benefits and recruitment expenses		KYD	151,995	KYD	152,386
Business fees, licenses and insurance			81,474		82,267
Bank charges			76,314		70,585
Professional fees			76,030		50,867
Rental – Repairs & Maintenance			46,836		6,112
Directors' fees			24,600		22,960
Net interest and foreign exchange losses			3,640		9,976
	Total	KYD	460,889	KYD	395,153

17. CAPITAL REQUIREMENTS

The Company is required to maintain capital in excess of the greater of approximately KYD300,000 and an amount determined as per a prescribed formula set out in local legislation. The formula prescribes minimum capital requirements for the Company's assets and liabilities based on the risk relative to the nature of the balances and also provides for a margin for catastrophe. At March 31, 2020, the Company was in compliance with its regulatory requirements.

18. SUBSEQUENT EVENTS

The Company evaluated subsequent events from March 31, 2020 to the date of approval and authorisation for issue of the financial statements by the Board of directors on September 18, 2020.

Following the outbreak of the COVID-19 coronavirus, management has assessed the potential impact to the Company and determined that, whilst it will continue to monitor the situation on an ongoing basis, any potential impacts should be limited and not materially affect the Company.

During the period, the Company did not have any material subsequent events that could require recognition or disclosure in these financial statements.