Saxon Motor & General Insurance Company Ltd.

Financial Statements

For the year ending March 31, 2023

SAXON MOTOR & GENERAL INSURANCE COMPANY LTD.

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF 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, 2023, and the related statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes to the financial statements, 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, 2023 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.

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 BOARD OF 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 Board of 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 15, 2023
Grand Cayman, Cayman Islands

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

Assets	**Notes**		As at March 31, 2023		As at March 31, 2022
Goodwill	5	KYD	1,080,199	KYD	1,080,199
Property and equipment	4		1,898,850		1,890,841
Right of use asset	6		113,188		160,025
Intercompany receivables	13		174,770		407,961
Reinsurers' share of provision for outstanding losses	10		3,723,033		3,461,945
Deferred reinsurance ceded	9		4,884,727		4,305,491
Premiums receivable	7		1,291,845		1,068,157
Prepaid expenses			75,990		79,548
Financial assets at fair value through profit and loss	8		1,928,203		1,031,492
Cash and cash equivalents			2,156,350		1,664,318
Total assets			17,327,155		15,149,977
Liabilities and shareholder's equity					
Liabilities:					
Lease liability	6		123,748		168,958
Intercompany payables	13		276,107		230,823
Accrued liabilities			342,407		334,700
Premiums payable			65,599		44,212
Premium payable to reinsurer			293,516		12,790
Unearned premiums	9		5,082,703		4,482,133
Unearned commission	11		1,698,213		1,518,616
Provision for outstanding losses	10		3,925,141		3,648,361
			11,807,434		10,440,593
Shareholder's equity:					
Share capital	12		82		82
Share premium	12		399,918		399,918
Contributed surplus	12		4,503,733		4,503,733
Revaluation reserve	4		1,672,999		1,672,999
Accumulated deficit			(1,057,011)		(1,867,348)
			5,519,721		4,709,384
Total liabilities and shareholder's equity		KYD	17,327,155	KYD	15,149,977

The Board of Directors approved the financial statements September 15, 2023.

Jack Leeland
Chief Executive Officer

Don Seymour
Director

See accompanying notes to the financial statements.

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

	Notes		Year ended March 31, 2023		Year ended March 31, 2022
Underwriting income					
Premiums written	9	KYD	11,383,476	KYD	9,767,641
Reinsurance ceded	9		(10,878,581)		(9,306,381)
Net premiums written			504,895		461,260
Movement in unearned premiums			(600,570)		(504,575)
Movement in deferred reinsurance ceded			579,236		484,342
Net premiums earned			483,561		441,027
Net commission income	11		3,816,870		3,248,342
Underwriting expenses					
Losses and loss adjustment expenses paid	10		4,632,642		5,120,209
Movement in provision for outstanding losses			276,780		(633,617)
Losses and loss adjustment expenses recovered from reinsurers	10		(4,397,160)		(4,025,406)
Movement in reinsurers' share of provision for outstanding losses			(261,088)		(140,677)
Commission expense and management fee	13		2,844,173		2,619,938
Salvages and excess			(4,105)		(4,065)
Net underwriting expenses			3,091,242		2,936,382
Net underwriting income			1,209,189		752,987
Other income			347,405		398,169
Investment loss			(35,511)		(1,866)
Operating expenses	17		(710,746)		(692,620)
Net income, being total comprehensive income		KYD	810,337	KYD	456,670

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, 2021	KYD	82	KYD	399,918	KYD	4,503,733	KYD	(2,324,018)	KYD	1,265,999	KYD	3,845,714
Net income for year		-		-		-		456,670		-		456,670
Revaluation of property		-		-		-		-		407,000		407,000
Balance at March 31, 2022	KYD	82	KYD	399,918	KYD	4,503,733	KYD	(1,867,348)	KYD	1,672,999	KYD	4,709,384
Net income for year		-		-		-		810,337		-		810,337
Balance at March 31, 2023	KYD	82	KYD	399,918	KYD	4,503,733	KYD	(1,057,011)	KYD	1,672,999	KYD	5,519,721

See accompanying notes to the financial statements.

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

		Year ended March 31, 2023		Year ended March 31, 2022
Cash flows from operating activities:				
Net income	KYD	810,337	KYD	456,670
Adjustments for:				
Unrealized losses		36,295		34,060
Realized gains		-		(11,816)
Interest paid on lease liability		10,767		13,919
Depreciation and amortization charges		109,116		95,836
Operating profit before working capital changes		966,515		588,669
Changes in working capital:				
Intercompany receivables		233,191		126,385
Reinsurers' share of provision for outstanding losses		(261,088)		744,748
Deferred reinsurance ceded		(579,236)		(484,342)
Premiums receivable		(223,688)		(218,725)
Prepaid expenses		3,558		(3,725)
Intercompany payables		45,284		106,839
Accrued liabilities		7,707		(18,728)
Premiums payable		21,387		(17,114)
Premium payable to reinsurer		280,726		(301,514)
Unearned premiums		600,570		504,575
Unearned commission		179,597		157,670
Provision for outstanding losses		276,780		(633,617)
Net cash generated by operating activities		1,551,303		551,121
Net cash from investing activities:				
Proceeds from sale of investments		353,904		551,735
Purchase of investments		(1,286,910)		(435,402)
Purchase of property, plant and equipment		(70,288)		(54,099)
Net cash (used in)/generated by investing activities		(1,003,294)		62,234
Net cash from financing activities:				
Lease repayments		(55,977)		(55,977)
Net cash used in financing activities		(55,977)		(55,977)
Increase in cash during the year		492,032		557,378
Cash and cash equivalents at beginning of the year		1,664,318		1,106,940
Cash and cash equivalents at end of the year	KYD	2,156,350	KYD	1,664,318

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 Act 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 License under Section 4 of the Cayman Islands Insurance Act. 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" or "Parent") which in turn is owned by DMS Organization Ltd. (the "Parent's Shareholder").

On February 27, 2013, Saxon MGA Ltd. ("MGA") was formed as a registered Company under the Companies Act of the Cayman Islands. 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 recognized. Effective January 1, 2020 the Cayman Islands Monetary Authority ("CIMA") granted SIS an agency license and SIS surrendered its broker license and started serving as the agent for Lloyd's of London. Effective April 1, 2020 MGA serves as the agent for Saxon MG and the Company pays MGA a management fee linked to gross written premium.

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)), property and equipment (see note 2(l)), and financial assets held at fair value through profit or loss 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 or 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 authorization of the financial statements, the following new standard was in issue but not yet effective:

- IFRS 17, *Insurance contracts,* is effective for annual periods beginning on or after January 1, 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 has assessed the impact of IFRS 17 on its financial statements when it becomes effective, however, the Company has not early adopted this new standard in preparing these financial statements. Below is a summary of management's assessment:

(i) Contracts in scope

The Company issues insurance contracts in the normal course of business. The Company mitigated its risk exposure by ceding a significant percentage of the liability to reinsurers. These contracts fall under the scope of IFRS 17. The Company does not issue insurance contracts with direct of indirect participating features, nor any features that should be accounted for separately in accordance with IFRS 17 requirements.

(ii) Level of aggregation

IFRS 17 requires entities to identify portfolios of insurance contracts, which comprises contracts that are subject to similar risks and managed together. Each portfolio will be further disaggregated into groups of contracts that are issued within a calendar year. The Company manages insurance contracts issued by product lines, where each product line is subject to similar risks and are managed together.

Portfolios of reinsurance contracts held will be assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company will aggregate reinsurance contracts held concluded within a calendar year.

(iii) Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all future cash flows within the boundary of each contract in the group. For insurance contracts issued, cash flows are within the contract boundary if they arise from rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services. For reinsurance contracts held, cash flows are within the contract boundary if they arise from rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. The Company does not expect the IFRS 17 contract boundary requirements to significantly change the cash flows to be included in the measurement of insurance and reinsurance contracts.

(iv) Measurement

IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company. Under IFRS 17, the Company's expects that all its insurance contracts issued and reinsurance contracts will be eligible to be measured using the Premium Allocation Approach ("PAA"), which is a simplified approach compared to the general measurement model in IFRS 17.

Under the PAA approach, the liability for remaining coverage is similar to the Company's current accounting treatment when measuring liabilities for remaining coverage i.e. unearned premiums. The Company expects that the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, as permitted under IFRS 17 with the PAA approach, the Company does not expect to adjust the insurance contracts issued and reinsurance contracts held for the effect of the time value of money.

The Company will recognize the liability for incurred claims contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows will not be discounted as they are expected to be paid in one year or less from the date the claims are incurred.

On the transition date the Company will adopt IFRS 17 retrospectively. The Company expects to apply the full retrospective approach to the insurance contracts in force at the transition date. On this basis, the Company will: identify, recognize, and measure each group of insurance contracts as if IFRS 17 had always been applied; derecognize any existing balances that would not exist if IFRS 17 had always been applied; and recognize any resulting net difference in equity.

Based on initial assessments undertaken to date, the total effect to the balance of the Company's total equity as of March 31, 2023 is estimated to be immaterial.

(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 the 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 MGA based on the earned premium. All other costs are recognized as expenses as incurred.

(g) Reinsurers’ share of provision for outstanding losses, deferred reinsurance ceded, 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 statement of financial position date being transferred to deferred reinsurance ceded.

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 recognized 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 installment 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 recognized 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 methods, useful lives and residual values are reviewed annually and adjusted if necessary. 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:

	Years
Building	50
Furniture and fittings	5

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

(m) Goodwill

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 the cash generating unit ("CGU") the goodwill is allocated to is compared to the recoverable amount of the CGU, which is the higher of value in use and the fair value less costs to sell.

Any impairment is recognized immediately as an expense and is not subsequently reversed. The Company performed an impairment test on the goodwill at March 31, 2023 and 2022 and no impairment was detected or recognized.

(n) Financial instruments

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

(i) Classification

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

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 recognizing the gains and losses on them on different bases.

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

(ii) Recognition

The Company recognizes 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 held at amortized cost are measured at amortized cost using the effective interest method reduced by impairment losses for financial assets. Subsequent to initial recognition, all instruments classified as FVPL are measured at fair value with changes in their fair value recognized in the statement of comprehensive income.

(iv) Impairment

Impairment provisions for financial assets held at amortized cost are recognized based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses are recognized. For those for which credit risk has increased significantly, lifetime expected credit losses are recognized with interest income recognized on the gross carrying amount of the asset. For those that are determined to be credit impaired, lifetime expected credit losses are recognized with interest income recognized on the net carrying amount of the asset.

(v) Derecognition

The Company derecognizes 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.

(vi) 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.

(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.

(q) Rights of use asset, lease liability, related depreciation, and related interest expense

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the useful life of the right of use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate at the inception of the lease. Generally, the Company uses its incremental borrowing rate as the discount rate. Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

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 10. 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 the CGU to which the goodwill is allocated, 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 the CGU. 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 consist of the following:

Cost/Revalued amount		March 31, 2022		Additions		Disposals		March 31, 2023
Property	KYD	1,673,000	KYD	-	KYD	-	KYD	1,673,000
Furniture and fittings		270,447		70,288		-		340,735
		1,943,447		70,288		-		2,013,735

Accumulated depreciation		March 31, 2022		Charge for the period		Disposals		March 31, 2023
Property	KYD	-	KYD	-	KYD	-	KYD	-
Furniture and fittings		52,606		62,279		-		114,885
		52,606		62,279		-		114,885
Net book value	KYD	1,890,841					KYD	1,898,850

On August 19, 2021, the property was valued at $1,673,000 by Quayside Surveyors and management increased the valuation with KYD$407,000 accordingly. Management considers the property's appropriate value to be KYD1,673,000 at March 31, 2023 and 2022.

The carrying amount that would have been recognized 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 categorized 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.	▪ Details of the sales of comparable properties (KYD$250 per square foot) ▪ Adjustments made for comparability ▪ Rent per square foot (KYD$35 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

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, neighborhood etc.		
Investment approach: The approach is based on an assessment of what level of net revenue can be generated by letting the 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 capitalized at a reasonable rate of return that an investor for the type of property could expect.	▪ Rent per square foot (KYD$35 per square foot) ▪ Investment return (8% per annum)	The estimated fair value would increase/(decrease) if: ▪ 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 (2022: KYD1,080,199) has been allocated for impairment testing purposes to a cash-generating unit, being the auto book of policies (the "CGU") acquired from Motor & General Insurance Company Limited. KYD136,546 of the goodwill was allocated to customer lists acquired at the acquisition of Motor & General Insurance Company Limited, and the customer list was fully amortized by the 2016 year. 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 7.75**%** (2022: 4%). 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. RIGHT OF USE ASSET AND LEASE LIABILITY

The Company leases office space with a monthly rental of KYD4,665 with a lease term from September 1, 2020 to August 31, 2025. Information about this lease for which the Company is a lessee is presented below.

Right of use asset		2023		2022
Balance at beginning of year		160,025		206,861
Depreciation		(46,837)		(46,836)
Balance at end of year	KYD	113,188	KYD	160,025

Lease liability		2023		2022
Balance at beginning of year		168,958		211,016
Interest expense		10,767		13,919
Lease payments		(55,977)		(55,977)
Balance at end of year		123,748		168,958
Current		48,599		45,210
Non-current		75,149		123,748
Lease liability included in the statement of financial position at March 31	KYD	123,748	KYD	168,958

Maturity analysis - contractual undiscounted cash flows		2023		2022
Less than one year		55,977		55,977
One to five years		79,300		135,278
Total undiscounted lease liability at March 31	KYD	135,277	KYD	191,255

Interest expense and depreciation relating to the lease liability is disclosed in the statement of comprehensive income. Payment of the lease liability is disclosed in the statement of cash flows.

7. PREMIUMS RECEIVABLE

Premiums receivable is made up of amounts due from policyholders. As at March 31, 2023 and 2022, 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 installments.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

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 16 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		2023		2022
U.S. Government bonds	1		722,989		-
Mutual funds	2		206,963		123,007
Exchange traded funds	1		998,251		908,485
		KYD	1,928,203	KYD	1,031,492

9. UNEARNED PREMIUMS AND DEFERRED REINSURANCE CEDED

		2023				2022		
		Gross	Reinsurance	Net		Gross	Reinsurance	Net
Balance at beginning of year		4,482,133	4,305,491	176,642		3,977,558	3,821,149	156,409
Premiums written during year		11,383,476	10,878,581	504,895		9,767,641	9,306,381	461,260
Premiums earned during year		(10,782,906)	(10,299,345)	(483,561)		(9,263,066)	(8,822,039)	(441,027)
Balance at end of year	KYD	5,082,703	4,884,727	197,976	KYD	4,482,133	4,305,491	176,642

10. PROVISION FOR OUSTANDING LOSSES AND REINSURERS' SHARE OF PROVISION FOR OUTSTANDING LOSSES

		2023				2022		
		Gross	Reinsurance	Net		Gross	Reinsurance	Net
Provision for reported losses		1,886,032	1,786,078	99,954		2,052,943	1,946,496	106,447
Provision for adverse development on known claims + IBNR		2,039,109	1,936,955	102,154		1,595,418	1,515,449	79,969
	KYD	3,925,141	3,723,033	202,108	KYD	3,648,361	3,461,945	186,416

Analysis of movement in provision for outstanding losses								
Balance at beginning of year		3,648,361	3,461,945	186,416		4,281,978	4,206,693	75,285
Incurred losses		4,909,422	4,658,248	251,174		4,486,592	3,280,658	1,205,934
Claims paid		(4,632,642)	(4,397,160)	(235,482)		(5,120,209)	(4,025,406)	(1,094,803)
Balance at end of year	KYD	3,925,141	3,723,033	202,108	KYD	3,648,361	3,461,945	186,416

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 August 2, 2023, they estimated that as at March 31, 2023, the estimate of this reserve on an undiscounted basis at the expected level would be KYD3,925,141 (2022: KYD3,648,361).

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
2012 & Prior	7,650,757	7,866,779	8,105,203	7,322,148	7,410,436	7,410,436	-
2013	2,268,457	2,446,225	2,245,276	2,467,096	3,494,686	3,494,686	-
2014	3,246,748	3,122,235	3,232,871	3,251,082	3,300,514	3,296,657	3,857
2015	2,884,043	3,251,863	2,956,489	3,248,054	3,736,448	3,653,568	82,880
2016	2,476,107	2,067,932	2,026,527	2,640,819	2,827,261	2,827,261	-
2017	2,996,716	2,997,950	2,695,550	2,314,919	2,434,700	2,434,700	-
2018	3,665,379	3,854,987	3,370,634	3,646,595	3,567,212	3,548,748	18,464
2019	3,259,351	3,691,142	3,652,182	3,910,627	3,704,562	3,430,650	273,912
2020	3,995,367	4,280,431	3,784,915	4,208,477	4,273,575	3,756,199	517,376
2021	2,860,960	3,284,957	2,498,922		2,763,765	2,375,997	387,768
2022	3,758,708	3,732,758			4,525,529	3,191,387	1,334,142
2023	3,427,088				4,118,299	2,924,427	1,193,872
				Total	46,156,987	42,344,716	3,812,271
					General liability & contents		112,870
					Total liability		3,925,141

11. UNEARNED COMMISSION

		2023		2022
Balance at beginning of year	KYD	1,518,616	KYD	1,360,946
Movement for the year*		179,597		157,670
Balance at end of year	KYD	1,698,213	KYD	1,518,616

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

12. SHARE CAPITAL

		2023		2022
Authorized: 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. During the year ended March 31, 2021, the Shareholder contributed an additional KYD200,000. These balances are recorded in the statement of financial position as share premium and contributed surplus, respectively, as at March 31, 2023 and 2022.

13. RELATED PARTY TRANSACTIONS AND BALANCES

As at March 31, 2023 and 2022, the Company had the following transactions with related parties included in intercompany receivables and payables:

		Saxon Insurance Solutions (Cayman) Limited	Saxon Administration Limited	Saxon MGA Limited	DMS Organization	Director fees
Balance at March 31, 2021	KYD	446,210	79,435	(123,984)	8,701	-
Rental income:						
- Income earned		99,661	74,451	-	-	-
- Receipts		(99,661)	(74,451)	-	-	-
Insurance income:						
- Income earned		16,749	9,018	-	-	-
- Receipts		(16,749)	(9,018)	-	-	-
Commission and management fee:						
- Expense incurred		-	-	(2,619,938)	-	-
- Payments		-	-	2,511,496	-	-
Director fees:						
- Expense incurred		-	-	-	-	55,350
- Payments		-	-	-	-	(55,350)
Other net (payments)/receipts		(115,770)	(10,765)	1,603	150	-
Balance at March 31, 2022	KYD	330,440	68,670	(230,823)	8,851	-
Rental income:						
- Income earned		99,661	85,519	-	-	-
- Receipts		(99,661)	(85,519)	-	-	-
Insurance income:						
- Income earned		14,802	14,802	-	4,459	-
- Receipts		(14,802)	(14,802)	-	-	-
Commission and management fee:						
- Expense incurred		-	-	(2,844,173)	-	-
- Payments		-	-	2,798,889	-	-
Director fees:						
- Expense incurred		-	-	-	-	50,840
- Payments		-	-	-	-	(50,840)
Other net (payments)/receipts		(243,003)	5,353	-	-	-
Balance at March 31, 2023	KYD	87,437	74,023	(276,107)	13,310	-

14. PENSION PLAN

The Company maintains a defined contribution retirement benefit plan for its employees. The Company pays contributions to publicly and privately administered pension plans on a mandatory basis as required by the National Pensions Act 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 recognized as pension expense when they are due and are included in operating expenses in the statement of comprehensive income.

15. FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS

For certain classes of financial instruments, including intercompany receivables, premiums receivable, financial assets at fair value through profit and loss, cash and cash equivalents, intercompany payables, premiums payable and premium payable to reinsurer, the carrying amount approximates the fair value due to the immediate or short-term maturity of these financial instruments. These have been classified at level 1 and 2 within the fair value hierarchy (as per note 8).

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.

16. 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 intercompany receivables, reinsurers' share of provision for outstanding losses, premiums receivable, financial assets at fair value through profit and loss and cash and cash equivalents. Management expects to recover its premiums receivable from policyholders and the intercompany receivables from related parties. With respect to the reinsurers' share of provision for outstanding losses, the Company manages this exposure to credit risk by actively reviewing the financial strength of the reinsurers. The Company holds its financial assets at fair value through profit and loss and cash and cash equivalents with several financial institutions in the Cayman Islands. The table below summarizes the credit quality of the Company's financial assets.

March 31, 2023		High grade*		Standard grade**		Past due and impaired
Intercompany receivables	KYD	-	KYD	174,770	KYD	-
Reinsurers' share of provision for outstanding losses		3,723,033		-		-
Premiums receivable		-		1,291,845		-
Financial assets at fair value		1,928,203		-		-
Cash and cash equivalents		-		2,156,350		-
	KYD	5,651,236	KYD	3,622,965	KYD	-

March 31, 2022		High grade*		Standard grade**		Past due and impaired
Intercompany receivables	KYD	-	KYD	407,961	KYD	-
Reinsurers' share of provision for outstanding losses		3,461,945		-		-
Premiums receivable		-		1,068,157		-
Financials Asset at fair value		1,031,492		-		-
Cash and cash equivalents		-		1,664,318		-
	KYD	4,493,437	KYD	3,140,436	KYD	-

** 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 recognized 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. Financial assets at fair value through profit and loss and cash and cash equivalents and are the main interest-bearing assets 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 KYD. The KYD is fixed to the United States dollar ("USD") 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 KYD154,562 (2022: KYD146,819).

(i) Underwriting risk

The Company has established a framework for the acceptance and monitoring of underwriting risk including appropriate consideration of potential individual and aggregate occurrence exposures, adequacy of reinsurance coverage and potential geographical and demographic concentrations of risk exposure.

(ii) Reserving risk

Reserving risk represents a significant risk to the Company both in terms of driving required capital levels and the threat to volatility of earnings. Reserving risk is managed through the application of appropriate reserving methodologies and the use of specialist actuaries in estimating the required reserves.

(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 stressed circumstances. The Company monitors its liquidity risk by constantly monitoring its cash position. The Company's objective is to maintain a healthy cash flow. The table below summarizes the maturity profile of the Company's financial liabilities:

March 31, 2023		Less than 12 months		More than 12 months		Total
Lease liability	KYD	48,599	KYD	75,149	KYD	123,748
Intercompany payables		276,107		-		276,107
Accrued liabilities		342,407		-		342,407
Premiums payable		65,599		-		65,599
Premium payable to reinsurer		293,516		-		293,516
Provision for outstanding losses		3,925,141		-		3,925,141
	KYD	4,951,369	KYD	75,149	KYD	5,026,518

March 31, 2022		Less than 12 months		More than 12 months		Total
Lease liability	KYD	45,210	KYD	123,748	KYD	168,958
Intercompany payables		230,823		-		230,823
Accrued liabilities		334,700		-		334,700
Premiums payable		44,212		-		44,212
Premium payable to reinsurer		12,790		-		12,790
Provision for outstanding losses		3,648,361		-		3,648,361
	KYD	4,316,096	KYD	123,748	KYD	4,439,844

(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 behavior.

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. The Company's financial instruments carried at fair value with fair value changes recognized in the statement of comprehensive income, are affected by changes in market conditions which will directly affect investment income.

If the market prices of investments held at March 31, 2023 had increased by 5% with all other variables held constant, net assets would have increased by $96,410 (2022: $51,575). A 5% decrease in market prices would have an equal but opposite effect.

17. OPERATING EXPENSES

			2023		2022
Salaries, employee benefits and recruitment expenses		KYD	242,608	KYD	241,526
Depreciation and amortization			109,116		95,836
Bank charges			105,078		92,356
Business fees, licenses and insurance			88,264		89,989
Professional fees			58,562		50,070
Rental – repairs and maintenance			56,278		67,493
Directors' fees			50,840		55,350
	Total	KYD	710,746	KYD	692,620

18. 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, 2023 and 2022, the Company was in compliance with its regulatory capital requirements.

19. SUBSEQUENT EVENTS

The Company evaluated subsequent events from March 31, 2023 to the date of approval and authorization for issue of the financial statements by the Board of directors on September 15, 2023.

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