

Company Registration Number: 10758907

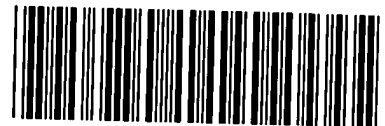
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Black Star Holdings Limited
Financial Statements
For the period ended
31 December 2017

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Black Star Holdings Limited

Financial Statements

Period from 8 May 2017 to 31 December 2017

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Black Star Holdings Limited

Officers and Professional Advisers

The Board of Directors

Mr Gary Wayne Herbert
Mr Norman Kelly

Company Secretaries

OHS Secretaries Limited

Registered Office

6 Broad Street Place
Broad Street
London
United Kingdom
EC2M 7JH

Auditor

Chiene + Tait LLP
Chartered Accountants
61 Dublin Street
Edinburgh
EH3 6NL

Black Star Holdings Limited

Directors' Report

Period from 8 May 2017 to 31 December 2017

The directors present their report and the financial statements of the company from the date of incorporation, 8 May 2017 to 31 December 2017.

Principal activities

The principal activity of the company during the year was making equity investments in high quality financial services companies, in Africa.

Directors'

The directors who served the company during the period and since the period end were as follows:

Mr James Darius Roth	(Appointed 8 May 2017 and resigned 9 April 2018)
Mr Stuart Barnaby Bedford	(Appointed 8 May 2017 and resigned 13 April 2018)
Mr Karimat Olokun-ola	(Appointed 9 April 2018 and resigned 13 June 2018)
Mr Norman Kelly	(Appointed 13 June 2018)
Mr Gary Wayne Herbert	(Appointed 13 April 2018)

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors' have 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 directors' must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Black Star Holdings Limited

Directors' Report *(continued)*

Period from 8 May 2017 to 31 December 2017

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small Company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 31/10/2018 and signed on behalf of the board by:


Mr Norman Kelly
Director

Black Star Holdings Limited

Independent Auditor's Report to the Members of Black Star Holdings Limited

Period from 8 May 2017 to 31 December 2017

Opinion

We have audited the financial statements of Black Star Holdings Limited (the 'company') for the period ended 31 December 2017 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 company 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, 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Black Star Holdings Limited

Independent Auditor's Report to the Members of Black Star Holdings Limited (continued)

Period from 8 May 2017 to 31 December 2017

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 directors are 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.

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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' 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.
- the directors were not entitled to take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Black Star Holdings Limited

Independent Auditor's Report to the Members of Black Star Holdings Limited (continued)

Period from 8 May 2017 to 31 December 2017

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 Councils website at: www.frc.org.uk/auditorresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, 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 members those matters we are required to state to them 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Barry Truswell CA (Senior Statutory Auditor)
Chiene + Tait LLP
Chartered Accountants & Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

31 October 2018

Black Star Holdings Limited

Statement of Comprehensive Income

Period from 8 May 2017 to 31 December 2017

	Note	Period from 8 May 17 to 31 Dec 17 \$
Administrative expenses		(13,491)
Operating loss		(13,491)
Gain on financial assets at fair value through profit or loss		13,699,713
Profit before taxation		13,686,222
Tax on profit	6	(2,295,254)
Profit for the financial period and total comprehensive income		<u>11,390,968</u>

All the activities of the company are from continuing operations.

Black Star Holdings Limited

Statement of Financial Position

31 December 2017

	Note	\$	31 Dec 17 \$
Fixed assets			
Investments	8		168,699,713
Current assets			
Debtors	9	125	
Cash at bank and in hand		365	
		490	
Creditors: amounts falling due within one year	10	(13,856)	
Net current liabilities			(13,366)
Total assets less current liabilities			168,686,347
Provisions	11		(2,295,254)
Net assets			166,391,093
Capital and reserves			
Called up share capital	12		1,375
Share premium account	13		154,998,750
Profit and loss account	13		11,390,968
Shareholders' funds			166,391,093

These financial statements were approved by the board of directors and authorised for issue on 31 October 2018 and are signed on behalf of the board by:


Mr Norman Kelly
Director

Company registration number: 10758907

Black Star Holdings Limited

Statement of Changes in Equity

Period from 8 May 2017 to 31 December 2017

	Called up share capital \$	Share premium account \$	Profit and loss account \$	Total \$
At 8 May 2017	—	—	—	—
Profit for the period	—	—	11,390,968	11,390,968
Total comprehensive income for the period	—	—	11,390,968	11,390,968
Issue of shares	1,375	154,998,750	—	155,000,125
Total investments by and distributions to owners	1,375	154,998,750	—	155,000,125
At 31 December 2017	1,375	154,998,750	11,390,968	166,391,093

The notes on pages 11 to 21 form part of these financial statements.

Black Star Holdings Limited

Statement of Cash Flows

Period from 8 May 2017 to 31 December 2017

	31 Dec 17 \$
Cash flows from operating activities	
Profit for the financial period	11,390,968
<i>Adjustments for:</i>	
Gain on financial assets at fair value through profit or loss	(13,699,713)
Tax on profit	2,295,254
Accrued expenses	13,356
<i>Changes in:</i>	
Trade and other debtors	(125)
Net cash used in operating activities	<u>(260)</u>
Cash flows from investing activities	
Acquisition of interests in associates	(155,000,000)
Net cash used in investing activities	<u>(155,000,000)</u>
Cash flows from financing activities	
Proceeds from issue of ordinary shares	155,000,125
Proceeds from loans from group undertakings	500
Net cash from financing activities	<u>155,000,625</u>
Net increase in cash and cash equivalents	365
Cash and cash equivalents at beginning of period	<u>-</u>
Cash and cash equivalents at end of period	<u>365</u>

The notes on pages 11 to 21 form part of these financial statements.

Black Star Holdings Limited

Notes to the Financial Statements

Period from 8 May 2017 to 31 December 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 6 Broad street Place, Broad Street, London, EC2M 7JH, United Kingdom.

The principal activity of the company during the period was of investment holding activities.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a historical cost basis except for the fair valuation of the financial asset at fair value through profit or loss.

The preparation of financial statements, in conformity with FRS 102, requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the entity's accounting policies.

Going concern

The directors have made an assessment of the entity's ability to continue as a going concern and is satisfied that the entity has the resources to continue in business for the foreseeable future.

Furthermore, the directors are not aware of any material uncertainties that may cast doubt upon the entity's ability to continue as a going concern. The entity makes such capital calls from its investors as and when required in order to meet its financial obligations. Therefore, the financial statements continue to be prepared on the going concern basis.

Foreign currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the respective entity operates ('the functional currency'). The directors consider the United States Dollar ("USD") as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD which is the entity's functional and presentation currency.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise. Foreign exchange gains and losses relating to the financial assets at fair value through profit and loss are presented in the profit or loss within "gain on financial assets at fair value through profit or loss".

Black Star Holdings Limited

Notes to the Financial Statements *(continued)*

Period from 8 May 2017 to 31 December 2017

3. Accounting policies *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL") and 'financial assets at amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination (ii) held for trading, or (iii) it is designated as at FVTPL. A financial asset is classified as held for trading if:

- i) It has been acquired principally for the purpose of selling it in the near term; or
- ii) on initial recognition, it is part of a portfolio of identified financial instruments that the entity manages together and has a recent actual pattern of short-term profit-taking; or
- iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- iii) it forms part of a contract containing one or more embedded derivatives, and FRS 102 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "gain on financial assets at fair value through profit or loss" line item.

Financial assets at amortised cost

The entity classifies its financial assets at amortised cost only if both the following criteria are met: the asset is held within a business model with the objective of collecting the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost (including prepayments and other receivables and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Black Star Holdings Limited

Notes to the Financial Statements *(continued)*

Period from 8 May 2017 to 31 December 2017

3. Accounting policies *(continued)*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Impairment of financial assets

The entity assesses, on a forward-looking basis, the expected credit losses associated with its other financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Derecognition of financial assets

The entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the entity is recognised at the proceeds received, net of direct issue costs. Repurchase of the entity's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the entity's own equity instruments.

Other financial liabilities at amortised cost

Other financial liabilities at amortised cost (including accruals and other payables) are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The entity derecognises financial liabilities when, and only when, the entity's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprises cash at bank.

Expense recognition

Expenses are accounted for in profit or loss on an accrual basis.

Black Star Holdings Limited

Notes to the Financial Statements *(continued)*

Period from 8 May 2017 to 31 December 2017

3. Accounting policies *(continued)*

Taxation

Tax expense for the period comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future gives rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the rates and laws that have been enacted or substantively enacted as at the reporting date that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Black Star Holdings Limited

Notes to the Financial Statements *(continued)*

Period from 8 May 2017 to 31 December 2017

4. Risk Management

Risk management

The entity's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The entity does not hedge any of its risk exposures.

The directors manage the financial risk by ensuring periodical review of the operations and ensuring adequate internal controls to avoid any negative impact of such risks on the entity.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The entity has voluntarily disclosed exposure to exchange risk on its investment as set out below. The entity has invested in securities denominated in other currencies which are not the entity's functional currency. The entity is exposed to the risks that the USD relative to other foreign currencies may change in a manner which has an adverse effect on the reported value of its investments. Tabled below are the investments, held at FVTPL, which exposes the entity to foreign exchange rate risk:

As at 31 December 2017	Foreign currency	Value in USD	Exchange rate
Financial assets at fair value through profit or loss currency			
Ghanaian Cedis ("GHS")	765,731,371	168,699,713	4.53902

Any movement in the underlying exchange rates of the investee company directly impacts the net asset valuation of the company. A 1% appreciation in the underlying exchange rate of the investee company, assuming all other variable constant, will result in **USD 1,704,038** increase in the net asset valuation of the company. A 1% depreciation in the underlying exchange rate of the investee company, assuming all other variables constant, will result in **USD 1,670,294** decrease in the net asset valuation of the company.

(ii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising on interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

On account of the inherent uncertainty of fair valuation, the estimated values may differ from the values that would be used had a ready market for the investment existed. Such investments are classified as financial assets valued at fair value through profit or loss and the fair value can change with respect to market performance.

The net assets of the entity are directly related to the fair valuation of the investee company. Any movement in fair valuation of the investee company directly impacts the net asset valuation of the entity. A 5% increase or reduction in fair valuation of the investee company, including the effect of foreign exchange risk, assuming all other variables constant, will result in **USD 8,434,986** increase or reduction in net asset valuation of the entity.

Black Star Holdings Limited

Notes to the Financial Statements *(continued)*

Period from 8 May 2017 to 31 December 2017

4. Risk Management

(iii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow. Although cash at bank are held in interest bearing accounts, the amounts held in deposit are not material and thus interest earned is deemed to be insignificant. Other than this, the entity has no interest-bearing assets. The exposure to interest rate risk is deemed insignificant.

(b) Credit risk

The entity takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The entity's policy is to maintain cash balances with reputable banking institutions. At 31 December 2017, the cash balances were held with Standard Chartered Bank Limited, which forms part of the Standard Chartered Group which had a rating of A- from Standards & Poor's at that date.

(c) Liquidity risk

Liquidity risk is the risk that the entity will be unable to meet its payment obligations associated with

its financial liabilities when they fall due. The consequence may be the failure to meet obligations and fulfil commitments. Prudent liquidity risk management implies maintaining a level of cash and bank balances deemed adequate by management to finance the entity's activities. The entity makes such capital calls from its investors as and when required in order to meet its financial obligations.

The liquidity risk management process, as carried out by the entity and monitored by management includes monitoring the future cash flows to ensure that funding requirements are met. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments. All liabilities except for net assets attributable to the shareholder's have contractual maturity of less than one year from the reporting date. Liabilities are settled from cash proceeds from the capital contributions from the issue of share capital or loans from other group entities as and when funding is required. Hence, liquidity risk is deemed low.

(d) Fair value estimation

The entity's other financial assets and financial liabilities approximate their fair values.

The fair value of financial assets at fair value through profit or loss that is not traded in an active market is determined by using valuation techniques. FRS 102 requires the entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1); Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The following table analyses, within the fair value hierarchy, the entity's financial asset measured at fair value at 31 December 2017.

Black Star Holdings Limited

Notes to the Financial Statements *(continued)*

Period from 8 May 2017 to 31 December 2017

4. Risk Management

At 31 December 2017

Level 3
USD

Financial asset at fair value through profit and loss 168,699,713

The movements in the level 3 investments are disclosed in note 4 whereas the valuation methods used, unobservable inputs and sensitivity analysis are presented in notes "judgements and key sources of estimation uncertainty."

Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to provide returns and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the entity may adjust the amount of distributions paid to shareholder's, return capital to shareholder's or sell assets to reduce debt.

There are no externally imposed capital requirements.

Financial asset at fair value through profit and loss

Unlisted equities 168,699,713

Movement in financial asset at fair value through profit or loss during the year were as follows:

	2017 \$
At the beginning of the year/period	-
Additions	155,000,000
Unrealised fair value gain	13,699,713
At the end of the year/period	<u>168,699,713</u>

Black Star Holdings Limited

Notes to the Financial Statements *(continued)*

Period from 8 May 2017 to 31 December 2017

5. Judgements and Key Sources of Estimation Uncertainty

Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The directors make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

Fair valuation of unquoted investment

Enterprise Group Limited

Both directly and through its associate Grace Strategic Ventures, the entity holds an investment in shares in Enterprise Group Limited and its subsidiaries (collectively "EGL").

EGL is a leading insurance platform in Ghana providing life, non-life, pensions, properties and funeral services. EGL is the largest private insurer by both gross premium (market share of c.27%) and profitability and has one of the most productive agency forces globally.

2017 Highlights:

- *In the twelve months to 31 December 2017, EGL reported total income of USD 119m, 29% higher than 2016; and profit before tax of USD 20m, which was 21% higher than 2016.*
- *Performance was mainly driven by improved persistency rates, higher than expected premiums and improved economic conditions which far outweighed the somewhat disappointing unit volumes. The company currently reaches 2.4m consumers and households, 1.2m of whom are underserved.*

The fair value for Enterprise Life ("ELAC"), Enterprise Trustees ("ETL") and Enterprise Insurance ("EIC") was determined using P/E multiples. Enterprise Properties ("EP") was using a net asset valuation being the difference in the fair value of assets less liabilities of EP. The sum of these make up the value of EGL.

There critical estimates used in the valuation of EGL are as follows:

Fair value as at 31 December 2017 (USD'000)	Valuation technique	Unobservable input	Weighted Average input	Sensitivity analysis (possible shift/change in valuation)
168,700	Price to Earning multiple	P/E multiple	ELAC 17.3, ETL 14.5, EIC 12.7	0.2 increase, increases valuation by 10.7%

Black Star Holdings Limited

Notes to the Financial Statements *(continued)*

Period from 8 May 2017 to 31 December 2017

6. Tax on profit on ordinary activities

31 Dec 17

\$

The tax charge comprises:

Current tax on profit on ordinary activities

—

Deferred tax:

Origination and reversal of timing differences

2,295,254

Total deferred tax

2,295,254

Total tax on profit on ordinary activities

2,295,254

Tax on profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19%

31 Dec 17

\$

The differences are reconciled below:

Profit on ordinary activities before tax

Income tax calculated at 19%

2,600,382

Deferred tax – Indexation allowance and rate changes

(305,128)

Total tax on profit on ordinary activities

2,295,254

Factors affecting the tax charge

A reduction in the UK corporation tax rate from 19% to 17% will take effect from 1 April 2020.

7. Staff Costs

There were no employees during the period. Directors did not receive any remuneration during the period.

8. Investments

Shares in
participating
interests

\$

Cost

At 8 May 2017

—

Additions

155,000,000

Revaluations

13,699,713

At 31 December 2017

168,699,713

Impairment

At 8 May 2017 and 31 December 2017

—

Carrying amount

At 31 December 2017

168,699,713

Black Star Holdings Limited

Notes to the Financial Statements *(continued)*

Period from 8 May 2017 to 31 December 2017

8. Investments *(continued)*

Associates and other investments

	Class of share	Percentage of shares controlled
Other significant holdings		
Grace Strategic Ventures	Ordinary	35
Enterprise Life Assurance Company Limited	Ordinary	46
Enterprise Insurance Company Limited	Ordinary	46
Enterprise Trustees Limited	Ordinary	46
Enterprise Properties Limited	Ordinary	10
Enterprise Group Limited	Ordinary	10

The results and capital and reserves of associates where the company controls over 15% of the issued share capital are as follows:

	Capital and reserves		Profit/(loss) for the year	
	2017	2016	2017	2016
	\$	\$	\$	\$
Associate undertakings				
Grace Strategic Ventures	35,445,658	-	4	-
Enterprise Life Assurance Company Limited	33,305,049	27,866,813	14,604,835	11,920,931
Enterprise Insurance Company Limited	13,840	12,004	2,558	3,990
Enterprise Trustees Limited	<u>2,224,814</u>	<u>1,672,102</u>	<u>873,589</u>	<u>598,930</u>

9. Debtors

	31 Dec 17
	\$
Other debtors	<u>125</u>

10. Creditors: amounts falling due within one year

	31 Dec 17
	\$
Amounts owed to group undertakings	500
Accruals and deferred income	13,356
	<u>13,856</u>

Black Star Holdings Limited

Notes to the Financial Statements (continued)

Period from 8 May 2017 to 31 December 2017

11. Provisions

	Deferred tax \$
At 8 May 2017	–
Additions	2,295,254
At 31 December 2017	<u>2,295,254</u>
	Unrealised gains on investments \$
Deferred Tax	
(Charged)/credited to profit or loss	2,295,254
(Asset)/provision at 31 December 2017	<u>2,295,254</u>

Deferred tax has been provided in these financial statements at 17%.

12. Called up share capital

Issued, called up and fully paid

	31 Dec 17
	No. \$
Ordinary shares of \$1.25 each	<u>1,100</u> <u>1,375</u>

The company issued 100 Ordinary shares of £1.00 each upon incorporation at par value. These were then subsequently re-denominated on 24 August 2017 as Ordinary shares of \$1.28052 each. The share capital was then reduced by cancelling and extinguishing \$0.03052 of each of the Ordinary shares. Immediately following the re-denomination of the shares on 24 August 2017 and share capital reduction, the company also issued a further 1,000 Ordinary shares of \$1.25 each in return for proceeds of \$155 each.

13. Reserves

Called up share capital – represents the nominal value of shares that have been issued.
Share premium account – includes any premiums received on issue of share capital.
Profit and loss account – includes current and prior period retained profit and loss.

14. Events after the end of the reporting period

Black Star Holdings Limited received USD 18,734,694 for the settlement by EGL of the deferred purchase consideration of a 9% shareholding in Enterprise Life which Black Star Holdings Limited paid Sanlam for on behalf of EGL at the date of the transaction close.

15. Controlling party

The entity's immediate parent undertaking is Leapfrog Strategic African Investments LP. The address of the registered office is c/o Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands. Leapfrog Strategic African Investments GP Ltd, a company wholly owned by Leapfrog Investments Holdings Ltd, is appointed as a General Partner to Leapfrog Strategic African Investments LP.

The entity's ultimate beneficial owner is Prudential Financial, Inc. The address of the registered office is Prudential Plaza, Newark, New Jersey, United States, 07101.

Leapfrog Strategic African Investments LP is the sole shareholder of Black Star Holdings Limited.