



Solid Oak Insurance PCC Limited
(Registration number 8417764-4)
(Non Domestic Insurance number NDI 011)
Financial Statements
for the period ended 31 December 2020

Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

General Information

Country of incorporation and domicile	Seychelles
Nature of business and principal activities	To provide insurance wrappers to investors
Directors	EJ Tuohy JN Ackermann NJ Ackermann
Registered office	104, First Floor Waterside Property Eden Island Seychelles
Business address	106, First Floor Waterside Property Eden Island Seychelles
Holding company	PKF Capital Markets (Seychelles) Limited incorporated in Seychelles
Ultimate holding company	Turquoise Holdings Limited incorporated in Seychelles
Auditors	PKF Octagon Inc. Chartered Accountants Registered Auditors
Actuaries	Independent Actuaries & Consultants (Pty) Ltd
Company registration number	8417764-4
Non Domestic Insurance number	NDI 011
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Seychelles Companies Ordinance 1972.
Preparer	These annual financial statements were compiled by: CC Turner Chartered Accountant (SA)

Solid Oak Insurance PCC Limited

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Financial Statements for the period ended 31 December 2020

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The reports and statements set out below comprise the financial statements presented to the shareholders:

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Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

Directors' Responsibilities and Approval

The directors are required by the Seychelles Companies Ordinance 1972, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.


The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.


The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.


The directors have reviewed the company's cash flow forecast for the period to 31 December 2021 and, in the light of this review and the current financial position, They are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 4.

The financial statements set out on pages 26 to 36, which have been prepared on the going concern basis, were approved by the directors on 29 March 2021 and were signed on its behalf by:

DocuSigned by:

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EJ Tuohy

DocuSigned by:

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JN Ackermann

DocuSigned by:

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NJ Ackermann

Independent Auditor's Report

To the directors of Solid Oak Insurance PCC Limited

Opinion

We have audited the annual financial statements of Solid Oak Insurance PCC Limited set out on pages 11 - 21, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Solid Oak Insurance PCC Limited as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with the requirements of the Seychelles Companies Ordinance 1972.

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 annual financial statements section of our report.

We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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PKF Octagon Incorporated

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Directors: Matthew Berger - Raymond Bloch - Melani Broodryk - Clifford Livingstone - Charles Mazhindu - Ziyaad Moosa - Bianca Roos - Antoinette Schalekamp - Floris Schalekamp
Henico Schalekamp - Nicole Thompson (Nowak) - Stephen Tucker - Monique van Wyk - Waldek Wasowicz **Associate Directors:** Deshen Rabinarain - Matthew Visser
Registration number: 2018/515503/21 **Practice number:** 944 351

PKF Octagon Inc. is a member firm of the PKF South Africa Inc. and PKF International Limited family of legally independent firms. Neither PKF Octagon Inc. nor PKF South Africa Inc. accept any responsibility or liability for the actions or inactions on the part of any other individual member or correspondent firm or firms.

Key audit matter	How the matter was addressed in the audit
<p>Policy holder assets and liabilities (note 2 and 3)</p> <p>At 31 December 2020 policy assets represent 99.91% (2019: 99.74%) of the Group's total assets. The policy holder assets increased from \$23 million to \$366 million. This increase is attributable to an increase in new policies issued during the year and additional SPA policies acquired.</p> <p>The valuation of these policies to fair value is considered to be a key audit matter due to the large size of the assets and of the subjectivity, estimation and judgement required to value the policies. The increase in value of the assets has a significant impact on the net asset value of the company, which is a key assessment indicator to the shareholders.</p> <p>The endowment policyholder liability is raised in accordance with the investment in favour of the policyholders. Fair value is determined by fair value evaluation of the investment and the corresponding liability is raised. The fair value of the annuity policyholder liability is determined based on the reinsurance value of each premium, as the premium liability is limited to the reinsurance value.</p>	<p>We confirmed through inspection of the policies values as applied by management that the approach management used is consistent with IFRS for SME and industry norms for valuing policies.</p> <p>We evaluated the policies of both the invested shares and the SPA policies and determined the value to be accurate as per the policies.</p> <p>Furthermore, we obtained the actuary report of Francois Berry from Sigma Consultants that performed an evaluation on the policy requirements and values.</p> <p>We found that the recognition used for the policy assets and the corresponding liabilities to be appropriate and the amounts were consistent with the actuary report. The disclosures pertaining to the policy assets and liabilities were found to be appropriate and comprehensive in the financial statements.</p>

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Seychelles Companies Ordinance 1972. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the requirements of the Seychelles Companies Ordinance 1972, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual financial statements.

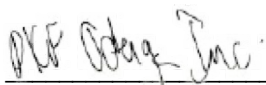
As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 the Directors.
- Conclude on the appropriateness of the directors' 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 annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in manner that achieves fair presentation.

We communicate with the Directors 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We report that PKF Octagon Inc. has been the auditor of Solid Oak Insurance PCC Limited for 3 years.



PKF Octagon Inc
Director: Henico Schalekamp
Registered Auditor
30 March 2021
Johannesburg



ACTUARIAL REPORT as at 30 December 2020

Prepared by
Francois Berry
Appointed Actuary

Version Record

Date	Version	Compiled	Change summary
November 2018	V1	Francois Berry	First Draft
November 2018	V1.1	Management	Review
November 2018	V1.2	Management & Actuary	Final Changes and Comments
September 2019	V1.2	Francois Berry & Management	Update for 2019 Year
March 2021	V1.4	Francois Berry & Management	Update for 2020/21 Year

Distribution

For Information and Sign-off: this document has been approved by the following people:

Name	Title/Department
Jan Ackermann	Director

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1 Glossary

The glossary of terms below is common across Solid Oak documents

Glossary Table	
Business Mix Risk	The risk that the characteristics of policyholders gained through new business differs materially and detrimentally from expectation
Business Volume Risk	The risk that premium income gained through the sale of new policies is lower than anticipated in business plans
Capital Cover	Own Funds eligible to meet the solvency margin.
Control Functions	Business units or outsourced positions, required under regulation, to meet specified responsibilities of oversight in risk management, compliance, actuarial and internal audit
Credit Risk	The risk of loss a company is exposed to if a counterparty fails to perform its contractual obligations (including failure to perform them in a timely manner)
Counterparty Default	The risk that a counterparty to an agreement is unable or unwilling to make payments required under the terms of that agreement
Expense Risk	The risk that operational or other expenditure exceeds the anticipated expenditure during business planning or that the inflation of expenses systematically exceeds expectation
FSA	Financial Services Authority, the Seychelles regulator of non-bank financial institutions.
Lapse Risk	The risk that the rate of policyholder withdrawal exceeds the expectation of the insurer at the time of underwriting, product pricing or business planning
Liquidity Risk	The risk that a company, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost
Market Risk	The risk that because of market movements, a company becomes exposed to fluctuations in the value of its assets, the amount of its liabilities, or the income from its assets
Proportionality Principle	The notion that an organisation should establish and maintain its risk management infrastructure according to the scale and nature of its business, not an externally-developed set of norms and standards
Operational Risk	The risk of loss, resulting from inadequate or failed internal processes, people and systems, or from external events
Outsourcing Risk	Risks associated with outsourcing arrangements, most commonly attributable to the failure of the counterparty to deliver products or services as contracted, or to poor contracting
Regulatory Risk	The risk of losses arising from changes in legislation or regulation, or losses due to failure to comply with existing legislation and rules
Reputational Risk	Type of business risk. The risk that adverse publicity regarding an insurer's business practices and associations, whether accurate or not, will cause a loss of confidence in the integrity of the organisation.
Reserve Risk	A type of underwriting risk. A change in value caused by ultimate costs for full contractual obligations varying from those assumed when these obligations were estimated.
Risk Indicator	At a high-level the risk indicator gives an expression of the essence of the risk to which Solid Oak is exposed to, together with descriptions of the thresholds describing intermediate and emergency status and required response actions on each indicator; part of the Risk Appetite Statement
Strategy Risk	Type of business risk. The risk of a change in value due to the inability to implement appropriate business plans and strategies, make decisions, allocate resources, or adapt to changes in the business environment
Underwriting Risk	The risk of a change in value due to a deviation of the actual claims payments from the expected amount of claims payments (including expenses).

2 Reliance and Limitations

This document is based on the financial position as at 31 December 2020. Brevity of the report requires an understanding of Solid Oak's operational environment. Working papers and audit files of previous financial years will prove useful for users less familiar with the operating environment.

There are several important limitations and assumptions that should be borne in mind when considering the results contained in this report.

Some of the key limitations and assumptions are set out below.

I have relied on information provided by Solid Oak, which was in the form of Annual Financial Statements, details on policyholder assets and ringfenced insurance funds, as well as written communication received from the management of Solid Oak. While independent verification was not undertaken, I have checked the information for reasonableness and consistency. To an extent then the reader of this report is relying on Solid Oak Insurance for the accuracy and reliability of the data provided.

There is always uncertainty in how the assets and liabilities of Solid Oak may progress in the future, as these are dependent on wider macro-economic variables such as the likely performance of stock markets where investments are made, as well as factors such as currency fluctuations. The estimation of investment returns, and their associated investment costs involves making assumptions about future events that are uncertain.

Most assumptions are made on the premise that past experience will be repeated in the future. The effect of potential changes in future economic outlook needs to be appreciated as this may result in liability and asset values that are different to the ones expected.

3 Executive Summary

3.1 Introduction

Solid Oak Insurance PCC Limited ("Solid Oak") is a licensed Non-Domestic Insurer, domiciled in the Seychelles. Its primary business is to provide insurance wrappers to investors

The Actuarial report is a key component of the regulatory landscape for Solid Oak Insurance Limited (Solid Oak).

The scope of this report is to state the actuarial findings, and classify the methods, procedures, assumptions, and data used with sufficient clarity that the Financial Services Authority (FSA) could make an objective appraisal of the reasonableness of the actuary's work and the soundness of the operating environment of Solid Oak Insurance.

Although this compliance is an ongoing process, a report is required annually for the FSA and it is essential that it is useful for the insurer (group), particularly the Board, as they will sign it off.

This report covers the requirement for an annual report for Solid Oak Insurance covering the financial period ending 31 December 2020. This is the fourth Actuarial report presented to the FSA.

From the documents reviewed and interviews held with management, Solid Oak is making satisfactory progress on developing a mature risk management system. A sound and disciplined culture of risk acceptance and operational management remains top priority.

This report expresses an opinion on the adequacy of the following, as at 31 December 2020:

- Policyholder liabilities held in the financial statements. This encompasses the investments held in favour of policyholders.
- The reserve fund established to meet guaranteed policyholder benefits.

In addition to the above, this report expresses confidence that the following processes:

- Underwriting
- Setting of reserves
- Asset & Liability matching
- Capital Management
- Reinsurance arrangements

are appropriate given the nature, scale and complexity of the business written and the underlying risk profile.

3.2 Key Findings

The following are the key findings of the actuarial investigation, as at 31 December:

- Solid Oak is expected to remain solvent over the coming period;
- The reserve fund is expected to be sufficient to meet the guaranteed maturity benefit of USD100;
- Solid Oak holds sufficiently liquid investments to be able to cope with meeting payments as they fall due;
- Investment strategy in respect of the reserve fund is appropriate to overcome currency risk associated with US dollar denominated maturity benefits;
- Provided that the current operational model of the policy continues in future, Solid Oak is expected to continue to have little exposure to insurance risk, market risk & operational risk.

4 Business Context

This section describes Solid Oak's strategic priorities, establishing the context for the description of the company's approach to operating the business. The framework established by the headings that follow in this and later sections is expected to remain static in future reports, in which further detail is likely to be inserted as the business grows in complexity.

4.1 Business Overview

Solid Oak Insurance conducts business under a license Non-Domestic Insurer License no: NDI011 issued by the Financial Services Authority and is authorised as a Non-Domestic Long-Term Insurance company.

The company is domiciled in Seychelles with its registered office at 104, First Floor, Waterside Property, Eden Island, Mahé, Seychelles.

Solid Oak issues a single flexible policy capable of holding both liquid and illiquid investments in an offshore environment that is efficient from both a tax and estate duty perspective.

This is done through issuing a single flexible long-term insurance contract that can be used to "wrap" a wide variety of investment assets, including financial instruments and shares in Special Purpose Investment Companies. The life span of the policy is 99 years and will have a policy value equal to the greater of; the Net Asset Value of the underlying assets or one hundred United States Dollars, on maturity.

4.2 New Single Premium Annuity (SPA) and listing

For this current reporting period Solid Oak launched a new Single Premium Annuity (SPA) product sold in Canada. The product is distributed via regulated intermediaries.

The applicant (usually an individual of mature age) applies to CIBC Bank and Trust Company (Cayman) Limited for a loan against some or all his/her assets to purchase a SPA policy from Solid Oak. Solid Oak receives the premium in their CIBC Bank and Trust Company (Cayman) Limited bank account. Solid Oak re-insures the full proceeds with Advantage Life & Annuity Company SPC ("Advantage") and pay the proceeds into Advantages CIBC Bank and Trust Company (Cayman) Limited Account. The money therefore does not leave the bank and is kept at the bank as security for the loan.

When the policy terminates or when the Insured dies the money reverts back and the original loan is settled.

4.3 Listing

It is further important to note that on 14 December 2020 the company was listed on the MERJ Exchange Limited, Seychelles stock exchange.

The business risks and mitigating actions have been identified and developed by management. The key risks over the business planning period are growth risk, profitability risk, expense cost control risk, claims cost

control risk, IT Risk – delivery of strategic projects and People risk.

The business risks and mitigating actions have been identified and developed by management. The key risks over the business planning period are growth risk, profitability risk, expense cost control risk, claims cost control risk, IT Risk – delivery of strategic projects and People risk.

4.4 Business Strategy

Our **purpose** is to offer clients advantageous Long-term Financial Planning solutions, enabling them to:

- Preserve wealth for future generations
- Offering and enabling clients to hold global investment structures
- Preparing for the tax consequences on death

Furthermore, our customers

- Rely on us to help them manage their risks
- Creating an excellent environment for our employees to grow in their respective careers

The strategy for Solid Oak is set out in two stages:

- **2019-2021:** Continuing laying the foundation for growth by creating an enabling environment for facilitating sustainable growth
- **2021-2023:** Growing the business by capitalising on the solid platform which has been put in place to achieve quality growth

4.5 Business Plan

The following table shows business growth experienced by Solid Oak since inception and that expected over the coming period:

	Number of Policies Issued	Premium Income
2017	6	12 900
2018	14	31 000
2019	5	30 600
2020	19	564 107
2021	44	1 222 000

** Grey line shows highlighted cell shows forecasted numbers:

Solid Oak wants to grow the company exponentially in 2021 and make it attractive for new investors to invest in Solid Oak shares. To achieve this Solid Oak will concentrate in 2021 to grow and improve the business in the following areas:

1. Appointing new Regulated intermediaries ("RI")

The focus in 2021 will be to identify and appoint additional RI's.

2. New product lines

The development of new product lines is essential to a business growing and surviving. Solid Oak plan to introduce at least one new product in 2021.

3. Keeping abreast with developments

Solid Oak is continuously examining its products to identify potential areas for improvement. For example, if its Tax Advisors in a certain country highlight a possible problem, Solid Oak will take notice and if necessary, adapt or change the policy wording. A possible problem was identified in South Africa and existing policy holders will be contacted to give them the opportunity to convert their policies to be in line with what the Tax Consultants have advised.

4. Existing Business

All the 99-year wrapper policies issued from 1 March 2021 will have the new wording in line with what the Tax advisors have recommended. We will continue with the marketing of the SPA policies in Canada.

4.6 Key business units

The following list shows the key business units of Solid Oak. These units will all operate from the head office.

- **Operations**
- **Sales**
- **Financial, risk and compliance management**

4.7 Business Control Functions

Following the principle of proportionality, Solid Oak management systems remain lean and focused. Control functions responsibilities lies with the following individuals:

- **Risk Management:** EJ Tuohy
- **Actuarial:** Francois Berry (Appointed Actuary)
- **Compliance:** JN Ackermann
- **External Audit:** PKF Octagon Inc

Control functions are supported by management as follows:

- Managing Director, JN Ackermann provides overall leadership of the organisation and has an oversight on sale volumes and receives support from the Exco.

5 Recent experience and profitability

This section ties in with the pricing and premium adequacy requirement from the FSA actuarial report. For insurance companies, the risk exists that there are insufficient premiums to cover expected claims and that the premiums charged are not in line with the risk profile of the business.

The insurance policy premiums may be paid either in cash and/or financial instrument, a minimum premium of USD 10,000 applies; or by transfer of the shares in an SPV where no minimum value is applicable. The premiums can be single and/or recurring premiums. Within these boundaries, the policyholder can determine the preferred premium pattern and the amount paid as premium.

The assets in the policy must be administered by a third-party service provider chosen by the policyholder. As Solid Oak will be taking ownership of the assets, the Company will be responsible for paying the service provider. The service provider costs will however be recouped from the policy assets directly or from the policyholder.

The directors have the right to refuse assets which in their opinion are not acceptable or prohibited.

Solid Oak's premium income primarily exists because of the asset management expenses and fees earned by the company. In short, the policy refers to a long-term insurance policy 'wrapped' around the policy owner's investment portfolio that is owned and controlled by the insurance company until payment is made.

Solid Oak utilizes a single flexible long-term insurance contract that can be used to "wrap" a wide variety of investment assets including financial instruments and the shares in Special Purpose Investment Companies ("SPV"). The life span of the policy is 99 years and will have a policy value equal to the greater of the Net Asset Value ("NAV") of the underlying assets or 100 United States Dollars ("USD") on maturity.

Solid Oak has created a reserve fund to guarantee that it will always have sufficient assets to back the minimum maturity value. The reserve is enlarged at the commencement of each new policy.

All policies are individually administered as segregated investment portfolios and individually housed in a protected cell. The policyholder may designate the investment manager, determine the investment strategy or influence tactical changes in the investment portfolio.

Upon the death of the policyholder the ownership of the policy will be transferred to the nominated beneficiary specified in the insurance contract.

Commentary on experience:

- From the nature of the policies sold, Solid Oak has zero risk in experiencing adverse claims development apart from the \$100 guaranteed value, which should have been recouped from policyholder fees and premiums
- Solid Oak also incurs no risk under the new SPA product as this product is 100% reinsured and will not face liability under this arrangement
- A sufficient fund exists – the reserve fund – to guarantee sufficient assets for the above liability

- Expense ratio of Solid for the current period is 30%. It must be noted that 18% of the total expense amount relates to the once-off listing exercise. Solid Oak is projecting to reduce the expense ratio to 14% in 2021, with further reductions resulting to 10% by 2023 year-end.
- The expenses experienced by the business are still aligned with the original business plans.
- Based on the projected financials provided, Solid Oak is expected to generate sufficient revenue to fund its operational costs and hence do not envisage the need to raise capital to fund growth.

Controls in place to ensure sustainability and adherence to business plans:

- Monitoring of experience to budget allowance
- Monthly catch-up meetings are held across the business to discuss experience.
- All commercial considerations are signed off by the relevant assigned owners in the business.

The management is satisfied that the controls it has in place, with appropriate delegated authorities and responsibilities are adequate to ensure that the company is not exposed to fraudulent activities which would go undetected over a long time.

6 Reinsurance arrangements

Solid Oak purchases no reinsurance for the non-SPA business as the ultimate liability for each policy is capped at \$100 and a reserve fund exists to ensure that monies will be available should the policies lapse or default.

Solid Oak however reinsures the SPA business 100% with Advantage Life & Annuity Company SPC ("Advantage"). The proceeds used to buy the policy are transferred to Advantage but are kept in the bank account of Advantage (Advantage CIBC Bank and Trust Company (Cayman) Limited Account). The funds are used as security.

7 Adequacy of past estimates of insurance liabilities

This section provides an overview of the provisions held by Solid Oak. The FSA requires that every licensed insurer make adequate provision in its accounts for liabilities, in respect of unexpired risks outstanding, notably mathematical provisions for unearned premium and incurred claims, including provisions for claims incurred but not reported, computed in accordance with a method approved by the Authority.

Solid Oak places the maximum of its potential liability of each policy into a reserve fund which is kept in sufficient liquid assets to ensure that relevant payout can be made. The reserve fund has been increased since the last valuation to include liability for the new SPA product. As such no further actuarial investigations can be performed into the adequacy of the liability as it is essentially kept at 100%.

8 Asset and liability management (ALM)

All Solid Oak's policies are individually administered as segregated investment portfolios and housed in a protected cell. As the policyholder designate the investment manager, determines their investment strategy and can influence tactical changes in the investment portfolio, the asset liability management is largely outsourced to the policyholder. Any fees that are payable to the investment manager are also obtained from the policyholder, essentially leaving Solid Oak with no potential shortfall of investments apart from the \$100 maturity value benefit – which is adequately provisioned for and held in sufficiently liquid assets.

The main potential market risks that are therefore managed in practice are: liquidity, credit spread, foreign exchange and market concentration risk.

Liquidity Risk

The company seeks to maintain adequate financial resources to meet its obligations as they fall due, especially the maturity value benefits. The company's shareholders continue to support the business with funds to meet its business expenses, as and when these are required. These are in the form of loans with no fixed repayment dates and on an interest free basis. The financing requirements are met through a mixture of cash generated from operations and long and short-term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

Currency Risk

All Solid Oak's products have a US Dollar denominated underpinning. The assets therefore match the liabilities and so Solid Oak has very little exposure to currency movements.

Credit Risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade and other receivables. Solid Oak only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

FSA requirements

The FSA requires Solid Oak to hold sufficient assets to back their insurance liabilities (As per section 5). Basically, the regulation has been set-up to ensure insurers do not rely on new premiums to pay for claims and benefits underwritten in the past.

A non-domestic insurer carrying on long term insurance business has the margin of solvency required by the Act, if the amount of its liabilities under contracts of insurance entered does not exceed the amount of its long-term insurance fund as certified by a qualified actuary.

For Solid Oak another regulatory requirement to consider could be that of a non-domestic captive where the margin of solvency requirement equals its paid-up capital.

Furthermore, the FSA also specifies requirements regarding the types of investments that qualify for solvency calculations, as well as governance, risk management and disclosure.

Solid Oak complies with the various regulatory frameworks. It is my opinion that Solid Oak's investment

process is appropriate given the nature, scale and complexity of the business written and the underlying risk profile in that:

- The assets and insurance fund assets are held in approved investments and securities as per the
- FSA's requirement and do contribute to the solvency margin of Solid Oak.
- The amount of Solid Oak's liabilities does not exceed those of its long-term insurance fund
- The amount of ring-fenced funds as at 31 December 2020 is USD 366 506 285.

9 Business Plan risks (Forward looking)

The following are currently the most important categories of risks which the business is exposed to which may prevent Solid Oak from achieving its business plan

Management Comments – Year 2020 and beyond

- Maintain high levels of retention in the business.
- Expanding the business's marketing capabilities with a continuous focus on effective and targeted advertising.
- Targeting broker-driven business and taking on board reliable Intermediaries.
- Shareholders have made commitments to continue supporting the business when the need arises
- Solid Oak has made a commitment to MERJ EXCHANGE to increase the shares in public hands to a minimum of 60 persons owning at least 25% of Solid Oak over the next 3 years.
- Solid Oak has requested its RI's and other investment groups to inform their clients of the possibility of investing in Solid Oak. The aim is to have at least 15% of Solid Oaks shares owned by at least 36 persons at the end of 2021.

Expected development of the risk profile

Lastly this section considers how the profile of the organisation is expected to change in future. For as long as the products remain broadly unchanged, which is the plan for some time, risks in the organisation are expected to be proportionally lower.

- **Strategic risks** should reduce as the business moves beyond the pure start-up phase
- **Insurance risks** will remain but Solid Oak's understanding of these risks will improve as the portfolio grows.
- **Operational risk** will remain a part of Solid Oak that will be closely monitored. The contributions to the risk will increase as Solid Oak expands their product offering and increase the number of staff, however as Solid Oak establishes its processes the risk will simultaneously be mitigated as well.
- **Market risk** may become a factor as assets become more significant and need to be invested with greater diversification in mind, but this is unlikely to be the case for some time.
- The same applies to **liquidity risk**, which should only become an issue when assets are tied up in less tradeable or more volatile assets than at present.

Although the risk management infrastructure has been implemented, the risk management framework will be continuously reviewed over the business planning period.

10 Conclusion

The report is a summary of the main findings of the actuarial investigation. Solid Oak acknowledges that the risk management process is an on-going process and if embedded in the business will affect the day-to-day management of the business.

This document will form part of the risk management framework process within Solid Oak.

The principle of proportionality of risks was considered from a Solid Oak-start-up perspective throughout this report.

10.1 Statement of views of the executive and board

This report expresses confidence that capital is currently sufficient to meet liabilities as they fall due, with an appropriate margin of error. From the information provided Solid Oak is expected to remain solvent over the forthcoming year.

Solid Oak has made satisfactory progress on developing the risk management system. Further work is however required to embed it in the organisation. Establishing a sound and disciplined culture of risk management will continue to require attention as the business progresses through the start-up phase.

Managing Director

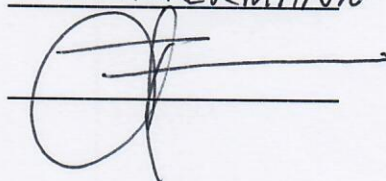
Name:

J.N. ACKERMANN

Date:

25 MARCH 2021

Signature:



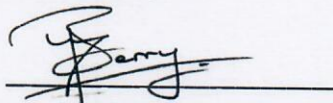
Company Actuary

Name:

Francois Berry

Date: 18 March 2021

Signature:



Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Solid Oak Insurance PCC Limited for the period ended 31 December 2020.

1. Incorporation

The company was incorporated on 16 May 2016 and was granted a license by the Financial Services Authority of Seychelles on 6 July 2016 to conduct linked long-term non-domestic insurance business.

2. Nature of business

Solid Oak Insurance PCC Limited was incorporated in Seychelles with interests in the insurance industry. The company operates worldwide.

There have been no material changes to the nature of the company's business from the prior period.

3. Listing on MERJ Exchange

The entire issued share capital of the company was listed on the Main Board of MERJ Exchange on 14 December 2020 under the abbreviated name and share code "SOL" and ISIN SC79431AAH22.

4. Consolidated financial statements

The company is not required to produce consolidated financial statements as it does not control the boards of directors of any special purpose vehicle companies in which Solid Oak Insurance PCC Limited owns the majority of the share capital.

The investments wrapped in the housed policies are accounted for in a joint cell. Financial statements are prepared for the owner cell and the policyholder cell in aggregate.

The cell invests in shares that are for the benefit of that policy only and it does not form part of the company's business activities. The company has no control over the activities in the company invested in by a policy.

5. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Seychelles Companies Ordinance 1972. The accounting policies have been changed from the International Financial Reporting Standards to the International Financial Reporting Standard for Small and Medium-sized Entities in the current year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

6. Share capital

Authorised			2020	2019
			Number of shares	Number of shares
Ordinary shares			50 000 000	50 000 000
Issued	2020	2019	2020	2019
	\$	\$	Number of shares	Number of shares
Ordinary shares	1 000	1 000	5 000 000	5 000 000

There have been no changes to the authorised or issued share capital during the period under review.

Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

Directors' Report

7. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial period totaling 85% of the annual profits after tax, after providing for budgeted capital expenditure and subject to available cash. At their discretion, the directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the directors may pass on the payment of dividends.

A dividend of 0.062 cents per share was declared in US Dollars on 31 August 2020. This dividend equated to a total of \$310 000 (2019:\$-).

8. Directors

The directors in office at the date of this report are as follows:

Directors	Nationality	Changes
AF Lane	Seychellois	Resigned 04 October 2019
BL Brantley	American	Resigned 04 October 2019
EJ Tuohy	Australian	
JN Ackermann	South African	
NJ Ackermann	South African / British	Appointed 04 October 2019

Ms. AF Lane and Mr. BL Brantley resigned as directors effective 04 October 2019. Mr. NJ Ackermann was appointed as a director on 04 October 2019.

9. Directors interests in shares

As at 31 December 2020, the directors of the company held indirect beneficial interests in 12% and indirect non-beneficial interests in 58% of its issued ordinary shares, as set out below.

Interest in shares - number of shares held

Directors	2020 Indirect Beneficial	2020 Indirect Non- Beneficial	2020 Total
EJ Tuohy	330 000	1 170 000	1 500 000
JN Ackermann	120 000	380 000	500 000
NJ Ackermann	165 000	1 335 000	1 500 000
	615 000	2 885 000	3 500 000

The register of interests of directors and others in shares of the company is available to the shareholders on request.

10. Holding company

The company's holding company is PKF Capital Markets (Seychelles) Limited which holds 90% (2019: 40%) of the company's equity. PKF Capital Markets (Seychelles) Limited is incorporated in Seychelles.

11. Ultimate holding company

The company's ultimate holding company is Turquoise Holdings Limited which is incorporated in Seychelles.

12. Events after the reporting period

The directors are not aware of any material event or circumstance arising since the reporting date, not otherwise dealt with in this report or the financial statements, which significantly affects the financial position of the company to the date of this report.

Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

Directors' Report

13. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company's ability to continue as a going concern.

14. Auditors

PKF Octagon Inc. continued in office as auditors for the company for the period ended 31 December 2020.

15. Cells authorised and used

The Financial Services Authority of Seychelles authorised the use of 5 cells of which one cell is in use. The cell has no share capital, but houses the long-term wrapper insurance policies.



Non-Domestic Insurer Licence no: NDI011
Company Licence no: 8417764-4

Chairman's and Managing Director's address 2020 year.

Dear Shareholders,

I am pleased to welcome you to the fifth Annual General Meeting of our company and the first as a listed company, and to present to you the financial statements and reports for the 18 months ended 31 December 2020.

The year under review

Solid Oak Insurance PCC Ltd ("Solid Oak") has had a successful trading period ending 31 December 2020.

The 99-year wrapper product is growing fast and 46% of the in-force Wrapper policies were written in this financial period. The main driving force was the endeavours of a dedicated person appointed by one of our Regulated Intermediaries to market Solid Oak products.

In the beginning of 2020 with the assistance of Global Solutions in Cayman Islands, Solid Oak created a new market and in March 2020 Solid Oak issued its first Single Premium Annuity Policy.

The company grew to such an extent that the shareholders and directors decided that the time was right for the company to list. Solid Oak was listed on 14 December 2020 on MERJ EXCHANGE the Seychelles stock exchange.

Solid Oak declared its first Dividend to shareholders in August 2020.

Vision for 2021

Solid Oak wants to grow the company exponentially in 2021 and make it attractive for new investors to invest in Solid Oak shares. To achieve this Solid Oak will concentrate in 2021 to grow and improve the business in the following areas,

1. Appointing new Regulated intermediaries ("RI")

The focus in 2021 will be to identify and appoint additional RI's.

2. New product lines

The development of new product lines is essential to a business growing. Solid Oak plans to introduce at least one new product in 2021.

3. Keeping abreast with developments

Solid Oak is continuously examining its products to identify potential areas for improvement. For example, if its Tax Advisors in a certain country highlight a possible problem, Solid Oak will take notice and if necessary, adapt or change the policy wording. A possible problem was identified in South Africa and existing policy holders will be contacted to give them the opportunity to convert their policies to be in line with what the Tax Advisors have advised.

4. Existing Business

All the 99-year wrapper policies issued from 1 March 2021 will have the new wording in line with what the Tax Advisors have recommended.

We will continue with the marketing of the SPA policies via Global Solutions.

Office staff

When Solid Oak was originally created, I gave the FSA the assurance that as soon as the company can afford it, we will be appointing Seychellois to work in the Company. I am happy to announce that our first Seychellois employee commenced his employment on 4 January 2021. He is currently receiving training in the work that we require him to do.

Company Sponsor.

PKF Capital Markets (Seychelles) Ltd was the sponsor that listed Solid Oak, but MERJ EXCHANGE felt that PKF Capital Markets (Seychelles) Ltd is too closely related to Solid Oak. Solid Oak appointed ACM Associates (Pty) Ltd to be its sponsor from 1 February 2021.

Capital needed to fund the growth.

Solid Oak generates sufficient income to fund the growth that is envisaged.

Shareholding

Solid Oak has made a commitment to MERJ EXCHANGE to increase the shares in public hands to a minimum of 60 persons owning at least 25% of Solid Oak over the next 3 years.

Solid Oak has requested its RI's and other investment groups to inform their clients of the possibility of investing in Solid Oak. The aim is to have at least 15% of Solid Oaks shares owned by at least 36 persons at the end of 2021.

A handwritten signature in dark ink, consisting of a large, stylized 'A' followed by a horizontal line extending to the right.

JN Ackermann
Chairman and Managing Director
Date: 29 March 2021

Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

Balance Sheet as at 31 December 2020

Figures in US Dollar	Notes	31 December 2020	30 June 2019
Assets			
Non-Current Assets			
Investments in favour of policyholders	2	57 964 765	23 239 226
Annuity reinsurance asset	3	308 541 520	-
		366 506 285	23 239 226
Current Assets			
Trade and other receivables	4	242 371	55 943
Cash and cash equivalents	5	67 478	2 622
		309 849	58 565
Total Assets		366 816 134	23 297 791
Equity and Liabilities			
Equity			
Share capital	6	100 000	100 000
Reserves		4 400	2 500
Retained income		30 349	(61 652)
		134 749	40 848
Liabilities			
Non-Current Liabilities			
Loans from shareholders	7	-	12 418
Policyholder liability	8	366 506 285	23 239 226
		366 506 285	23 251 644
Current Liabilities			
Trade and other payables	9	58 044	5 299
Loans from shareholders	7	117 056	-
		175 100	5 299
Total Liabilities		366 681 385	23 256 943
Total Equity and Liabilities		366 816 134	23 297 791

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NJ Ackermann

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Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

Statement of Comprehensive Income

Figures in US Dollar	Notes	18 months ended 31 December 2020	12 months ended 30 June 2019
Revenue	10	309 224 027	30 600
Cost of sales	11	(308 659 920)	-
Gross profit		564 107	30 600
Other income		9 036	-
Operating expenses		(171 095)	(38 904)
Operating profit (loss)	12	402 048	(8 304)
Investment revenue		2 505	-
Finance costs		(652)	(5)
Profit (loss) for the period		403 901	(8 309)
Other comprehensive income		-	-
Total comprehensive income (loss) for the period		403 901	(8 309)

Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Maturity guarantee reserve	Retained income	Total equity
Figures in US Dollar						
Balance at 01 July 2018	1 000	99 000	100 000	5 700	(56 543)	49 157
Loss for the period	-	-	-	-	(8 309)	(8 309)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(8 309)	(8 309)
Transfers of distributable reserves	-	-	-	(3 200)	3 200	-
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	(3 200)	3 200	-
Balance at 01 July 2019	1 000	99 000	100 000	2 500	(61 652)	40 848
Profit for the period	-	-	-	-	403 901	403 901
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	403 901	403 901
Transfer between reserves	-	-	-	1 900	(1 900)	-
Dividends	-	-	-	-	(310 000)	(310 000)
Total changes	-	-	-	1 900	(311 900)	(310 000)
Balance at 31 December 2020	1 000	99 000	100 000	4 400	30 349	134 749
Notes	6	6	6			

Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

Statement of Cash Flows

Figures in US Dollar	Notes	18 months ended 31 December 2020	12 months ended 30 June 2019
Cash flows from operating activities			
Cash generated from (used in) operations	13	268 365	(42 802)
Interest income		2 505	-
Finance costs		(652)	(5)
Net cash from operating activities		270 218	(42 807)
Cash flows from investing activities			
Investments acquired as premiums		-	(10 451 067)
Reinsurance asset purchased		(308 541 520)	-
Non distributable reserve movement		-	3 200
Net cash from investing activities		(308 541 520)	(10 447 867)
Cash flows from financing activities			
Movement in policyholder liability		-	10 447 367
Annuity premiums received		308 541 520	-
Movement in shareholder loans		104 638	(9 227)
Dividends paid		(310 000)	-
Movement in policyholder reserve: maturity guarantee		-	500
Net cash from financing activities		308 336 158	10 438 640
Total cash movement for the period		64 856	(52 034)
Cash at the beginning of the period		2 622	54 656
Total cash at end of the period	5	67 478	2 622

Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Seychelles Companies Ordinance 1972. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in US Dollar.

The company adopted the International Financial Reporting Standard for Small and Medium-sized Entities in the current year. In the prior year the financial statements were prepared in accordance with International Financial Reporting Standards.

The cells presently measure their assets at carrying value which are either fair value or approximate fair value, as permitted by the International Financial Reporting Standard for Small and Medium-sized Entities.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

The financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial period as a result of the key estimation assumptions.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables, trade payables and reinsurance assets. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

Accounting Policies

1.3 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.4 Share capital and equity

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the period in which they are declared.

1.5 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.6 Revenue

Revenue is recognised to the extent that the company has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, in profit or loss, using the effective interest rate method.

The company recognises revenue from the following major sources:

- Premium income from insurance contract (investment wrappers only)
- Premium income from annuity insurance policies

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it renders a service to a customer.

1.7 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

Accounting Policies

1.8 Foreign exchange

Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

All transactions in foreign currencies are initially recorded in US Dollar, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.

Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

Notes to the Financial Statements

	18 months ended 31 December 2020	12 months ended 30 June 2019
Figures in US Dollar		
2. Investments in favour of policyholders		
At fair value		
Investment in shares	57 964 765	23 239 226
Non-current assets		
At fair value	57 964 765	23 239 226
3. Annuity reinsurance asset		
At amortised cost		
Reinsurance assets	308 541 520	-
Non-current assets		
At amortised cost	308 541 520	-
Represents the reinsurance of annuity premiums received.		
4. Trade and other receivables		
Trade receivables	239 628	53 200
Deposits	2 743	2 743
	242 371	55 943
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	8 774	2 622
Cash held in trust by financial institution	58 704	-
	67 478	2 622
6. Share capital		
Authorised		
50 000 000 Ordinary shares of \$ 0.0002 each	10 000	10 000
Issued		
5 000 000 Ordinary shares of \$ 0.0002 each	1 000	1 000
Share premium	99 000	99 000
	100 000	100 000

Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

Notes to the Financial Statements

	18 months ended 31 December 2020	12 months ended 30 June 2019
Figures in US Dollar		
7. Loans from shareholders		
Old Man Investment Ltd	(6 859)	-
Unsecured, interest free with no fixed terms of repayment.		
PKF Capital Markets (Seychelles) Limited	(110 197)	(12 418)
Unsecured, bears interest at 5% p.a. with no fixed terms of repayment.		
In 2020, \$61 731 does not accrue interest.		
	(117 056)	(12 418)
Net loans from shareholders		
Non-current liabilities	-	(12 418)
Current liabilities	(117 056)	-
	(117 056)	(12 418)
8. Policyholder liability		
At fair value		
Endowment policies	57 964 765	23 239 226
Annuity policies	308 541 520	-
	366 506 285	23 239 226
Non-current liabilities		
At fair value	366 506 285	23 239 226
The endowment policyholder liability is raised in accordance with the investment in favour of policyholders. Fair value is determined by fair value evaluation of the investment and the corresponding liability is raised.		
The fair value of the annuity policyholder liability is determined based on the reinsurance value of each premium, as the premium liability is limited to the reinsurance value.		
9. Trade and other payables		
Trade payables	58 044	5 299
10. Revenue		
Premiums received	309 224 027	30 600
11. Cost of sales		
Rendering of services		
Annuity reinsurance cost	308 541 520	-
Commission paid	118 400	-
	308 659 920	-

Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

Notes to the Financial Statements

	18 months ended 31 December 2020	12 months ended 30 June 2019
Figures in US Dollar		
12. Operating profit (loss)		
Operating profit (loss) for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	36 000	22 000
(Loss) profit on exchange differences	(8 636)	80
Employee costs	1 738	-
13. Cash generated from (used in) operations		
Profit (loss) before taxation	403 901	(8 309)
Adjustments for:		
Interest received	(2 505)	-
Finance costs	652	5
Changes in working capital:		
Trade and other receivables	(186 428)	(26 000)
Trade and other payables	52 745	(8 498)
	268 365	(42 802)

14. Directors' emoluments

No emoluments were paid to the directors or any individuals holding a prescribed office during the period.

Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

Notes to the Financial Statements

	18 months ended 31 December 2020	12 months ended 30 June 2019
Figures in US Dollar		
15. Related parties		
Relationships		
Holding company	PKF Capital Markets (Seychelles) Limited	
Shareholder	Old Man Investment Ltd	
Directors	EJ Tuohy JN Ackermann NJ Ackermann	
Other related party	DS Carter	
Related party balances		
Loan accounts - Owing (to) by related parties		
Old Man Investment Ltd	(6 859)	-
PKF Capital Markets (Seychelles) Limited	(110 197)	(12 418)
Policyholder investment		
DS Carter	200 000	100 000
EJ Tuohy	100 000	100 000
JN Ackermann	1 122 764	348 036
NJ Ackermann	100 000	100 000
Policyholder liability		
DS Carter	(200 000)	(100 000)
EJ Tuohy	(100 000)	(100 000)
JN Ackermann	(1 122 764)	(348 036)
NJ Ackermann	(100 000)	(100 000)
Cash held in trust by related party		
PKF Capital Markets (Seychelles) Limited	58 704	-
Related party transactions		
Initial fee to owner cell received from related parties		
DS Carter	-	(100)
EJ Tuohy	-	(100)
JN Ackermann	-	(200)
NJ Ackermann	-	(100)
Rent paid to related party		
PKF Capital Markets (Seychelles) Limited	36 000	22 000
Revenue received from related party as regulated intermediary		
PKF Capital Markets (Seychelles) Limited	(87 000)	(28 600)
Accounting, administration and consulting fees paid to related party		
PKF Capital Markets (Seychelles) Limited	72 603	-
Listing fees paid to related party		
PKF Capital Markets (Seychelles) Limited	30 000	-
Interest received from related party		
PKF Capital Markets (Seychelles) Limited	(1 854)	-

Solid Oak Insurance PCC Limited

(Registration number: 8417764-4)

Financial Statements for the period ended 31 December 2020

Detailed Income Statement

Figures in US Dollar	Notes	18 months ended 31 December 2020	12 months ended 30 June 2019
Revenue			
Premiums received		309 224 027	30 600
Cost of sales			
Annuity reinsurance cost		(308 541 520)	-
Commissions paid		(118 400)	-
	11	(308 659 920)	-
Gross profit		564 107	30 600
Other income			
Other income		400	-
Profit and loss on exchange differences		8 636	-
		9 036	-
Operating expenses			
Accounting and administration fees		(12 860)	-
Actuary fees		300	2 698
Advertising		-	(117)
Auditors remuneration		(400)	(4 400)
Bank charges		(529)	(53)
Consulting fees		(67 194)	(4 122)
Employee costs		(1 738)	-
General expenses		(57)	(955)
Insurance		(9 491)	(6 670)
IT and support		(227)	-
Lease rentals on operating lease		(36 000)	(22 000)
Legal fees		(773)	(955)
License fees		(8 800)	(1 500)
Listing fees		(30 000)	-
Net transfer of maturity guarantee reserve		-	(750)
Penalties and interest		(140)	-
Profit and loss on exchange differences		-	(80)
Subscriptions		(317)	-
Tax agent fees		(1 085)	-
Telephone and fax		(1 784)	-
		(171 095)	(38 904)
Operating profit (loss)	12	402 048	(8 304)
Investment income		2 505	-
Finance costs		(652)	(5)
		1 853	(5)
Profit (loss) for the period		403 901	(8 309)