

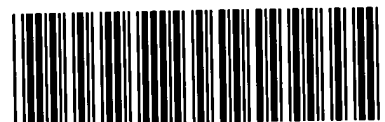
**SOOGEN HOLDINGS LIMITED**  
**REPORT OF THE DIRECTOR AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**COMPANY NUMBER - 09420212**

**BEEVER AND STRUTHERS**

Chartered Accountants  
and Statutory Auditor  
St George's House  
215-219 Chester Road  
Manchester  
M15 4JE

FRIDAY



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08/06/2018  
COMPANIES HOUSE

# SOOGEN HOLDINGS LIMITED

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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# **SOOGEN HOLDINGS LIMITED**

## **DIRECTORS AND ADVISERS**

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### **Director**

J A F Cuypers

### **Registered office**

1 Portland Street  
3<sup>rd</sup> Floor – 3B  
Manchester  
M1 3BE

### **Actuarial function holder**

S Butters

### **Statutory auditor**

Beever and Struthers  
Chartered Accountants and Statutory Auditor  
St George's House  
215-219 Chester Road  
Manchester  
M15 4JE

# **SOOGEN HOLDINGS LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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The director presents his strategic report of the group for the year ended 31 December 2017. The group consists of Soogen Holdings Limited and its subsidiary, Monarch Assurance plc. Soogen owns the entire share capital of Monarch and has no business other than that shareholding.

### **Review of business**

Premium income for the year was £15.6m (2016: £21m), reflecting steady levels of new business in all the group's existing markets – Belgium, Norway and International. The update of two Norwegian products in the second half of 2016 did not unfortunately bring the anticipated benefits in 2017 and the group continues to work with the broker to improve sales.

Sales into Belgium and Norway are undertaken using EU freedom of services legislation. There are risks to future business via this route following the UK's decision to leave the EU (see the risks section later), and so the group is pursuing a contingency plan that will allow it to continue writing business in the EU27 after Brexit. There are no signs that Brexit uncertainty is having any adverse effect on the book of existing business.

The group continues to work with European based brokers to develop products that they consider will be attractive to their client base. One new product is due for launch in the EU27 imminently and another later in 2018. The group is confident that further opportunities will be realised over the short to medium term.

Surrenders of policies at approximately 2% of the total book are well below industry averages.

Investment income during 2017 was £9.5m against £2.1m in 2016 reflecting improved investment conditions generally and specifically, the timing of distributions from and realisation of investments in the group's portfolio. These distributions and realisations did however have an impact on the remaining value of these investments and the financial statements show unrealised losses of £3.1m at the end of the year compared to unrealised gains of £12.5m at the end of 2016.

The actuarial liability to policyholders increased by £15.5m (2016: increase £23.3m) reflecting investment return, the value of new business written less the value of policies surrendered and most importantly the increase in future profitability of the growing book of business.

Management charges to policyholders at £2.5m were £0.5m higher than in 2016 as a result of volumes of new business written creating growing funds under management and strong investment performance.

Despite very positive results over the last few years, cost monitoring and control remains a top priority and new investments in resources are only taken after careful consideration and the feasibility of new business initiatives is relatively secure. This rigorous approach resulted in 2017 operating costs (excluding commissions paid to brokers) being some £80,000 lower than 2016.

Overall, the group made a profit before tax of £1,033,116 (2016: loss £437,519), a reversal of the underlying losses of the last few years. The director considers the result very encouraging and the first fruits of the various new business and resourcing initiatives implemented over the last 3 years.

Group shareholder's funds at 31 December 2017 of £6.0m on a Solvency II basis were higher than in the prior year (2016: £5.0m), reflecting the profit for the year. At 31 December 2017, the group had assets amounting to £2.6m (2016: £1.7m) in excess of its minimum regulatory capital requirement of £3.45m (2016: £3.3m); this improvement in excess assets was driven by the profit for the year offset by the increased capital requirement. The latter has arisen as the growth of the group means that the solvency capital requirement for the group now exceeds the minimum capital requirement that has applied in previous years.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)**

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**Future outlook**

The group uses its expertise and flexibility, working with independent brokers, to offer insurance products tailored to the needs of particular groups of potential clients. Results continue to show that niche opportunities exist for the group in the current marketplace. The group intends to exploit new European markets in a progressive manner although as noted below, the decision of the UK to leave the EU creates uncertainty. The group continues to monitor developments closely and is actively pursuing a contingency plan that will allow it to continue writing business in the EU27 after Brexit.

**Key performance indicators**

The director considers the levels of management charges to policyholders, administration expenses and surrenders and the composition of assets and liabilities to be key financial indicators of the development, performance and position of the business. These numbers are generated by the financial accounting system and are reflected in the accounts for the year which have been discussed above.

The group has various management information measures in place to ensure that the delivery of its products to customers and the operation of the group's systems and controls are to the highest standards set out in treating customers fairly guidance.

**Principal risks and uncertainties**

The management of the business and the execution of the group's strategy are subject to a number of risks. Risks are formally reviewed by the board of directors and the Audit & Risk Committee (including the non-executive directors) of Monarch on a regular basis and appropriate processes are in place to monitor and mitigate them.

The key business risks are described below:

Monarch currently uses EU freedom of services legislation to passport into other EU member states to sell its products. In March 2017, the UK triggered Article 50 and will leave the EU on 29 March 2019. Although it appears that the UK will continue to be able to passport into the EU after March 2019 under a transitional arrangement, that arrangement has not yet been signed and the position after the end of the proposed transitional period on 31 December 2020 has yet to be negotiated. Monarch's current strategy and financial modelling assumes that Monarch will continue to have passporting rights to December 2020 but it is actively pursuing a contingency plan that will allow it to continue writing business in the EU27 after Brexit in March 2019 whether or not the UK has passporting rights after that date.

The ultimate success of Monarch depends upon its ability to collect management charges from the funds invested on behalf of policyholders and for these charges to exceed the costs of administering the business. There is a risk that Monarch could incur losses if charge income fell due to the loss of a major client or if administration costs were to rise significantly, perhaps due to the increasing cost of complying with new regulations. To mitigate these risks, Monarch continues to seek to diversify its client base through writing new business in well researched niche markets and it continues to explore new product opportunities. New business development in itself creates risk if costs incurred are not matched by new revenues gained. Consequently, Monarch considers the risks associated with any new expenditure very carefully, monitors increases in costs regularly and seeks to ensure that the cost base is sufficiently flexible to reflect the success or otherwise of new initiatives.

Monarch uses its expertise to develop attractive products for consumers. Changes in legislation may affect the attractiveness of those products and therefore the profitability of the company.

## **SOOGEN HOLDINGS LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)**

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Regulations require Monarch to maintain a certain excess of assets over and above its liabilities; this is known as the solvency requirement. The type and valuation of assets that Monarch can hold to meet this solvency requirement is set down in the regulations. Although Monarch currently holds assets more than sufficient to meet this solvency requirement, a substantial fall in non-policyholder asset values or a substantial increase in the solvency requirement could impact on Monarch's solvency position. Monarch seeks to mitigate this risk by ensuring that the solvency requirement is backed by diverse, high quality assets and that its new products are designed so as to minimise their solvency requirement.

By order of the sole director



J A F Cuypers  
Director  
6 June 2018

# **SOOGEN HOLDINGS LIMITED**

## **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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The director presents his report and the audited consolidated financial statements for the period ended 31 December 2017.

### **Principal activities**

The principal activity of the group is to transact the regulated business of life assurance and life annuity, capital redemption, pension annuity and permanent health insurance business in the United Kingdom and overseas through its subsidiary Monarch Assurance Plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

### **Dividends**

No dividends have been paid or proposed and the profit for the year of £1,033,116 has been transferred to reserves.

### **Director**

The director of the company during the period and to the date of this report was as follows:

J A F Cuypers

### **Charitable and political donations**

The group made no donations during the period for charitable or political purposes.

### **Auditors**

The company's external audit contract was re-tendered during the year and three audit firms were invited to set out their proposals to act as external auditors. These proposals were reviewed by a committee consisting of the Chairman, Chief Executive and Finance Director and a recommendation to re-appoint Beever & Struthers was made to the Board. This recommendation was accepted by the Board.

By order of the sole director



J A F Cuypers  
Director  
6 June 2018

## **SOOGEN HOLDINGS LIMITED**

### **STATEMENT OF DIRECTOR'S RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2017**

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The director is responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial period. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

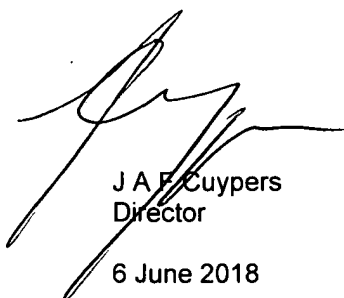
- select suitable accounting policies as described on pages 18 to 22, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the director is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

By order of the sole director



J A F Cuypers  
Director  
6 June 2018



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF  
SOOGEN HOLDINGS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Opinion**

We have audited the financial statements of Soogen Holdings Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 31 December 2017 which comprise the consolidated statement of comprehensive income – technical account, the consolidated statement of comprehensive income – non-technical account, the consolidated balance sheet, company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to him in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions Relating to Going Concern**

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

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not prepare a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF  
SOOGEN HOLDINGS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2017**

Key Audit Matter	How Our Audit Responded to the Key Audit Matter
<p><b>Unlisted investments</b></p> <p>At 31 December 2017, assets held to cover unit-linked liabilities included unlisted investments amounting to £15,931,145 (2016: £16,135,880) where the valuation is estimated by a valuation technique as there is no readily available or observable market data as disclosed in note 24.</p> <p>Consequently the valuation of such investments can be subjective and judgemental.</p> <p>The accounting policies note discloses the valuation policy of financial instruments.</p>	<p>Our audit work included but was not restricted to the following on a sample basis:-</p> <ul style="list-style-type: none"> <li>• Understanding and evaluating the reasonableness of the valuation basis, including judgements and estimates within a sample of the investment valuations and compared to prior year basis for consistency.</li> <li>• Where prior year valuations contained significant management judgements and estimates, estimates were compared to actual outcomes.</li> <li>• Reviewing the calculation of the valuation by reference to independent supporting document where possible.</li> <li>• Obtaining supporting independent documentation to confirm ownership of investments.</li> </ul> <p>Based on the procedures performed and evidence obtained, we found management's assumptions to be reasonable and did not identify any issues or misstatements that require reporting to the audit committee.</p>
<p><b>Technical provisions – Best Estimate Liability and Risk Margin</b></p> <p>At 31 December 2017 technical provisions amounted to £122,675,066 (2016: £107,123,339) and comprise the elements set out in note 16 of the financial statements. These provisions are calculated in line with Solvency II requirements.</p> <p>The determination of these provisions requires management to make significant judgements when determining the underlying assumptions. These judgements involve considering whether the assumptions appropriately reflect the group's circumstances, historic experience and future business plans. Note 2 of the financial statements (accounting policies) discloses the provisions policy and the key estimates and judgements contained within the provisions.</p>	<p>Our audit work included but was not restricted to the following:-</p> <ul style="list-style-type: none"> <li>• Appointment of an independent reviewing actuary to provide assistance with the understanding of the key drivers within the provisions and the regulatory requirements with regard to detailed calculations.</li> <li>• Understanding and evaluating the key assumptions and criteria driving the provisions within the financial statements and assessing the reasonableness of these based on our knowledge of the business.</li> <li>• Reviewing the method, assumptions, and results of the calculation of technical provisions (best estimate liabilities and risk margin) for reasonableness and compliance with regulatory requirements and actuarial principles</li> <li>• Reviewing the documentation provided which described the process and methodology used to determine the technical provisions, including the management action plan</li> </ul> <p>Based on the procedures performed and evidence obtained, we found management's assumptions to be reasonable and did not identify any issues or misstatements that require reporting to the audit committee.</p>

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF  
SOOGEN HOLDINGS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Our Application of Materiality and an Overview of the Scope of the Audit**

Our audit work is based upon an assessment of materiality to identify misstatements contained in the financial statements considered fundamental to the reader. We consider the materiality of a misstatement to the class of transaction or balance to which it belongs and its overall impact of the balance on the statement of comprehensive income and the balance sheet. An item would be considered material to the financial statements if, through error or non-disclosure, the financial statements would no longer show a true and fair view.

The materiality for the group financial statements as a whole for the year ended 31 December 2017 was £730,000 (2016: £650,000) and for the company was £54,000 (2016: £54,000) determined with reference to the average of the following benchmarks:

- 1% of premiums
- 5% of profit before tax
- 4% of net assets
- 2% of gross assets

The benchmarks above are considered to be the most appropriate for the calculation of materiality given the difference in quantum between the assets and liabilities when compared to the income and expenditure.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality. We also determine lower levels of specific materiality for certain areas such as directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the audit committee to be £37,000 for the group and £2,000 for the company. Additionally, we communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The materiality calculated has been applied to our audit work at the planning stage which included, but was not restricted to, a review and testing of the operation of key controls within the business in relation to premium income, interest, payroll and loan authorisation procedures. Materiality was applied to the undertaking of substantive testing on significant transactions and material account balances.

The scope, nature, timing and extent of our audit procedures performed was determined by our risk assessment and was communicated to the Audit Committee through our audit plan.

**Other Information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF  
SOOGEN HOLDINGS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Opinions on Other Matters Prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

**Matters on Which We are Required to Report by Exception**

In the light of the knowledge and understanding of the group and company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of the Director**

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director 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, the director is responsible for assessing the group's and the parent 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF  
SOOGEN HOLDINGS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Other Matters which we are Required to Address**

We were appointed by the director of the company for the year ended 31 December 2015. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is three years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group and we remain independent of the group in conducting our audit.

In addition to statutory audit services, we provide the following assurance services to the group:-

- assistance with submission of corporation tax returns following approval of the financial statements
- audit of the relevant elements of the solo and group Solvency and Financial Condition Reports

Our audit opinion is consistent with the additional report to the audit committee.



St George's House  
215-219 Chester Road  
Manchester  
M15 4JE

6 June 2018

DAVID HUNTER (Senior  
Statutory Auditor)  
For and on behalf of  
**Beever and Struthers**  
**Chartered Accountants**  
**and Statutory Auditor**

**SOOGEN HOLDINGS LIMITED**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
TECHNICAL ACCOUNT - LONG TERM BUSINESS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

		2017		2016	
		£	£	£	£
	<b>Note</b>				
<b>Earned premiums, net of reinsurance</b>					
Gross premiums written	3	15,564,933		20,969,088	
Outward reinsurance premiums	3	-		-	
			15,564,933		20,969,088
Investment income	5		9,486,844		2,081,807
<b>Claims incurred, net of reinsurance</b>					
Claims paid:					
- Gross amount		(2,575,727)		(10,374,722)	
- Reinsurers' share		-		-	
Net claims incurred			(2,575,727)		(10,374,722)
<b>Change in other technical provisions</b>					
Other technical provisions, net of reinsurance					
- Technical provision for linked liabilities	18	(15,551,727)		(23,319,105)	
- Long term business provision	18	-		-	
Net change in technical provisions			(15,551,727)		(23,319,105)
Net operating expenses	4		(2,806,355)		(2,324,499)
Unrealised gains on investments	5		(3,077,337)		12,539,014
Tax attributable to the long term business	9		-		(3,304)
<b>Balance on the technical account - long term business</b>			£ 1,040,631		£ (431,721)

**SOOGEN HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
NON-TECHNICAL ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Balance on the long-term business technical account		1,040,631	(431,721)
Tax attributable to balance on long term business technical account	9	-	-
Shareholders' pre-tax profit from long term business		<u>1,040,631</u>	<u>(431,721)</u>
Loss on realisation of investments		-	-
Unrealised profit on investments	5	-	-
Net operating expenses		(7,515)	(5,798)
<b>Profit /(loss) on ordinary activities before tax</b>	8	<u>1,033,116</u>	<u>(437,519)</u>
Tax on profit /(loss) on ordinary activities	9	-	-
<b>Profit /(loss) for the year and total comprehensive income</b>		<u>£ 1,033,116</u>	<u>£ (437,519)</u>

**SOOGEN HOLDINGS LIMITED**
**CONSOLIDATED BALANCE SHEET  
AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>ASSETS</b>			
<b>Investments</b>			
Land and buildings	11A	-	32,000
Other financial investments	11B	180,930	163,381
		<u>180,930</u>	<u>195,381</u>
<b>Assets held to cover unit-linked liabilities</b>	3D	124,490,556	108,048,242
<b>Other assets</b>			
Tangible assets	12	114,096	127,765
Cash at bank and in hand		4,206,944	4,134,435
		<u>4,321,040</u>	<u>4,262,200</u>
<b>Prepayments and accrued income</b>			
Other prepayments and accrued income	13	125,047	116,452
		<u>125,047</u>	<u>116,452</u>
<b>Total assets</b>		<u>£129,117,573</u>	<u>£112,622,275</u>
<b>LIABILITIES</b>			
<b>Capital and reserves</b>			
Called up share capital	15	2,650,001	2,650,001
Profit and loss account	14	2,348,654	2,356,169
Other reserves	14	1,019,754	(20,877)
		<u>6,018,409</u>	<u>4,985,293</u>
<b>Equity shareholders' funds</b>		<u>6,018,409</u>	<u>4,985,293</u>
<b>Technical provisions for unit-linked liabilities</b>	16	122,675,066	107,123,339
<b>Creditors</b>			
Other creditors including taxation and social security	17	13,012	16,078
		<u>13,012</u>	<u>16,078</u>
<b>Accruals and deferred income</b>		<u>411,086</u>	<u>497,565</u>
<b>Total liabilities</b>		<u>£ 129,117,573</u>	<u>£112,622,275</u>

The financial statements were approved by the director and authorised for issue on 6 June 2018.

  
J A F Cuypers  
Director

Company Number: 09420212

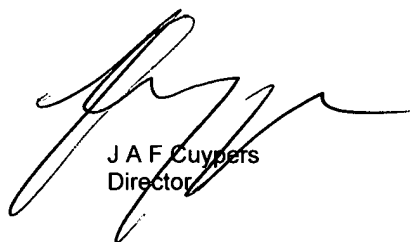


**SOOGEN HOLDINGS LIMITED**

**PARENT COMPANY BALANCE SHEET  
AT 31 DECEMBER 2017**

	Note	2017	2016
		£	£
<b>Fixed assets</b>			
Investments	11B	2,710,044	2,710,044
Debtors	13	-	1,604
<b>Other assets</b>			
Cash at bank and in hand		134,206	132,460
<b>Creditors</b>			
Amounts falling due within one year	17	(207,657)	(200,000)
<b>Net current liabilities</b>		(73,451)	(65,936)
<b>Total assets less current liabilities</b>		£2,636,593	£2,644,108
<b>Capital and reserves</b>			
Called up share capital	15	2,650,001	2,650,001
Profit and loss account		(13,408)	(5,893)
<b>Equity shareholder's funds</b>		£ 2,636,593	£2,644,108

The financial statements were approved by the director and authorised for issue on 6 June 2018.



J A F Cuypers  
Director

The notes form part of these financial statements.

Company Number: 09420212

# SOOGEN HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Other reserve	Total
	£	£	£	£
<b>Group</b>				
Balance as at 1 January 2017	2,650,001	2,356,169	(20,877)	4,985,293
(Loss) / profit for the year	-	(7,515)	1,040,631	1,033,116
<b>Balance as at 31 December 2017</b>	<b>£2,650,001</b>	<b>£2,348,654</b>	<b>£1,019,754</b>	<b>£6,018,409</b>
<b>Company</b>				
Balance as at 1 January 2017	2,650,001	(5,893)	-	2,644,108
Loss for the year	-	(7,515)	-	(7,515)
<b>Balance as at 31 December 2017</b>	<b>£2,650,001</b>	<b>£ (13,408)</b>	<b>£ -</b>	<b>£2,636,593</b>

**SOOGEN HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
<b>Operating Activities</b>			
Net cash inflow /(outflow) from operating activities	23	1,746	(7,402)
<b>Net cash flow from operating activities</b>		<u>1,746</u>	<u>(7,402)</u>
<b>Investing Activities</b>			
Purchase of subsidiary undertaking (net of cash acquired)		-	-
Proceeds on disposal of properties		-	-
<b>Net cash used in investing activities</b>		<u>-</u>	<u>-</u>
<b>Financing Activities</b>			
Proceeds from issue of ordinary share capital		-	-
<b>Increase/ (decrease) in net cash and cash equivalents</b>		<u>1,746</u>	<u>(7,402)</u>
Net cash and cash equivalents at 1 January 2017		<u>2,265,480</u>	<u>2,272,882</u>
Net cash and cash equivalents at 31 December 2017		<u>£ 2,267,226</u>	<u>£ 2,265,480</u>

# SOOGEN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 General information

The company is a private limited company limited by shares and is incorporated in England. The address of its registered office is 1 Portland Street, 3<sup>rd</sup> Floor - 3B, Manchester, M1 3BE.

### 2 Principal accounting policies

#### Statement of compliance

These financial statements have been prepared in compliance with the United Kingdom Generally Accepted Accounting Practice including FRS102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" as well as the Companies Act 2006 and the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 applicable to insurance companies.

A summary of the more important accounting policies, which have been applied consistently to all the years presented unless otherwise stated, is set out below.

#### Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102. The financial statements are prepared in sterling, which is the functional currency of the entity.

#### Basis of consolidation

The consolidated financial statements present the results of the group and Monarch Assurance plc, its own subsidiary ('the group') as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of the acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

#### Business combinations and goodwill

Where the cost of the business combination is less than the fair value of the group's interest in the assets, liabilities and contingent liabilities acquired, negative goodwill arises. The Group, after consideration of the assets, liabilities and contingent liabilities acquired and the cost of the combination, recognises negative goodwill on the balance sheet and releases this to profit and loss up to the fair value of non-monetary assets acquired, over the periods in which the non-monetary assets are recovered and any excess over the fair value of non-monetary assets in the income statement over the period expected to benefit.

#### Going concern

The group meets its day-to-day working capital requirements from its bank balances. Its forecasts and projections, taking account of reasonably possible changes in trading performance, indicate that it should be able to meet its liabilities as they fall due. After making enquiries, the director has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and therefore the group continues to adopt the going concern basis in preparing the financial statements.

## **SOOGEN HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **Foreign currency**

Assets and liabilities denominated in a foreign currency are translated to pounds sterling using the closing rate method. Exchange differences are dealt with in the profit and loss account through either the non-technical account or in the case of long-term business, the long-term business technical account.

Foreign currency transactions are translated into the functional currency using the average exchange rate for the month of the transaction.

#### **Premiums**

Premiums are measured at the fair value of the consideration received and are recognised when the unit linked policy liability is set up. Premiums are recorded net of any insurance premium tax.

#### **Reinsurance**

Outwards reinsurance premiums are accounted for in accordance with the contract terms when due, reflecting the period in which risk is transferred.

#### **Investment income**

Income from investments is included, together with the related tax credit, in the technical account - long-term business or non-technical account, as appropriate, on receipt.

#### **Realised and unrealised investment gains and losses**

Realised gains and losses, being the difference between the net sale proceeds and the valuation at the preceding balance sheet date or cost of acquisition if later, are included within investment income or investment expenses in the technical account where attributable to assets in the long term business fund. All other realised gains and losses are included in the non-technical account.

Unrealised gains and losses attributable to assets in the long-term business fund are reported in the technical account - long-term business. Unrealised gains and losses on shareholders' investments are taken to the non-technical account.

#### **Claims**

Claims payable on maturity are recognised when the claim becomes due for payment and those on death are accounted for on notification. Surrenders are accounted for at the earlier of the payment date or when the policy ceases to be included within the long-term business provision or the provision for linked liabilities.

Where claims are payable and the contract remains in force, the claim or instalment is accounted for when due for payment.

Claims payable include all related internal and external claims handling costs.

Reinsurance recoveries are accounted for in the same period as the related claim.

#### **Annuities**

Annuities are recognised in the technical account - long-term business when paid.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Commissions**

Acquisition and renewal commissions, including related overriding commissions, payable to independent intermediaries are included in net operating costs in the technical account - long term business as incurred.

**Tangible assets**

**(i) Land and buildings**

Land and buildings are treated as investment properties and valued at open market value. Full valuations are made by independent professionally qualified valuers every three years. Unrealised gains and losses arising on the revaluation of land and buildings are taken to the profit and loss account - technical account and non-technical account as appropriate. In the intervening years these valuations are updated by the directors with the assistance of independent professional advice as required, and any increase or decrease in values is accounted for as a value adjustment in the appropriate section of the profit and loss account.

The aggregate surplus or deficit on the revaluation of land and buildings is taken to the technical account - long-term business or non-technical account.

**(ii) Other tangible assets**

Other tangible assets are stated at cost, being their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal rates used for this purpose are:

Fixtures, fittings, tools and equipment	10% - 25%
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**Subsidiary undertakings, participating interests and associated undertakings**

The group holds a number of unlisted investments, where its share of underlying assets and liabilities may be greater than 50%. Being held on behalf of policyholders, these investments are not treated as subsidiary companies, participating interests or associated undertakings.

Dividends received are included within investment income in the long-term business technical account.

In the balance sheet these investments are stated at directors' valuation which is based on net asset value. Any change in the value of these investments is reflected in unrealised gains/losses in the long-term business technical account.

**Assets held to cover unit-linked liabilities**

Assets held to cover linked liabilities reflect the terms of the related policies and are recorded on a basis consistent with the related liabilities.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Financial instruments**

The group has chosen to adopt the recognition and measurement provisions of IAS39 'Financial Instruments: Recognition and Measurement' and the disclosure and presentation requirements sections 11 and 12 of FRS 102 in respect of financial statements.

**(i) Financial assets**

Basic financial assets including trade and other receivables, bank balances, loans to policyholders and amounts due from group companies are initially recorded at transaction value and subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are reviewed for evidence of impairment. Any impairment loss is recognised in the technical account - long term business or technical account as appropriate.

Other financial assets including listed and unlisted equities, structured products and interests in partnerships are initially measured at fair value which is normally the transaction price.

Such assets are subsequently carried at fair value and changes in fair value are recognised in the technical account - long term business or non-technical account as appropriate. Where fair values cannot be reliably measured, such assets are measured at cost less impairment, with any movements being recognised in the technical account - long term business or non-technical account.

Where possible, market value – being either a price quoted in an active market or a price quoted in a recent transaction for an identical asset – is used as fair value. However where this is not possible, for example in the case of an unlisted security, valuation techniques are used to estimate the fair value of the asset. Valuation techniques develop inputs that represent the assumptions that market participants would use to price an asset and which, by their very nature, require management to make estimates and judgements when determining such inputs.

**(ii) Financial liabilities**

Basic financial liabilities including trade and other payables are initially recognised at transaction value and subsequently at amortised cost using the effective interest method.

**Technical provision for unit-linked liabilities**

Technical provisions are calculated using policy data held on the company's administration system and assumptions set using internal and external data as inputs to the actuarial valuation models and spreadsheets

Technical provisions comprise the best estimate liability for unit-linked contracts in force at the period end and a risk margin. The best estimate liability reflects the expected value of future cash flows arising from in-force contract obligations, projected over each contract's expected life, taking into account all up to date financial market and actuarial information. The risk margin is a measure of the risk that the actual outcome of in-force contract obligations will differ from the best estimate.

All amounts are calculated in accordance with the Solvency II standard formula.

**Deferred taxation**

Provision is made for deferred taxation in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable they will be recovered against the reversal of deferred tax liabilities or other future taxable surpluses. Deferred tax is measured using the rates and laws that have been enacted or substantively enacted at the reporting date that are expected to apply to the reversal of the timing difference.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Statement of cash flows**

The group is required to present a statement of cash flows reflecting the cash flows relating to the group itself rather than the cash flows of the long-term fund.

The parent company satisfies the criteria of being a qualifying entity under FRS102. As such advantage has been taken of certain reduced disclosures available under FRS102. A statement of cash flows has not been presented for the company.

**Defined contribution pension plan**

Contributions to a defined contribution pension plan are recognised as an expense in the period to which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render that related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period to which it relates.

**Judgements and Key Sources of Estimation Uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group's insurance business is entirely unit linked and hence all investment risk is borne by the policyholder. Any significant change in the carrying value of a linked asset is offset by a corresponding reduction in the group's liability to the policyholder and, other than impacting the group's ability to raise management charges against policies in future years, of no impact on the group.

The group has used modelling techniques to calculate the value of best estimate liabilities and the risk margin included in these financial statements and this modelling requires management to make significant judgements when determining the underlying assumptions. These judgements involve considering whether the assumptions appropriately reflect the group's circumstances, historic experience and future business plans. The principal assumptions are lapse and withdrawal rates which are based on industry and company claims experience, expenses which are based on future business plans, expense inflation which is based on long term CPI trends together with an appropriate adjustment to reflect wage growth and the rate used to discount future cashflows which is the risk free rate set by EIOPA.

The group continues to review its provisioning criteria as Solvency II (which was applicable from 1 January 2016) has continued to be embedded within the company and the industry.

In calculating the solvency capital requirement, it is assumed that management would take action in the event of severe stress in adverse equity, currency and expense scenarios, to increase management charges to policyholders (where possible). In the event of a mass lapse scenario, it is assumed that the group would take action to reduce its expenses.

Group/shareholder assets are principally invested in cash deposits. In the current economic environment, the director has prepared the financial statements on the assumption that the major UK and European banks the group uses remain in business.

Policyholder loans are shown at cost on the basis that they don't have any scheduled repayment dates and are therefore repayable on demand.



# SOOGEN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 3 Segmental information

	2017 £	2016 £
<b>Written premiums</b>		
<b>3A Premiums written by way of direct insurance</b>		
Unit linked capital redemption premiums	-	-
Unit linked pension annuity premiums	7,200	8,640
Unit linked regular annuity premiums	523,193	518,766
Unit linked single annuity premiums	15,034,536	20,441,682
	<u>                    </u>	<u>                    </u>
Total direct insurance written premiums	£15,564,933	£ 20,969,088
	<u>                    </u>	<u>                    </u>
Periodic premiums	523,197	518,766
Single premiums	15,041,736	20,450,322
	<u>                    </u>	<u>                    </u>
Total gross direct insurance written premiums	15,564,933	20,969,088
Reinsurance balance	-	-
	<u>                    </u>	<u>                    </u>
<b>Net written premiums</b>	<u>£ 15,564,933</u>	<u>£ 20,969,088</u>

All written premiums represent direct business of which £15,564,933 (2016: £20,969,088) was written in the United Kingdom and £Nil (period ended 31 December 2016: £Nil) was written in the Isle of Man. There is no inwards reinsurance business.

<b>3B New business premiums</b>	<b>2017</b>			<b>2016</b>		
	Gross	Reinsur- ance ceded	Net	Gross	Reinsur- ance ceded	Net
	£	£	£	£	£	£
Unit linked capital redemption premiums	-	-	-	-	-	-
Unit linked pension annuity premiums	7,200	-	7,200	8,640	-	8,640
Unit linked regular annuity premiums	523,197	-	523,197	518,766	-	518,766
Unit linked single annuity premiums	15,034,536	-	15,034,536	20,441,682	-	20,441,682
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total new business premiums</b>	<u>15,564,933</u>	<u>£ -</u>	<u>£15,564,933</u>	<u>20,969,088</u>	<u>£ -</u>	<u>20,969,088</u>
Periodic premiums	523,197	-	523,197	518,766	-	518,766
Single premiums	15,041,736	-	15,041,736	20,450,322	-	20,450,322
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total new business premiums</b>	<u>15,564,933</u>	<u>-</u>	<u>15,564,933</u>	<u>20,969,088</u>	<u>£ -</u>	<u>20,969,088</u>

All new business premiums represent direct business of which £15,564,933 (2016: £20,969,088) was written in the United Kingdom and £Nil (period ending 31 December 2016: £Nil) was written in the Isle of Man. There is no inwards reinsurance business.

# SOOGEN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3C	Results	2017	2016
		£	£
	Balance on the technical account		
	- long term business before tax	1,040,631	(431,721)
	Shareholders' other income and charges	(7,515)	(5,798)
	<b>Profit/ (loss) on ordinary activities before tax</b>	<b>£ 1,033,116</b>	<b>£(437,519)</b>

3D	Net assets - 2017	Shareholders' funds (outside fund) £	Shareholders' funds (inside fund) £	Unit linked £
	Investments	-	180,930	-
	Assets held to cover linked liabilities	-	-	124,490,556
	Other net assets	4,998,655	838,824	-
	Technical provisions	-	-	(124,490,556)
	Other reserves	-	-	-
	Provision for deferred taxation	-	-	-
	<b>Total net assets</b>	<b>£4,998,655</b>	<b>£1,019,754</b>	<b>£ -</b>

Net assets - 2016	Shareholders' funds (outside fund) Restated £	Shareholders' funds (inside fund) Restated £	Unit Linked Restated £
Investments	-	163,381	-
Assets held to cover linked liabilities	-	-	108,048,242
Other net assets	5,006,170	(184,258)	-
Technical provisions	-	-	(108,048,242)
Other reserves	-	-	-
Provision for deferred taxation	-	-	-
<b>Total net assets</b>	<b>£ 5,006,170</b>	<b>£ (20,877)</b>	<b>£ -</b>

The total amount of assets attributable to the long term fund of £125,510,310 (2016: £108,027,365).

4	Net operating expenses	2017 £	2016 £
	Administrative expenses	£2,806,355	£2,324,499

**SOOGEN HOLDINGS LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

5 Investment income	Technical account long term business	Non-technical account	Technical account long term business	Non-technical account
	2017 £	£	2016 £	£
<b>Income from investments, other than participating interests</b>				
Income from land and buildings	20,000	-	20,000	-
Income from listed investments	54,934	-	31,365	-
Income from other investments	9,219,203	-	2,059,660	-
	<u>9,294,137</u>	<u>-</u>	<u>2,111,025</u>	<u>-</u>
Net losses on realisation of investments	192,707	-	(29,218)	-
	<u>£ 9,486,844</u>	<u>£ -</u>	<u>£2,081,807</u>	<u>£ -</u>
<b>Investment activity account</b>	<b>2017 £</b>		<b>2016 £</b>	
<b>a) Non-technical account</b>				
Investment income	-		-	
Investment management expenses including interest	-		-	
	<u>-</u>		<u>-</u>	
Realised investment gains and losses	-		-	
Movement in unrealised investment gains and losses	-		-	
	<u>-</u>		<u>-</u>	
Net investment return	-		-	
<b>b) Technical account</b>				
Investment income	9,294,137		2,111,025	
Investment management expenses including interest	-		-	
	<u>9,294,137</u>		<u>2,111,025</u>	
Realised investment gains and losses	192,707		(29,218)	
Movement in unrealised gains and losses	(3,077,337)		12,539,014	
	<u>£6,409,507</u>		<u>£ 14,620,821</u>	
Net investment return	£6,409,507		£ 14,620,821	
Attributable to linked business	6,407,030		14,599,814	
Other than linked business	2,477		21,007	
	<u>£6,409,507</u>		<u>£ 14,620,821</u>	
Total net investment return	£6,409,507		£ 14,620,821	

# SOOGEN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 6 Employee information

The average number of persons (including executive but excluding non-executive directors) employed by the group during the period was:

	2017 Number	2016 Number
Administration	5	7

#### Staff costs for above persons were:

Wages and salaries	370,546	470,337
Social security costs	51,182	58,104
	421,728	528,441

#### Employee benefits- Defined contribution pension plans

The amounts recognised within the technical account and included above as an expense in relation to defined contribution pension plans was £413 (2016: £Nil). At 31 December 2017, £Nil (2016: £Nil) was outstanding.

7	Directors' emoluments	2017 £	2016 £
	Aggregate emoluments	£90,000	£ 90,000

	2017 £	2016 £
Chairman	£ 90,000	£ 90,000
Highest paid director	£ 90,000	£ 90,000

8	Profit/ (loss) on ordinary activities before tax	2017 £	2016 £
	Profit /(loss) on ordinary activities before tax is stated after:		
	Auditors' remuneration for:		
	-audit	52,130	37,600
	-other services – tax	2,250	3,340
	Commissions paid	1,194,648	1,274,593
	Operating lease charges	61,776	59,978
	Revaluation of land and buildings	( 32,000)	-

# SOOGEN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

8	Profit/(loss) on ordinary activities before tax (continued)	2017 £	2016 £
	The profit/(loss) on ordinary activities before tax may be analysed as follows:		
	Result from operating activities	142,529	(528,263)
	Movement in best estimate liabilities and risk margin	890,587	96,542
		<hr/>	<hr/>
	Profit/(loss) on ordinary activities before tax	£ 1,033,116	£ (431,721)
		<hr/>	<hr/>

### 9 Tax charge Deferred tax

	2017 £	2016 £
Charge for the year	£ -	£ 3,304
	<hr/>	<hr/>

### Current tax

No current taxation has been charged for the year as no liability appears to arise.

### Factors affecting the tax charge for the period

	2017 £	2016 £
Profit/ (loss) on ordinary activities before tax	1,033,116	(437,519)
	<hr/>	<hr/>
Profit/ (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2016: 20%)	196,292	(87,504)
Effects of:		
Income not subject to tax	-	-
Deferred tax movement	-	3,304
Transfer (from)/ to tax losses	(196,292)	87,504
	<hr/>	<hr/>
Current charge for the period	£ -	£ 3,304
	<hr/>	<hr/>

### Factors that may affect future tax charges

The group has tax losses to carry forward of £523,000; these will be applied against future taxable profits at the future tax rate.

### 10 Profits of Holding Company

The director has taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the parent company in these financial statements. The parent company's loss for the year was £7,515 (2016: loss £5,798)

**SOOGEN HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

		<b>Land and Buildings £</b>
<b>11</b>	<b>Investments</b>	
<b>11A</b>	<b>Investments: land and buildings</b>	
	<b>Group</b>	
	<b>Cost or valuation</b>	
	At 1 January 2017 – at valuation	32,000
	Revaluation	(32,000)
		<hr/>
	At 31 December 2017 – at valuation	£ -
		<hr/>
	<b>Depreciation</b>	
	At 1 January 2017 and 31 December 2017	£ -
		<hr/>
	<b>Net book value at 31 December 2017</b>	£ -
		<hr/>
	<b>Net book value at 31 December 2016</b>	£ 32,000
		<hr/>

Other land and buildings is a property held as an investment property. It was revalued at a directors' valuation on 31 December 2017.

<b>11B</b>	<b>Investments: other financial</b>				
	<b>Investments</b>				
	<b>Group</b>				
		<b>2017</b>		<b>2016</b>	
		<b>Market</b>	<b>Cost</b>	<b>Market value</b>	<b>Cost</b>
		<b>value</b>		<b>value</b>	
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Shares and other variable yield securities	161,271	32,096	150,992	94,307
	Other loans:-				
	- Loans secured on policies	19,659	19,659	12,389	12,389
		<hr/>	<hr/>	<hr/>	<hr/>
		£ 180,930	£ 51,755	£ 163,381	£106,696
		<hr/>	<hr/>	<hr/>	<hr/>
	Including investments listed on a recognised investment exchange:				
				<b>2017</b>	<b>2016</b>
				<b>£</b>	<b>£</b>
	Shares and other variable yield securities			£ 146,367	£ 135,098
				<hr/>	<hr/>

# SOOGEN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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### Significant interests

At 31 December 2017, the long-term business fund held more than 10% of the allotted share capital of certain unlisted companies. As these investments are held to cover unit linked liabilities, no information relating to these undertakings is given as their results and financial position do not materially affect the financial position of the company as shown in its financial statements.

Furthermore, the long-term business fund holds certain unlisted investments where the proportion of the nominal value of the allotted share capital held exceeds 50%. As these investments are held to cover unit linked liabilities, they are not treated as subsidiary companies, participating interests or associated undertakings and consolidated accounts have not been prepared.

<b>Fixed Asset Investments Company</b>	<b>Shares in group undertakings £</b>
<b>Cost</b>	
At 31 December 2017 and 2016	£2,710,044
	<hr/>
<b>Provision</b>	
At 31 December 2017 and 2016	£ -
	<hr/>
<b>Net Book Value</b>	
At 31 December 2017 and 2016	£2,710,044
	<hr/>

At 31 December 2017 the company held the following interest which is registered in England.

<b>Name</b>	<b>Class</b>	<b>% Holding</b>
<b>Shares in group undertakings</b>		
Monarch Assurance Plc (Life Assurance and Annuity business)	Ordinary	100%

**SOOGEN HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>12</b>	<b>Tangible assets Group</b>		<b>Fixtures, Fittings, tools and equipment £</b>
	<b>Cost</b>		
	At 1 January 2017		196,350
	Additions		45,331
			<hr/>
	At 31 December 2017		£241,681
			<hr/>
	<b>Depreciation</b>		
	At 1 January 2017		68,585
	Charge for the year		59,000
			<hr/>
	At 31 December 2017		£ 127,585
			<hr/>
	Net book value at 31 December 2017		£114,096
			<hr/>
	Net book value at 31 December 2016		£127,765
			<hr/>
<b>13</b>	<b>Debtors, Prepayments and accrued income Group</b>		
		<b>2017 £</b>	<b>2016 £</b>
	Prepayments	£ 125,047	£ 116,452
		<hr/>	<hr/>
	<b>Company</b>	<b>2017 £</b>	<b>2016 £</b>
	Loan to director	£ -	£ 1,604
		<hr/>	<hr/>

The loan to Mr Cuypers was interest free and had no fixed repayment terms.



**SOOGEN HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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<b>14</b>	<b>Reserves Group</b>	<b>Profit and loss account</b>	<b>Other reserves</b>
		<b>£</b>	<b>£</b>
	At 1 January 2017	2,356,169	(20,877)
	(Loss) / profit for the year	(7,515)	1,040,631
		<hr/>	<hr/>
	At 31 December 2017	£2,348,654	£1,019,754
		<hr/>	<hr/>

Other reserves represent the estimated surplus in the long-term business fund which is available to meet future costs and regulatory solvency requirements. The estimated surplus cannot be transferred to shareholders without the approval of the actuarial function holder and only then if an up to date actuarial valuation shows that such a transfer would not be detrimental to the requirements of the long-term business fund and the company's policyholders.

Profit and loss account reserve represents all current and prior period retained profits and losses.

<b>15</b>	<b>Share Capital</b>	<b>2017 £</b>	<b>2016 £</b>
	Allotted, called-up and fully paid	£2,650,001	£2,650,001
		<hr/>	<hr/>

# SOOGEN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 16 Technical provisions Group

	Unit-linked liabilities £	Best estimate liabilities £	Risk margin £	Total £
At 1 January 2017	108,048,242	(2,351,153)	1,426,250	107,123,339
Change in technical provisions	16,442,314	(1,053,801)	163,214	15,551,727
At 31 December 2017	124,490,556	(3,404,954)	1,589,464	122,675,066

The company has adopted Solvency II methodologies in calculating technical provisions.

### 17 Other creditors including taxation and social security Group

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Taxation and social security	£13,012	£ 16,078
<b>Company</b>		
<b>Amounts falling due within one year:</b>	<b>2017</b>	<b>2016</b>
Amounts owed to group undertakings:		
Monarch Insurance Plc	200,000	200,000
Accruals	5,000	-
Other creditors	2,657	-
	£ 207,657	£ 200,000

### 18 Assets of the long-term business fund Group

	2017 £	2016 £
The total amount of assets relating to the long term business fund is as follows:		
Freehold property	-	32,000
Tangible fixed assets	114,096	127,765
Investments	180,930	163,381
Assets held to cover linked liabilities	124,490,556	108,048,242
Cash at bank and in hand	1,939,716	1,868,955
Prepayments and accrued income	125,047	114,848
	£126,850,345	£110,355,191

## SOOGEN HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 19 Related party transactions

There exists at 31 December 2017 a debtor amounting to £45,000 (2016: £15,000) due from Monarch Endowments Limited, a company in which Messrs J A F Cuypers, J K Tenconi and S P Robinson (directors of Monarch Assurance plc) are directors.

Mr S P Robinson is a director of RE Chem Holding AG, a company incorporated in Switzerland, which is one of the group's investments. Mr Robinson receives no remuneration for this position.

Messrs Robinson and Tenconi are directors of Sixty One Finance Limited, a company incorporated in England and Wales, which has borrowed £145,000 (2016: £145,000) from the group. Interest payable is linked to bank base rate. The loan principal and interest of £972 (2016: £914) was outstanding at 31 December 2017. Neither director receives any remuneration for this position.

The Kingsmead Corporation Limited, of which Mr A R Jones (director of Monarch Assurance plc) is the beneficial owner (2016: C & M Partnership, of which Mr Jones was the general partner) charged commission of £36,012 (2016: £37,879) on management charges earned by the group from business introduced by Kingsmead; £Nil (2016: £17,469) was outstanding at 31 December 2017. The group held a 5% interest in the C & M Partnership until its termination on 31 December 2016 and earned management charges in 2016 of £8,750 from that investment.

Mr J A F Cuypers had a loan from the company during the year. The loan was interest free and without fixed repayment terms. At 31 December 2017, the company owed Mr Cuypers £2,657 (2016: Mr Cuypers owed the company £1,604) and the maximum amount outstanding from Mr Cuypers to the company during 2017 was £83,774.

The director is considered to be the key management personnel.

#### 20 Commitments under operating leases

At 31 December the company had total future minimum operating lease payments under non-cancellable operating leases falling due as follows:

	2017 Land & Buildings £	2016 Land & Buildings £
Not later than one year:	£ 52,081	£ 51,491
Later than one year and not later than five years:	£ 208,324	£ 208,324
Later than five years:	£ 4,340	£ 56,421
	<hr/>	<hr/>
Total	£ 264,745	£ 316,236
	<hr/>	<hr/>

# SOOGEN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 21 Ultimate controlling entity

Mr Johan Cuypers is the ultimate controlling party by virtue of holding 100% of the issued share capital of Soogen Holdings Limited.

### 22 Capital statement

The capital statement in respect of the group's life, pensions and capital redemption business at 31 December 2017 is set out below. This statement shows an analysis of the capital resources available, the regulatory capital requirements and the overall surplus capital over regulatory requirements.

That group's long-term products in the UK consist of life, pensions and capital redemption products. These are written through sub-funds of the company's long-term business fund. All products are unit linked and therefore non-participating. There is no with-profits business.

	UK long-term business fund £	Shareholders' funds £	Total life business £
Equity shareholders' funds			
- Outside fund	-	4,998,655	4,998,655
- Inside fund	1,019,754	-	1,019,754
Total shareholders' funds	£1,019,754	£ 4,998,655	£ 6,018,409
Adjustments onto regulatory basis:			
- Adjustment to assets			-
Total available capital resources			6,018,409
Capital requirement			3,446,221
<b>Overall surplus capital over regulatory requirements</b>			<b>£ 2,572,188</b>
<b>Solvency margin</b>			<b>175%</b>
<b>Policyholder liabilities:</b>			
Policyholder unit funds	124,490,556	-	124,490,556
Non unit reserves	(3,404,954)	-	(3,404,954)
Risk margin	1,589,464	-	1,589,464
<b>Technical provisions in balance sheet</b>	<b>£122,675,066</b>	<b>£ -</b>	<b>£122,675,066</b>

### Basis of calculating available capital resources

Available capital has been calculated in accordance with regulations issued by the Prudential Regulation Authority ("PRA") and in accordance with the Solvency II Standard formula.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Restrictions on available capital resources**

Amounts shown as "other reserves" within shareholders' funds are restricted in their availability for distribution to shareholders under PRA rules. These amounts represent the estimated surplus within the long-term business fund but no transfers from the long-term business fund can take place without an up-to-date actuarial valuation being carried out. Aside from this, the surplus can be distributed to shareholders subject to meeting the requirements of the business.

Shareholders' funds are generally available to meet capital requirements. However, it is the group's policy to ensure that the company is adequately capitalised and that sufficient capital is held to exceed the regulatory requirements. Furthermore, management carefully control the level of new business to ensure that no significant new business strain is experienced on solvency.

**Basis of calculating capital requirements**

Each life assurance company has to hold sufficient capital to meet the PRA's regulatory requirements.

For the UK long-term business fund the relevant capital requirement is the solvency capital requirement determined according to the PRA rules. At 31 December 2017 this amounted to £3,446,221 (2016 – the minimum capital requirement of £3,331,850 applied).

The company has procedures in place to closely monitor its solvency position on a regular basis and which allow the company to take appropriate action if risks emerge that threaten the minimum regulatory solvency requirement.

**Sensitivities and risk management**

For the UK long-term business fund, all policies are unit-linked and as such, changes in asset values due to changes in market conditions are matched by an equal and opposite change in the related liability. Management ensure that there is no significant mis-match between assets and liabilities.

The company's pension annuity products carry a risk of increasing liability for annuities as people live longer but as guaranteed minimum annuity rates are set at low levels, the directors do not consider the risk to future cash flows to be material.

Shareholders' funds and the surplus in the life fund are represented principally by bank balances.

**Guarantees**

Twelve of the company's policies carry a minimum guaranteed return of 101% of the single premium at maturity in approximately 95 years. Given the nature of the guaranteed and the period to maturity, no guarantee reserve is considered necessary (2016: £ Nil).

# SOOGEN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 23 Notes to the Consolidated Statement of Cash Flows Reconciliation of Operating Profit to Net Cash Outflow from Operating Activities

	2017	2016
	£	£
Profit/ (loss) for the period	1,033,116	(437,519)
Less: balance on the long term business account	(1,040,631)	431,721
Operating (Loss)	(7,515)	(5,798)
Loss on disposal of investments	-	-
Release of negative goodwill arising on consolidation	-	-
Decrease /(Increase) in debtors	1,604	(1,604)
Increase / (decrease) in creditors	7,657	-
<b>Net cash inflow/ (outflow) from operating activities</b>	<b>£ 1,746</b>	<b>£ (7,402)</b>

### 24 Financial Instruments

The financial instruments held by the group and their valuation bases are set out below:

2017	Market value through profit and loss			Debt instruments measured at amortised cost	Total
	Quoted in active market	Recent transaction for identical asset	Estimation by valuation technique		
	£	£	£	£	£
<b>Assets held to cover linked liabilities</b>					
Financial assets:					
Listed	65,605,461	-	-	-	65,605,461
Unlisted	14,008,420	-	547,490	-	14,555,910
Interests in limited partnerships	-	-	14,900,000	-	14,900,000
Capital redemption contract	-	-	483,655	-	483,655
Other receivables	-	-	-	17,818,610	17,818,610
	79,613,881	-	15,931,145	17,818,610	113,363,636
Other assets					11,327,892
Financial liabilities within assets held to cover linked liabilities					(140,668)
Deferred tax					(60,304)
					124,490,556
<b>Other long term assets</b>	<b>£ 146,364</b>	<b>£ 14,904</b>	<b>£ -</b>	<b>£ 19,659</b>	<b>£180,390</b>

**SOOGEN HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

2016	Market value through profit and loss			Debt instruments measured at amortised cost	Total
	Quoted in active market	Recent transaction for identical asset	Estimation by valuation technique		
	£	£	£	£	£
<b>Assets held to cover linked liabilities</b>					
Financial assets:					
Listed	51,440,586	-	-	-	51,440,586
Unlisted	20,999,457	-	547,490	-	21,546,947
Interests in limited partnerships	-	-	15,100,000	-	15,100,000
Capital redemption contract	-	-	488,390	-	488,390
Other receivables	-	-	-	14,799,606	14,799,606
	<u>72,440,043</u>	<u>-</u>	<u>16,135,880</u>	<u>14,799,606</u>	<u>103,375,529</u>
Other assets					4,793,684
Financial liabilities within assets held to cover linked liabilities					(60,667)
Deferred tax					(60,304)
					<u>108,048,242</u>
<b>Other long term assets</b>	<u>£ 138,010</u>	<u>£ 12,982</u>	<u>£ -</u>	<u>£ 12,389</u>	<u>£163,381</u>

Financial liabilities measured at amortised cost may be analysed as follows:

	2017 £	2016 £
<b>Assets held to cover linked liabilities</b>		
Debt instruments	19,659	12,389
Other creditors	121,009	48,278
	<u>140,668</u>	<u>60,667</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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Financial assets at market value through profit and loss – valuation technique – include unlisted equities valued at cost of £547,490 (2016: £547,490) where the directors consider that cost provides the most reliable estimate of fair value.

The group issues only unit-linked contracts, the nature of which is that gains or losses in the value of assets and liabilities underlying those contracts are borne by the policyholder; any reduction in the value of the asset is 100% offset by a corresponding reduction in the group's liability to its policyholder and vice versa i.e. the policyholder bears the investment risk. Consequently, variations in the value of assets held to cover linked liabilities have no direct impact on the group itself or its ability to continue in business in the foreseeable future. Variations do have a secondary impact on the group in that the policyholder fund on which it calculates its annual management charges can go up or down in value; taking into account the charging bases on its contracts, the directors do not consider the secondary risk to be material to the group's ability to continue in business on a 12 month basis, even under stressed conditions.

For its own assets, the group pursues a conservative investment policy with over 80% of its assets in the form of bank balances and it has no financial liabilities other than creditors arising from its day-to-day operations. As a result, it is relatively immune to movements in asset and liability valuations. The biggest risk to the company is the failure of one of the major banks it uses; to minimise this risk, the group seeks, within the constraints of operating efficiency, to spread balances across several UK and European based banks with strong credit ratings.

The following risks arise from the financial instruments held by the group:

**Credit Risk**

This is the risk of a reduction in earnings and/or value, as a result of the failure of a party with whom the group has contracted to meet its obligations as they fall due.

For each of the group's holdings in financial instruments, the group's maximum exposure to credit risk is the carrying value as shown in the balance sheet. The group has no exposure to derivatives or similar instruments.

*Third party default risk*

Within assets held to cover linked liabilities, the total amount receivable by the group under debt instruments of £17,818,610 (2016: £14,799,606) is partly secured by means of legal charges amounting to £14,189,302 (2016: £11,551,518); the balance is unsecured. However, as noted above, these assets are held to cover liabilities of the group to its policyholders under unit linked contracts and therefore any reduction in the value of the asset as a result of third party default has no direct impact on the group. All unit linking is specific to each policy and the policyholder or their adviser selects the investments underlying the policy.

The group holds debt instruments amounting to £19,659 (2016: £12,389) for its own account; these are amounts due to it from policyholder funds in respect of annual management charges where the fund is illiquid at the end of the year. The group has a policy of not permitting policyholder funds to remain overdrawn for more than 30 days and is able to direct the sale of investments within the relevant fund in order to recoup the amount outstanding.

Loans and advances to third parties are reviewed regularly to determine whether there is any objective evidence of impairment. As at 31 December 2017, no debts instruments were considered past due or impaired (2016: £Nil) and no specific impairment provisions have been included.

The group may invest in securities issued by the UK or European governments or corporate entities at the request of its policyholders or their advisers. Any such assets would be held to cover liabilities of the group to its policyholders under unit linked contracts and again, any reduction in the value of the asset as a result of third party default would be of no direct impact on the group i.e. 100% offset by a corresponding reduction in the group's liability to its policyholder.



## SOOGEN HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### **Liquidity Risk**

Liquidity risk is the risk that the group is unable to meet its current and future obligations as they fall due, or is only able to do so at excessive cost.

All contracts issued by the group stipulate that a surrender or maturity value is only payable once associated assets have been realised. For certain more illiquid policyholder assets, the contract allows the group to meet a surrender or maturity payment in specie by transferring the underlying assets to the policyholder. Where a policyholder's fund incurs financial liabilities, the company ensures that the fund has sufficient liquid assets to match the repayment profile; at 31 December 2017 and 2016, all such liabilities were payable on demand.

Otherwise, the group's policy is to ensure that it maintains a minimum liquidity position, consisting of bank deposits, to ensure that it is able to meet its on-going expenses as they fall due.

The group has no financial liabilities other than creditors arising in the normal course of business of £13,012 (2016: £16,078), payable on demand.

#### **Market Risk**

Market risk is the risk that the value of, or income arising from, the group's assets and liabilities change as a result of changes in market prices or interest rates.

##### Foreign exchange risk

The effect of foreign exchange rate movements on assets held to cover linked liabilities is borne by the policyholder as is the impact of foreign exchange rate movements on financial liabilities within linked funds. Assets underlying a policy are held in the same currency as the group's liability to the policyholder to ensure that no exchange rate mismatch occurs.

The group itself has no material exposure to foreign exchange rate movements as the majority of its assets and liabilities are sterling denominated.

##### Market price risk

The group has a portfolio of long term investments which are held in order to meet its liabilities to policyholders under unit linked contracts. As noted above, any reduction in the value of the asset as a result of third party default is 100% offset by a corresponding reduction in the group's liability to its policyholder.

The group's own assets are principally in the form of bank balances and hence, market price risk is not a significant risk to the group's financial position.

#### **Capital**

Capital risk is defined as the risk that the group has insufficient capital to provide a resource large enough to absorb losses or that the capital structure is insufficient to meet regulatory requirements.

Monarch Assurance plc is obliged to maintain regulatory capital above the higher of the solvency capital requirement and the minimum capital requirement as determined by PRA rules and seeks to ensure that it maintains a sufficient buffer above this level to absorb any one year losses. Further details of the regulated company's capital position are provided in note 24.

The group and regulated company's regulatory capital resources are of the highest quality 'Tier 1', being share capital and retained profits.