

SWAN WEALTH MANAGERS LTD

ANNUAL REPORT - YEAR ENDED

DECEMBER 31, 2019

ANNUAL REPORT - DECEMBER 31, 2019

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Swan Wealth Managers Ltd for the year ended December 31, 2019, contents of which are listed below:

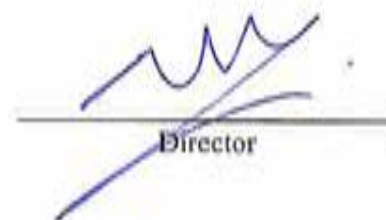
The Board of Directors of the Company strives to apply principles of good corporate governance.

TABLE OF CONTENTS	PAGES
Principal activities and other statutory disclosures	1(a)
Corporate Governance Report	2 - 2(1)
Secretary's certificate	3
Statement of Compliance	4
Auditor's report	5 - 5(b)
Financial Statement	
Statement of financial position	6
Statement of profit or loss and other comprehensive income	7
Statement of changes in equity	8
Statement of cash flow	9
Notes to financial statements	10 - 41

This report was approved by the Board of Directors on: 01 October 2020.



Director



Director

PRINCIPAL ACTIVITIES AND OTHER STATUTORY DISCLOSURES - DECEMBER 31, 2019**PRINCIPAL ACTIVITIES**

The principal activities of the Company consist of fund management and advisory services to sophisticated investors.

BOARD OF DIRECTORS

The directors of the Company as at December 31, 2019 and at the date of this report were:

Mr. Louis RIVALLAND
Mr. Peroomal Gopallen MOOROGEN
Mr. Nitish BENI MADHU

DIRECTORS' SERVICE CONTRACTS

There were no service contracts between the Company and any of its Directors that need to be disclosed under Section 221 of the Companies Act 2001.

DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits received or due and receivable from the Company were as follows:

	<u>2019</u>	<u>2018</u>
	Rs.	Rs.
Directors fees - Executive directors		
Louis Rivalland	20,000	20,000
Nitish Benimadhu	20,000	20,000
Directors fees - Non-executive directors		
Gopallen Moorooogen	20,000	20,000
	<u>Rs. 60,000</u>	<u>60,000</u>

DONATION

There was donation of Rs 2.6m made by the Company during the year (2018: Nil).

AUDITOR'S FEES

The fees payable to the auditors, BDO & Co. for audit were as follows:

	<u>2019</u>	<u>2018</u>
	Rs.	Rs.
Audit fees paid to:		
- BDO & Co	109,250	86,250
	<u>Rs. 109,250</u>	<u>86,250</u>

The Auditors, Messrs. BDO & Co, have expressed their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the Annual Meeting of the shareholder.

The auditors did not receive any fees for other services.

Swan Wealth Managers Ltd (the 'Company') is a Public Interest Entity as defined by the Financial Reporting Act 2004.

1. GOVERNANCE STRUCTURE

Swan Wealth Managers Ltd is headed by a unitary Board. The Board is ultimately responsible for providing effective leadership and is responsible and accountable for the affairs of the Company. The Board assumes responsibility for, inter alia, setting the strategic direction, overseeing the financial and investment affairs, corporate governance, risk management, internal control and compliance issues. The Board is also the link between the Company and the shareholders.

The Company does not have a board charter as it considers that the legislation is sufficiently clear as to the respective roles, responsibilities and authorities of the Board of directors. The Company has a code of ethics which explains the Company's and group's policies on how we conduct business in Mauritius and beyond. Employees, officers and members of the Board of Directors alike commit to understanding the code and abiding by its principles. The principles support full compliance with applicable laws. They also represent the practical ways that we put our values to work every day. Our corporate values, Passion, People and Performance, serve as the foundation for the code. The code also contains provisions on whistle blowing and provides inter alia, for anonymous reporting of unethical conducts.

The day to day operations are entrusted to management under the responsibility of the Group Chief Executive. Members of senior management have clearly defined job descriptions. Senior management report to the Group Chief Executive.

The code of ethics and constitution have been published on the website of Swan Group.

2. STRUCTURE OF THE BOARD AND ITS COMMITTEES

Swan Wealth Managers Ltd is headed by a unitary Board and consists of two executives and one independent non-executive director. Members of the Board have a diverse set of skills, knowledge and come from different sphere of the business community. There is currently no female gender on the Board, as the Board was constituted before such requirement. Collectively, the Board is well structured and of sufficient size to discharge its duties, having regard to the activities and size of the Company and the group.

The Group Chief Executive, together with the executive director, have the day-to-day management responsibility for the operations, implementing the strategies and policies agreed by the Board.

There is one independent non-executive director. The independent director brings a range of experience and skills to the Board and free from any business or other relationships which could materially affect his ability to exercise independent judgement, constructively dissent and is a critical by-stander. The Board is satisfied that one independent director is sufficient having regard to the activities and size of the Company.

All the directors are ordinarily resident in Mauritius.

CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2019

The Directors of the Company are:

Mr. Nitish Beni Madhu (Executive)
 Mr. Gopallen Moorooogen (Independent Non-Executive)
 Mr. Louis Rivalland (Executive) (Group Chief Executive)

The Profile of the directors are as follows:

Louis RIVALLAND

Louis Rivalland, born in 1971, holds a Bachelor's degree in Actuarial Science and Statistics, a Post Graduate Diploma in Strategy and Innovation from SAID Business School, University of Oxford and is a qualified Actuary from the Faculty and Institute of Actuaries.

He was part of the management team of Commercial Union in South Africa from 1994 to January 1997 and conducted several assignments for Commercial Union in Europe. From February 1997 to July 1999 he worked as Actuary and Consultant at Watson Wyatt Worldwide developing the investment function as well as enhancing the healthcare function.

In August 1999, he joined Swan as Consultant to Group Chief Executive. He was involved in the review and setting up of processes and systems for the pensions, investments and life insurance operations and was responsible for the actuarial and consultancy work for the pension schemes.

From January 2002 to December 2004, he acted as Executive Manager of The Anglo-Mauritius Assurance, now Swan Life Ltd. In January 2005 he has been appointed Group Chief Operations Officer responsible for the operations of Swan Insurance, now Swan General Ltd and The Anglo-Mauritius Assurance, now Swan Life Ltd, and member of the Executive Management Committee of Swan.

He has been the President of the Joint Economic Council, now Business Mauritius and of the Insurers' Association of Mauritius. He has played an active role in the development of risk management, investments, insurance and pensions in Mauritius having chaired or been part of various technical committees in these fields.

List of other directorships:

<i>Company names</i>	<i>Position</i>
Aprica Investments Co Ltd	Director
Manufacturers' Distributing Station Limited	Director
New Mauritius Hotels Limited	Director
Procesure Compagnie Limitée	Director
Swan Corporate Affairs Ltd	Director
Swan Digital Ltd	Director
Swan Wealth Structured Product Ltd	Director
Swan Wealth International Ltd	Director

<i>Company names</i>	<i>Position</i>
Swan Financial Solutions Ltd	Director
Swan Foundation	Director
Swan General Ltd	Director
Swan International Co Ltd	Director
Swan Life Ltd	Director
Swan Pensions Ltd	Director
Swan Reinsurance PCC	Director
Swan Special Risks Co Ltd	Director

Gopallen MOOROGEN

Born in 1959, Gopallen Moorooogen is a fellow of the Association of Chartered Certified Accountants (FCCA). He also holds an MBA from the University of Wales / Manchester Business School. He has been a director on the Board of the Stock Exchange of Mauritius (SEM) and the Central Depository Services Ltd (CDS) for a number of years and has been the Chairman of the SEM for a few years. He is currently Head - Finance Transformation at Mauritius Telecom.

List of other directorships:

<i>Company Name</i>	<i>Position</i>
Swan Life Ltd	Director
Swan Reinsurance PCC	Director
Swan Special Risks Company Ltd	Director
Swan General Ltd	Director
Swan Pensions Ltd	Director

Nitish BENIMADHU

Born in 1979. Nitish Beni Madhu holds an honours degree in Economics and Masters of Arts in Economics from the University of Ottawa (Canada).

He has more than 15 years' experience in the finance industry and has expertise in asset management, investment advisory and insurance. He is the chairperson of the Central Depository & Settlement Co Ltd (CDS) and also holds directorship positions on the Stock Exchange of Mauritius, MDA Properties, Constance Hotels Services Ltd, Moka City Ltd amongst others and regularly lecturers at the University of Mauritius in Economics & Finance. He joined Anglo Mauritius Investment Managers Ltd (now Swan Wealth Managers Ltd) in 2005 and now heads the non-insurance cluster of SWAN (Capital Markets) together with the Loans and Property segments of SWAN. Nitish is a member of the Investment Committee of SWAN and is equally involved with investment projects of the group in Africa.

List of other directorships:

<i>Company Name</i>	<i>Position</i>
Central Depository and Settlement Co Ltd	Chairperson
The Stock Exchange of Mauritius	Director
MDA Properties	Director
Constance Hotels Services Ltd	Director
Moka City Ltd	Director
Swan Digital Ltd	Director
Swan Financial Solutions	Director
Dolberg Rental (Pty) Ltd	Director
Swan Wealth Structured Products Ltd	Director
Swan Digital Ltd	Director
Swan Financial Solutions Ltd	Director
Swan Wealth International	Director

The Company Secretary plays a key role in the application of corporate governance. All directors have access to the advice and services of the Company Secretary, who provides guidance to the Directors on their statutory responsibilities, ethics and good governance.

The Company Secretary acts as a vital bridge between the Board and the executive management and ensures that the management, in a timely manner, provides the Board and its Committees with all information. The Company Secretary discharged his duties as per the statutory requirements.

Mr. Jaiyansing Soobah acts as the Group Company Secretary and below is his profile:

Jaiyansing (Shallen) SOOBAH
FCCA, MBA, Dip CII
Group Company Secretary, Group Risk Officer

Born in 1974, is a Fellow of the Association of Chartered Certified Accountants and holds a Master in Business Administration. He started his career with De Chazal Du Mée (now BDO) where he spent 10 years in the audit and offshore departments. In 2003, he moved to the Financial Services Commission in the insurance supervision department.

In 2009, he joined CIM Group, and was subsequently appointed as Senior Manager Compliance of the insurance and investment cluster. He joined SWAN with the merger of the insurance businesses of Swan and CIM in June 2012. He is currently Senior Manager – Group Company Secretary and Group Risk Officer. He also holds directorship positions in the subsidiaries of Swan Group. He is the Non-Executive Chairman of The Stock Exchange of Mauritius and a Non-Executive Director of the Central Depository & Settlement Co. Ltd.

Board Committees

Two committees are constituted at the level of the group – the Audit & Risks Committee and the Corporate Governance Committee. The terms of reference of the two committees which were approved by the Board have been posted on the website.

Audit & Risks Committee

The Committee consists of four non-executive directors, three of whom are independent, including the Chairperson. The members are:

- a) Mr. Arif Currimjee (independent)
- b) Mr. Henri Harel (non-executive)
- c) Mr. Gopallen Moorooogen (Chairperson) (independent)
- d) Mr. Victor Seeyave (independent)

Mr. Jaiyansing Soobah, acts as secretary of the Committee.

The Committee meets at least four times a year. The Group Chief Executive is not a member of the Committee. He is in attendance unless a conflict of interest is likely to arise.

Members of the Committee have ample financial awareness. Members of the senior management, the external auditors and the internal auditors regularly attend meetings of the Group Audit & Risks Committee, as are relevant. The Group Audit Committee meets regularly with the External Auditor (including once at the planning stage before the audit and once after the audit at the reporting stage). The Group Audit Committee has not met external auditor without management presence.

During the year, the Committee met five times and the main issues discussed and deliberated on were:

- a) Yearly audited accounts – consideration and recommendation to the Board for approval;
- b) Taking cognizance of significant issues from the external auditors' management letter and agreeing on management actions to implement recommendations;

CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2019

- c) Abridged quarterly accounts - consideration and recommendation to the Board for approval and publication;
- d) Internal audit – consideration of internal audit reports;
- e) Compliance Plan – taking stock of the main areas of focus of the compliance function for 2019;
- f) Approval of auditors' fees for audit and non-audit services;
- g) Risk management – consideration and status on implementation of the risk management framework and new regulatory rules, the Insurance (Risk Management) Rules 2016;
- h) Change in auditors.

In relation to risks, the Committee's responsibilities are, inter alia, to:

- a) review and assess the integrity of the risk control systems and ensuring that risk policies and strategies are effectively managed;
- b) set out the nature, role, responsibility and authority of the risk management function and outlining the scope of risk management work;
- c) keep abreast of external developments relating to the practice of corporate accountability;
- d) review and provide an independent and objective oversight on reports submitted by management on corporate accountability and specifically how associated risks are being mitigated.

Corporate Governance Committee

The Group Corporate Governance Committee's terms of reference, which comprises areas covered by a Nomination and Remuneration Committee, include, inter alia, the following:

- a) determining, agreeing and developing the general policy on corporate governance in accordance with the Code of Corporate Governance, legal compliance and ethical policies;
- b) assisting the Board on establishing a formal and transparent procedure for developing a remuneration policy for executives and senior management;
- c) putting in place plans for succession;
- d) making recommendations to the Board on all new Board appointments; and
- e) determining the level of emoluments of executive, non-executive, independent non-executive directors and Board Committee members.

The Committee consists of the following non-executive directors:

- a) Mr. Arif Currimjee (Independent)
- b) Mr. Nicolas Maigrot (Chairperson)
- c) Mr. Gopallen Moorooogen (independent)
- d) Mr. Victor Seeyave (independent)

The Group Chief Executive is in attendance. The Company Secretary, Mr. Jaiyansing Soobah, acts as secretary of the Committee.

The Committee met once during the year. Decisions are also taken by written resolutions. Main issues deliberated by the Committee are remuneration (performance bonus, salary increase), appointment of new directors and corporate governance report.

CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2019

Attendance of the directors at board committees for 2019 were as follows:

Directors	Audit & Risks Committee	Corporate Governance Committee
Number of meetings held	5	1
NITISH BENI MADHU		
ARIF CURRIMJEE	5	1
HENRI HAREL	5	
NICOLAS MAIGROT ¹		1
GOPALLEN MOOROGEN ²	4	1
LOUIS RIVALLAND ³		
VICTOR SEEYAVE	5	1

¹ Chairperson, Corporate Governance Committee

² Chairperson, Audit & Risks Committee

³ In attendance (not a member)

3. DIRECTOR APPOINTMENT PROCEDURES

Appointment of new directors is subject to a pre-determined process. Potential candidates are identified by the Group Corporate Governance Committee. The selection is made based on, inter alia, skills, business acumen, industry knowledge, experience and independence (where relevant).

The Group Corporate Governance Committee then makes recommendation to the Board of Directors and/or shareholders (as relevant). Director appointment is also subject to the approval of the Financial Services Commission, under section 24 of the Financial Services Act. The law provides that a director (Officer) must be a fit and proper person.

All new directors are provided with an induction pack, which covers, inter alia, background information on the Company and the group, vision, mission & values, the regulatory and compliance landscape, products and services, governance structure etc. The Group Chief Executive and Company Secretary are always available to provide any additional information that may be required by newly appointed directors.

The Constitution of the Company does not provide for annual re-election of directors.

Succession planning of key officeholders has been delegated by the Board to the Group Chief Executive.

The following has been published on the Company's website – a brief write-up of directors and the Company Secretary and details of the nomination & appointment process.

4. DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

All directors are aware of their legal duties. Directors' duties emanate mainly from the Companies Act and the Securities Act.

The Company has a Code of Ethics, which is applicable to employees and Directors. Monitoring day-to-day compliance with the code rests with senior management. Important issues, if any, are escalated to the Board. The code explains Swan's policies for how business is conducted in Mauritius and beyond. The principles of the code support full compliance with applicable laws.

They also represent the practical ways that Swan put its values to work every day. Our corporate values, Passion, People & Performance, serve as the foundation for this Code. Our values guide our actions in conducting business in a socially responsible and ethical manner. Directors are expected to:

- a) act in good faith and in the best interest of the organisation;
- b) carry out their duties diligently, in an honest manner and with reasonable competence;
- c) observe the highest degree of confidentiality;
- d) avoid situations of conflict of interest, and where such situations arise, disclose same and adhere to all procedures for dealing with it;
- e) consistently attend board meetings and devote sufficient time to the organisation's business;
- f) deal with shares of the company in strict compliance of all relevant laws;
- g) abstain from taking improper advantage of their position for personal gain; and
- h) abide by all directors' obligations imposed by all laws.

In accordance with the Companies Act 2001, the Company Secretary maintains an interests register. As soon as a Director/Officer becomes aware that he is interested in a transaction, or that his holdings or that of his associates have changed, the interest should be reported to the Company Secretary in writing.

The register of Directors' and Officers' Interests is updated with every transaction notified by the Directors/Officers and their associates. All new Directors/Officers are required to notify in writing to the Company Secretary their holdings in the Company's shares. According to the Company's Constitution, a Director is not required to hold shares in the Company.

No directors had any interests in the shares of the Company.

Conflicts of interests are disclosed by directors as soon as they become aware that they are interested in a transaction. All interests, as disclosed by the directors, are recorded. Conflicts of interest and related party transactions have been conducted in strict compliance with applicable legislations and the code of ethics. All related party transactions disclosures, as are legally required to be disclosed, are made in the annual report. The Company does not have any conflict of interest and related party policies, as the Board considers that these are adequately covered under current laws.

Information, information technology and information security governance

The Board is responsible for information governance. At Board level, executive management and the Company Secretary ensure that Directors receive adequate, timely and accurate information to be able to discharge their duties. Directors are under obligations to keep all information confidential.

Where necessary in the discharge of their duties, all directors may seek independent professional advice at the Company's expense. The Company has adequate Directors & Officers insurance.

Day-to-day IT governance and security issues are delegated to senior management. IT expenses are monitored through the budgeting process. The Company has in place a number of IT policies, the purposes of which are to:

- a) to clarify the requirements, prohibitions, and procedures applicable to the use of the Company's computing and network resources;
- b) provide guidelines to encourage responsible behaviour and good management practice;
- c) ensure that IT facilities and services provided by the Company are used legally, securely, effectively and in a spirit of co-operation and trust.

The policies cover a range of aspects, including physical security, users access & passwords, computer viruses, installation & modifications of the IT systems, emails, internet, copyrights & license agreements, smart devices, confidentiality and remote access. Given the sensitivity of these policies, the Company is still considering the appropriateness of having these policies on the website.

A Board evaluation was conducted in 2018. It was resolved that board evaluation will be conducted every three years.

5. REMUNERATION POLICY

Remuneration of directors is determined by the Corporate Governance Committee.

The Board is responsible for the remuneration policy of the Group and duties are delegated to the Group Human Resource (HR) management team.

The Remuneration policy has the following aims:

- To support the delivery of the Group's strategy, whilst ensuring adherence to the SWAN's risk appetite;
- To ensure remuneration is competitive for our markets to enable SWAN attract and retain talent;
- To ensure that pay levels are internally consistent and externally competitive;
- To reward employees according to their market value, performance and contribution;
- To ensure that the remuneration package promotes a high performance culture and is affordable;
- To ensure fair outcomes for our human resources, shareholders and customers.

Non-executive directors have not received any remuneration in the form of share options or bonuses associated with the Company's performance. Non-executive directors receive a fixed director fee.

Directors' remuneration for the year was as follows:

	From the Company (Rs)
Executive Directors	40,000
Non-Executive Directors (1)	20,000

6. RISK GOVERNANCE AND INTERNAL CONTROL

The Board has ultimate responsibility for risk management and internal control and remains ultimately responsible for:

- a) Setting up a risk management framework
- b) Overseeing the implementation and subsequent monitoring
- c) Determining the risk culture
- d) Providing management with leadership and guidance
- e) Ensuring that any person responsible for risk management has the appropriate skill, knowledge, independence and authority
- f) Defining the roles and responsibilities of management

The Group Audit & Risks Committee is mandated by the Board to oversee all risk management and internal control issues. The task of implementing a robust system of risk management has been delegated to senior management.

The system of internal controls has been designed to safeguard assets of the Company from unauthorised use. The Company maintains proper records to ensure effective operation of its business and compliance with laws and regulations.

Management is directly responsible for implementing the strategies and policies adopted by the Board, and for managing all of the Company's activities, including the operation of the internal control system.

The system of internal controls is designed to provide assurance against material misstatement or loss, and to manage risks of failure in operational systems.

Key areas of effective internal controls are as follows:

- a) A clear organisation structure, including the delegation of appropriate responsibilities to the Board committees, the Group Chief Executive, senior management and to the heads of operating units;
- b) The effectiveness of internal controls is assessed by considering the recommendations of the Audit & Risks Committee, reports of the internal auditors, statutory actuary and the external auditors;
- c) A comprehensive management information and accounting system is in place to provide reliable financial and operational performance data;
- d) There is an ongoing effort to review, reassess and document the process and procedures for each operating unit;
- e) A compliance function has been put in place under the leadership of the Money Laundering Reporting Officer and clear compliance procedures have been established to ensure compliance with all applicable laws, rules, regulations and codes;
- f) Management has put in place appropriate financial and operational controls by way of segregation of duties and financial/monetary limits;

Internal control covers all material functions of the company. Board, through the Audit & Risks Committee and senior management, is regularly apprised of the assessment of internal control. Deficiencies, if any, are promptly considered by Management and action plans devised to address all such deficiencies. Internal and external auditors also have access to the Board.

7. REPORTING WITH INTEGRITY

The Board is responsible for the preparation of the annual report and accounts that fairly present the state of affairs of the organisation and the results of its operations and that comply with International Financial Reporting Standards (IFRS) and the Companies Act. Likewise, the Board has the responsibility for selecting appropriate accounting policies based on reasonable and prudent judgements. The annual report comprises, inter alia, an overview/structure and history of the company and group, the financial statements, risk report, report from the Group Chief Executive and Chairperson, details on our corporate social responsibility, information and profile of our senior management team.

The Board considers that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders and other key stakeholders to assess the Company's position, performance and outlook.

Dividend policy

The Company does not follow a formal dividend policy. Dividends are declared after taking into account the Company's profitability and the solvency requirements of the Companies Act. The Company declares dividend in December based on best estimates of yearly results to 31 December.

Shareholders Agreement

There were no such shareholders agreement which was executed for the period under review that has an effect on the governance of the Company.

Environmental Issues

The Company has an obligation to protect and preserve the environment. It respects the environment and the business of the Company ensures that there is little impact on the environment. The Company comply with all applicable laws and regulations. We adopt standards, procedures, contingency measures and management systems to ensure that our operations are managed safely, ecologically and in a sustainable way.

Health and Safety

The Company has in place well defined procedures and practices with regards to Health and Safety. Wellness programs for employees of the Company are organised regularly.

Social Issues

It is the Company's policy to comply with all applicable laws, rules and regulations. It is the personal responsibility of each employee to adhere to the standards and restrictions imposed by those laws, rules and regulations.

The Company respects each individual's human rights and will not discriminate on the basis of race, color, religion, creed, sex, age, social status, family origin, physical or mental disability or sexual orientation, nor will it commit other violations of human rights.

8. AUDITInternal Audit

Internal Audit is an objective assurance function reporting to the Group Audit & Risks Committee and the Board. It derives its authority from the Board through the Audit and Risks Committee.

Collectively, Audit Committee members have the necessary financial literacy and expertise. Internal auditors are appointed by the Board, following recommendation from the Audit and Risks Committee. Internal audit of the company and group is outsourced to Ernst & Young. The Internal Auditors are responsible for providing assurance to the Board, through the Group Audit & Risks Committee, regarding the implementation, operation and effectiveness of internal control and risks management.

A risk based 3-year road map is prepared. The internal audit plan, which is approved by the Group Audit and Risks Committee, is based on the principles of risk management to align coverage and effort with the degree of risk attributable to the areas audited. The plan is reviewed yearly.

The Internal Auditors have a direct reporting line to the Group Audit & Risks Committee and maintain an open and constructive communication with executive management. They also have direct access to the Chairperson of the Committees and of the Board.

This reporting structure allows the Internal Auditors to remain independent and report all items of significance to the Board/Group Audit and Risks Committee. They have unrestricted access to the records, management and employees.

They act as a source of constructive advice and best practice, assisting the Group Audit and Risks Committee in its responsibility to improve the processes by which risks are identified and managed. Internal audit reports are sent to the Group Audit & Risks Committee.

External Audit

Our external auditors are BDO & Co. External auditors are appointed/re-appointed by shareholders. Auditors remuneration is fixed by the Board, following recommendation from the Group Audit & Risks Committee. External auditors have unrestricted access to the Group Audit & Risks Committee. The Company is satisfied with the external audit process.

For the presentation and approval of audited yearly financial statements, external auditors meet with the Group Audit & Risks Committee. During the meeting, key audit matters and significant issues of the management letter are presented by the external auditors.

BDO & Co. has been the auditors of the Company for more than 7 years.

During 2019, the following fees apply to BDO & Co:

For audit services	Rs 95,000
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9. RELATIONSHIP WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

The only shareholder holding directly more than 5% of the Company is Swan Financial Solutions Ltd, which holds 100% of the company's capital.

The directors common to the Company and to the holding Company are:

<i>DIRECTORS</i>	<i>SWAN WEALTH MANAGERS LTD</i>	<i>SWAN FINANCIAL SOLUTIONS LTD</i>
<i>Louis RIFALLAND</i>	√	√
<i>Gopallen MOOROGEN</i>	√	-
<i>Nitish BENIMADHU</i>	√	√

The Company and the Board have always maintained an open line of communication with all stakeholders. Key stakeholders of the Company are clients, shareholders, employees, regulators & government authorities, the public and investors, internal and external auditors among others.

The Company communicates through emails, social media, and its annual report. In addition, the Group Company's website through its News Section, provides meaningful information on the Company's products & services and financials.

Key events are set out below:

June Annual Meeting of Shareholders (By way of Written Resolution)

December Declaration and payment of dividend

Jaiyansing Soobah
for Swan Corporate Affairs Ltd
Company Secretary

October 1, 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors acknowledge their responsibilities for:

- (i) The maintenance of adequate accounting records and maintenance of effective internal control systems;
- (ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that year and which comply with International Financial Reporting Standards (IFRS);
- (iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.


The Directors report that:

- (i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iii) International Financial Reporting Standards have been adhered to. Any departure in the fair presentation has been disclosed, explained and quantified.
- (iv) the Code of Corporate Governance has been adhered to. Reasons have been provided in the statement of compliance and Corporate Governance Report in case of non compliance with any requirement.

Signed on behalf of the Board of Directors on: 01 October 2020



Director



Director

SECRETARY'S CERTIFICATE - DECEMBER 31, 2019

We certify, to the best of our knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.



J. Soobah
For Swan Corporate Affairs Ltd
Company Secretary

Date: 01 October 2020

**STATEMENT OF COMPLIANCE
SECTION 75(3) OF THE FINANCIAL REPORTING ACT**

Name of PIE: SWAN WEALTH MANAGERS LTD (the 'Company')

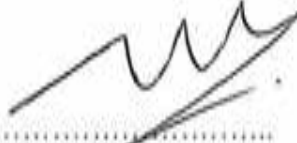
Reporting Period: Year ended December 31, 2019

We, the Directors of Swan Wealth Managers Ltd, confirm that to the best of our knowledge:

i) the PIE has complied with all of its obligations and requirements under the National Code of Corporate Governance for Mauritius (2016) (the Code).

SIGNED BY:


Names:
Chairperson


.....
Director

Date: 01 October 2020

Date: 01 October 2020

SWAN WEALTH MANAGERS LTD

5

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Swan Wealth Managers Ltd

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Swan Wealth Managers Ltd, on pages 6 to 41 which comprise the statement of financial position as at December 31, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 6 to 41 give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Corporate Governance Report

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.



SWAN WEALTH MANAGERS LTD

5(a)

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of Swan Wealth Managers Ltd

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

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the Directors determine is necessary to enable the preparation of the 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.

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

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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

SWAN WEALTH MANAGERS LTD

5(b)

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of Swan Wealth Managers Ltd

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company, other than in our capacity as auditors and dealings in the ordinary course of business.

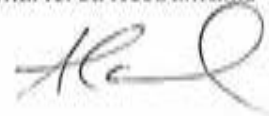
We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other Matter

This report is made solely to the members of Swan Wealth Managers Ltd (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

BDO & CO
BDO & CO
Chartered Accountants



Ameenah Ramdin FCCA, ACA
Licensed by FRC

Port Louis,
Mauritius.

October 1, 2020

STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2019

	Notes	2019 Rs.	2018 Rs.
ASSETS			
Non-current assets			
Equipment	5	353,162	330,417
Right of use assets	5(a)	5,020,208	-
Investment in subsidiary company	6	1,300,000	600,000
Financial assets at amortised cost	7	52,945,836	32,879,109
Financial assets at Fair Value Through Other Comprehensive Income	8(a)	10,000	10,000
Deferred tax asset	9	2,289,500	1,359,676
		<u>61,918,706</u>	<u>35,179,202</u>
Current assets			
Trade receivables	10	56,993,661	60,811,842
Financial assets at amortised costs	7	8,304,069	5,271,396
Other assets		1,086,765	790,156
Current tax assets	15(c)	2,728,111	-
Cash and cash equivalents	11	366,008,023	235,541,036
		<u>435,120,629</u>	<u>302,414,430</u>
Total assets		<u>497,039,335</u>	<u>337,593,632</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	1,600,000	1,600,000
Retained earnings		360,970,575	294,676,428
Total equity		<u>362,570,575</u>	<u>296,276,428</u>
Non-current liabilities			
Lease liability	5(b)	3,892,146	-
Retirement benefit obligations	13	5,991,657	2,831,226
		<u>9,883,803</u>	<u>2,831,226</u>
Current liabilities			
Trade and other payables	14	28,425,944	28,561,982
Dividend payable	16	95,000,000	-
Current tax liabilities	15(c)	-	9,923,996
Lease liability	5(b)	1,159,013	-
		<u>124,584,957</u>	<u>38,485,978</u>
Total equity and liabilities		<u>497,039,335</u>	<u>337,593,632</u>

These financial statements have been approved for issue by the Board of Directors on October 1, 2020.



Director



Director

The notes on pages 10 to 41 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR
ENDED DECEMBER 31, 2019**

	<u>Notes</u>	<u>2019</u> Rs.	<u>2018</u> Rs.
Turnover	17	229,132,944	209,686,441
Other income	18	982,832	929,202
Net foreign exchange gain	20	8,720,495	685,773
Administrative expenses		<u>(63,850,305)</u>	<u>(56,301,716)</u>
		174,985,966	154,999,700
Finance costs	19	(316,395)	-
Profit before taxation	21	<u>174,669,571</u>	<u>154,999,700</u>
Taxation	15(a)	<u>(12,663,283)</u>	<u>(29,911,138)</u>
Profit for the year		<u>162,006,288</u>	<u>125,088,562</u>
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit obligations	13 (vii)	<u>(858,001)</u>	<u>(143,431)</u>
Other comprehensive income for the year, net of tax		<u>(712,141)</u>	<u>(119,048)</u>
Total comprehensive income for the year		<u>161,294,147</u>	<u>124,969,514</u>

The notes on pages 10 to 41 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2019

	<u>Note</u>	<u>Share Capital</u> Rs.	<u>Retained Earnings</u> Rs.	<u>Total Equity</u> Rs.
Balance at January 1, 2019		1,600,000	294,676,428	296,276,428
Profit for the year		-	162,006,288	162,006,288
Other comprehensive income for the year		-	(712,141)	(712,141)
Dividends	16	-	(95,000,000)	(95,000,000)
Balance at December 31, 2019		<u>1,600,000</u>	<u>360,970,575</u>	<u>362,570,575</u>
Balance at January 1, 2018				
Profit for the year		-	125,088,562	125,088,562
Other comprehensive income for the year		-	(119,048)	(119,048)
Dividends	16	-	(85,000,000)	(85,000,000)
Balance at December 31, 2018		<u>1,600,000</u>	<u>294,676,428</u>	<u>296,276,428</u>

The notes on pages 10 to 41 form an integral part of these financial statements.
Auditors' report on pages 5 to 5(b).

STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2019

	Notes	2019 Rs.	2018 Rs.
Cash flow from operating activities			
Profit before taxation		174,669,571	154,999,700
Adjustments for:			
Depreciation on equipment	5	262,264	241,499
Amortisation of Right of use asset	5(a)	1,126,986	-
Provision for impairment	10 (ii)	700,912	851,377
Foreign exchange differences on bonds		(2,240,232)	(826,061)
Retirement benefit obligation	13	2,302,430	(1,525,725)
Interest Income	7	(982,832)	(929,202)
Interest expense	5(b)	316,395	-
Net foreign exchange gain/loss	20	(6,480,263)	140,289
Changes in working capital:			
- Trade receivables		3,117,269	(23,161,443)
- Other assets		(296,609)	(549,786)
- Trade and other payables		(136,038)	18,223,481
Cash generated from operations		<u>172,359,853</u>	<u>147,464,129</u>
Interest received	7	1,027,728	509,440
Tax paid	15	(23,416,783)	(24,154,423)
Corporate social responsibility contributions during the year	15	(2,682,571)	(2,634,571)
Net cash generated from operating activities		<u>147,288,227</u>	<u>121,184,575</u>
Cash flow used in investing activities			
Purchase of equipment	5	(285,009)	(242,138)
Additional investment in subsidiary company	6	(700,000)	-
Purchases of financial assets	7	(26,141,254)	(36,904,683)
Bonds matured	7	5,237,190	-
Net cash used in investing activities		<u>(21,889,073)</u>	<u>(37,146,821)</u>
Cash flow used in financing activities			
Principal paid on lease liability	5(b)	(1,096,035)	-
Interest paid on lease liability	5(b)	(316,395)	-
Dividends paid	16	-	(85,000,000)
Net cash used in financing activities		<u>(1,412,430)</u>	<u>(85,000,000)</u>
Increase/(Decrease) in cash and cash equivalents		<u>123,986,724</u>	<u>(962,246)</u>
Movement in cash and cash equivalents			
At January 1,		235,541,036	236,643,571
Increase/(Decrease)		123,986,724	(962,246)
Effects of exchange rate changes		6,480,263	(140,289)
At December 31,	11	<u>366,008,023</u>	<u>235,541,036</u>

The notes on pages 10 to 41 form an integral part of these financial statements.

Auditors' report on pages 5 to 5(b).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

1. GENERAL INFORMATION

Swan Wealth Managers Ltd is a limited liability company incorporated and domiciled in Mauritius. The address of the registered office is Swan Group Centre, 10, Intendance Street, Port Louis.

These financial statements will be considered and approved at the forthcoming Annual Meeting of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements of Swan Wealth Managers Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are that of an individual entity. The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest Rupee (Rs.). The financial statements are prepared under the historical cost convention, except that:

- (i) financial assets/liabilities at fair value through profit or loss and;
- (ii) relevant financial assets and financial liabilities at amortised cost.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Company has adopted IFRS 16 from January 1, 2019, but has not restated comparatives for 2018, as permitted under the specific transition provisions. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on January 1, 2019. The new accounting policies are disclosed in note 25.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 5.60%.

IFRIC 23 Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.1 Basis of preparation (cont'd)***Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)*

Prepayment Features with negative compensation (Amendments to IFRS 9) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Company's financial statements.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Company's financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Company's financial statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset
- separately recognise any changes in the asset ceiling through other comprehensive

The amendments have no impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.1 Basis of preparation (cont'd)***Standards, Amendments to published Standards and Interpretations issued but not yet effective*

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2020 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 17 Insurance Contracts

Definition of a Business (Amendments to IFRS 3)

Definition of Material (Amendments to IAS 1 and IAS 8)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.2 Equipment

Equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values over their estimated useful life as follows:

Furniture and fittings	10%
Motor vehicles	20%
Computer equipment	33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.2 Equipment (cont'd)**

Gains and losses on disposal of equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

2.3 Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

(i) Amortised cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net

The Company financial assets measured at amortised cost comprise trade receivables, financial assets at amortised costs and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Financial assets (cont'd)

(i) Fair value through other comprehensive income

The Company holds investments in financial assets other than listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Company has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Company considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

The Company has debt securities whose objective is achieved by both holding these securities in order to collect contractual cash flows and having the intention to sell the debt securities before maturity. The contractual terms of the debt securities give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

2.4 Investments in subsidiary company

Separate financial statements of the investor

In the separate financial statements of the investor, investments in subsidiary company is carried at costs. The carrying amount is reduced to recognised any impairment in the value of individual investments.

2.5 Financial liabilities

The Company classifies its financial liabilities as follows:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax and proceeds.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Retirement benefit obligations

(a) *Defined contribution plans*

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to the National Pension Scheme and the Company's defined contribution pension plan are expensed to the statement of profit or loss in the period in which they fall due.

(b) *Defined benefit plans*

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) is recognised immediately in other comprehensive income in the period in which it occurs. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in the profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in the profit or loss.

(c) *Gratuity on retirement*

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Workers' Right Act 2019 (2018 - Employment Rights Act 2018) is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

2.8 Current and deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Current and deferred income tax (cont'd)

Current Tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantially enacted by the end of the reporting period.

Deferred Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.10 Leases

In 2018, the Company did not have finance leases. All other leases were classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, all leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Identifying Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Company obtains substantially all the economic benefits from use of the asset; and
- (c) The Company has the right to direct use of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Leases (cont'd)

Identifying Leases (cont'd)

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Leases (cont'd)

Identifying Leases (cont'd)

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

2.11 Revenue Recognition

(a) Revenue from contracts with customers

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

The Company provides management, trailer fees and other services under fixed-price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is recognised based on the actual service provided to the end of the reporting period and is determined based on the assets under management with the company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Revenue Recognition (cont'd)

(b) Other revenues earned by the Company are recognised on the following bases:

- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.13 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared.

2.14 Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using Mauritian rupees, the currency of the primary economic environment in which the entities operate ("functional currency"). The financial statements are presented in Mauritian rupees, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

2.15 Trade and other payables

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risk: credit risk, liquidity risk and interest-rate risk.

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

Credit risk is managed on a Company basis. For banks and financial institutions, only independently rated parties are accepted.

Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

The Company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

As at December 31, 2019, trade receivables amounted to Rs. 56,993,661 (2018: Rs.60,811,842) of which Rs 6,010,106 (2018: Rs 5,309,194) were provided for in the financial statements.

	Within 3 months	More than 3 months	Total
	Rs.	Rs.	Rs.
<u>2019</u> Trade receivables	<u>50,529,037</u>	<u>6,464,624</u>	<u>56,993,661</u>
	Within 3 months	More than 3 months	Total
	Rs.	Rs.	Rs.
<u>2018</u> Trade receivables	<u>51,512,880</u>	<u>9,298,962</u>	<u>60,811,842</u>

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims at maintaining flexibility in funding by keeping committed credit lines available. Management does not foresee any liquidity risk problems in the future.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(b) Liquidity risk (cont'd)

The maturity profile of financial assets and liabilities is set out below:

	2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Non-maturity items
		Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets						
Financial assets at amortised cost		8,304,069	16,658,448	19,290,719	16,996,669	-
Financial assets at fair value through other comprehensive income		-	-	-	-	10,000
Trade receivables		56,993,661	-	-	-	-
Cash and cash equivalents		366,008,023	-	-	-	-
		<u>431,305,753</u>	<u>16,658,448</u>	<u>19,290,719</u>	<u>16,996,669</u>	<u>10,000</u>
Financial liabilities						
Lease liability		1,159,013	1,159,013	2,733,133	-	-
Trade and other payables		28,425,944	-	-	-	-
		<u>29,584,957</u>	<u>1,159,013</u>	<u>2,733,133</u>	<u>-</u>	<u>-</u>
2018						
Financial assets						
Financial assets at amortised cost		5,271,396	7,776,914	25,102,195	-	-
Financial assets at fair value through other comprehensive income		-	-	-	-	10,000
Trade receivables		60,811,842	-	-	-	-
Cash and cash equivalents		235,541,036	-	-	-	-
		<u>301,624,274</u>	<u>7,776,914</u>	<u>25,102,195</u>	<u>-</u>	<u>10,000</u>
Financial liabilities						
Trade and other payables		28,561,982	-	-	-	-
		<u>28,561,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

At the end of the reporting date, there were no financial assets and financial liabilities with a maturity date greater than one year.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)**3.1 Financial risk factors (cont'd)****(c) Currency risk**

The Company has bank balances and receivables denominated in foreign currencies namely US dollar (USD) and Euro (EUR). The Company is exposed to foreign currency risk due to fluctuations in exchange rates. At December 31, 2019, if the rupee had weakened/strengthened by 5% against the USD and Euro with all other variables held constant, post tax profit for the year would have been Rs.6.2m (2018: Rs.5.4m) higher/lower, mainly as a result of foreign exchange gains/losses on translation of USD and Euro.

(d) Cash flow and fair value interest rate risk

The Company is exposed to interest rate risks for its savings accounts which earn floating interest rates.

	<u>2019</u>	<u>2018</u>
	Rs.	Rs.
Interest rate earned on savings accounts	<u>0.0%</u>	<u>0% - 2.30%</u>

3.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates.

If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3.3 Capital risk management

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing services commensurately with the level of risk.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Capital risk management (cont'd)

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company's gearing ratio is insignificant.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There were no major estimates and assumptions made during the year that have a significant risk of causing material adjustment to the carrying amounts of company's assets and liabilities within the next financial year.

(a) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for the pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The company determines the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the company considers the interest rate of high quality corporate bond will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 13.

(b) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

5. EQUIPMENT	Motor Vehicles	Computer equipment	Furniture & Fittings	Total
	Rs.	Rs.	Rs.	Rs.
COST				
At January 1, 2018	1,280,000	1,715,463	317,256	3,312,719
Additions	-	229,138	13,000	242,138
At December 31, 2018	1,280,000	1,944,601	330,256	3,554,857
Additions	-	248,547	36,462	285,009
At December 31, 2019	1,280,000	2,193,148	366,718	3,839,866
DEPRECIATION				
At January 1, 2018	1,280,000	1,478,077	224,864	2,982,941
Charge for the year	-	201,110	40,389	241,499
At December 31, 2018	1,280,000	1,679,187	265,253	3,224,440
Charge for the year	-	246,295	15,969	262,264
At December 31, 2019	1,280,000	1,925,482	281,222	3,486,704
NET BOOK VALUE				
At December 31, 2019	-	267,666	85,496	353,162
At December 31, 2018	-	265,414	65,003	330,417
5(a). RIGHT-OF-USE ASSET			<u>Building</u>	
			Rs.	
At January 1, 2019			6,147,194	
Amortisation charge			(1,126,986)	
At December 31, 2019			5,020,208	
(i) Amortisation charge of Rs.1,126,986 has been included in administrative expenses.				
5(b). LEASE LIABILITY			<u>Building</u>	
			Rs.	
At January 1, 2019			6,147,194	
Interest expense			316,395	
Lease payments			(1,412,430)	
At December 31, 2019			5,051,159	
Current			1,159,013	
Non current			3,892,146	
			5,051,159	

The Company leases the property with Swan Life Ltd. There are no variable lease payments, extension and termination options included in the lease agreement.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

5(b). LEASE LIABILITY(CONT'D)

(i) Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

	2019	2018
	Rs.	Rs.
(ii) Interest expense (included in finance cost)	<u>316,395</u>	<u>-</u>
The total cash outflow for leases in 2019 was Rs.1,412,430.		

6. INVESTMENT IN SUBSIDIARY COMPANY

	2019	2018
	Rs.	Rs.
At January 1,	600,000	600,000
Additions during the year	700,000	-
At December 31,	<u>1,300,000</u>	<u>600,000</u>

Details of the subsidiary company are as follows:

	Class of shares held	% Holding		Country of incorporation and operation	Main business
		2019	2018		
Swan Corporate Advisors Ltd	Equity	100	100	Mauritius	Advisory Services

- (i) The Company has taken advantage of the exemption under IFRS 10, "Consolidated Financial Statements", from the requirement to prepare consolidated financial statements as it and its subsidiary, are included by full consolidation in the consolidated financial statements of its parent, Swan Life Ltd which complies with IFRS. A copy of the consolidated financial statements is available at the head office of Swan Life Ltd, 10, Intendance Street, Swan Centre, Port Louis.

7. FINANCIAL ASSETS AT AMORTISED COST

	2019	2018
	Rs.	Rs.
Investment in Government bonds		
At January 1	38,150,505	-
Acquisition during the year	26,141,254	36,904,683
Interest accrued	982,832	929,202
Interest received	(1,027,728)	(509,440)
Investment matured during the year	(5,237,190)	-
Foreign exchange differences	2,240,232	826,060
At December 31,	<u>61,249,905</u>	<u>38,150,505</u>
<i>Analysed as follows :</i>		
Non current	52,945,836	32,879,109
Current	8,304,069	5,271,396
	<u>61,249,905</u>	<u>38,150,505</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

7. FINANCIAL ASSETS AT AMORTISED COST (CONT'D)

(i) *Fair values of financial assets at amortised cost*

Fair values for the following investments was determined by reference to published price quotations in an active market (classified as level 1 in the fair value hierarchy).

	2019	2018
	Rs.	Rs.
US Government Bonds	<u>65,512,301</u>	<u>37,900,720</u>

(ii) Impairment and risk exposure

The carrying value of the financial assets at amortised costs are denominated in the following currency:
USD

	2019	2018
	Rs.	Rs.
	<u>61,249,905</u>	<u>38,150,505</u>

8(a). FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
	Rs.	Rs.
At January 1,	10,000	-
Effect of IFRS 9 reclassification	-	10,000
At December 31,	<u>10,000</u>	<u>10,000</u>

(i) The Financial asset represents management shares in Swan Global Funds Ltd.

9. DEFERRED INCOME TAX

(a) Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2018: 17%).

There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority. The following amounts are shown in the statement of financial position:

	2019	2018
	Rs.	Rs.
Deferred tax assets	<u>2,289,500</u>	<u>1,359,676</u>

(b) The movement on deferred income tax account is as follows:

	2019	2018
	Rs.	Rs.
At January 1, 2019		
As previously stated	1,359,676	1,359,613
Effect of IFRS 16	-	-
- As restated	1,359,676	1,359,613
Credited/(charged) to statement of profit or loss (note 15)	783,964	(24,321)
Credited to other comprehensive income	145,860	24,384
At December 31	<u>2,289,500</u>	<u>1,359,676</u>

(c) The movement on the deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, is as follows:

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

9. DEFERRED INCOME TAX (CONT'D)

	Accelerated tax depreciation	Retirement benefit obligation	Lease liability	Right-of-use asset	Expected company losses	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred tax (liability)/assets:						
At January 1, 2018	(30,246)	632,030	-	-	757,829	1,359,613
Charged to statement of profit or loss (note 15)	6,048	(175,103)	-	-	144,734	(24,321)
Credited to other comprehensive income	(24,198)	24,384	-	-	-	24,384
At December 31, 2018		481,311	-	-	902,563	1,359,676
Effect of IFRS 16 (Note 25)	(24,198)	481,311	1,045,023	(1,045,023)	902,563	1,359,676
- As restated						
Credited/(charged) to statement of profit or loss (note 15)	(23,586)	683,133	(186,326)	191,588	119,155	783,964
Credited to other comprehensive income	-	145,860	-	-	-	145,860
At December 31, 2019	(47,784)	1,310,304	858,697	(853,435)	1,021,718	2,289,500

10. TRADE RECEIVABLES

	2019	2018
	Rs.	Rs.
Intermediate holding company	26,555,397	34,166,037
Ultimate holding company	1,917,946	987,810
Fellow subsidiaries	2,206,169	3,002,123
Trade receivables	32,324,255	27,965,066
Less: provision for impairment	(6,010,106)	(5,309,194)
	<u>56,993,661</u>	<u>60,811,842</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

10. TRADE RECEIVABLES (CONT'D)

(i) *Impairment of Trade receivables (cont'd)*

At December 31, 2018	Not due		90 to 180 days		180 to 270 days		Above 270 days		Above 360 days		Total	
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.	
Trade receivables												Rs.
Less commission receivable												27,965,066
Gross carrying amount Trade receivables												(20,372,795)
Expected loss rate	12.4%		25.9%		45.3%		66.8%		100.0%			69.9%
Gross carrying amount - trade receivables	435,102		1,018,467		782,981		2,164,819		3,190,902			7,592,271
Loss allowance	54,112		263,810		354,904		1,445,466		3,190,902			5,309,194

The closing loss allowances for trade receivables as at December 31, 2019 reconcile to the opening loss allowances as follows:

(ii) **Impairment loss**

At January 1, 2019	2019		2019		2018	
	Rs.		Rs.		Rs.	
Loss allowance recognised in profit or loss during the year						
At December 31, 2019	3,190,902		2,118,292		5,309,194	
	-		700,912		700,912	
	3,190,902		2,819,204		6,010,106	
						Rs.
						4,457,817
						851,377
						5,309,194

(iii) The carrying amounts of the Company's trade receivables are denominated as follows.

Currency	2019		2018	
	Rs.		Rs.	
USD	24,669,713		16,887,194	
MUR	32,323,948		43,924,648	
	56,993,661		60,811,842	

(iv) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

11. NOTES TO THE STATEMENT OF CASH FLOWS

	2019	2018
	Rs.	Rs.
Cash and cash equivalents	<u>366,008,023</u>	<u>235,541,036</u>

Cash and cash equivalents comprise of cash in hand and bank balances.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no impairment loss was identified.

12. SHARE CAPITAL

	Number of Shares	Authorised, Issued and Fully paid	
	2019 & 2018	2019	2018
		Rs.	Rs.
At January 1 and December 31,	<u>16,000</u>	<u>1,600,000</u>	<u>1,600,000</u>

13. RETIREMENT BENEFIT OBLIGATIONS

	2019	2018
	Rs.	Rs.
Amounts recognised in the statements of financial position:		
Defined pension benefits (note (a)(ii))	2,854,657	2,831,226
Other post retirement benefits (note (b) (i))	3,137,000	-
	<u>5,991,657</u>	<u>2,831,226</u>
Analysed as follows:		
Non-current liability	<u>5,991,657</u>	<u>2,831,226</u>
Amounts charged to the statement of profit or loss		
Defined pension benefits (note (a)(vi))	597,671	539,242
Other post retirement benefits (note (b)(iv))	3,137,000	-
	<u>3,734,671</u>	<u>539,242</u>
Amounts charged to the other comprehensive income		
Defined pension benefits (note (a)(vii))	858,001	143,431
	<u>858,001</u>	<u>143,431</u>

(a) Defined pension benefits

- (i) The plan is a defined benefit arrangement, with benefits based on final salary. It provides for a pension at retirement and a benefit on death or disablement in service before retirement. The assets of the fund are held independently and administered by Swan Life Ltd.

The most recent actuarial valuation of the present value of the defined benefits obligation was carried out at December 31, 2019. The present value of the defined benefit obligations, and the related current service cost and past service cost, was measured using the Projected Unit Credit Method.

- (ii) The amounts recognised in the statement of financial position are as follows:

	2019	2018
	Rs.	Rs.
Present value of funded obligations	9,117,604	7,486,936
Fair value of plan assets	(6,262,947)	(4,655,710)
Liabilities in the statement of financial position	<u>2,854,657</u>	<u>2,831,226</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

(iii) The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

	2019	2018
	Rs.	Rs.
At January 1,	2,831,226	4,213,520
Amount recognised in the profit or loss statement	597,671	539,242
Amount recognised in other comprehensive income	858,001	143,431
Employer Contribution	(1,432,241)	(2,064,967)
At December 31,	<u>2,854,657</u>	<u>2,831,226</u>

(iv) The movement in the defined benefit obligation over the year is as follows:

	2019	2018
	Rs.	Rs.
At January 1,	7,486,936	6,626,790
Current service cost	300,708	245,667
Interest cost	411,781	331,340
Transfer out	-	-
Past service cost (note a)	106,000	-
Actuarial losses	812,179	283,139
At December 31,	<u>9,117,604</u>	<u>7,486,936</u>

(v) The movement in the fair value of plan assets over the year is as follows:

	2019	2018
	Rs.	Rs.
At January 1,	4,655,710	2,413,270
Expected return on plan assets	293,453	120,664
Employer Contribution	1,432,241	2,064,967
Actuarial (loss)/gain	(45,822)	139,708
Scheme Expenses	(72,635)	(82,899)
At December 31,	<u>6,262,947</u>	<u>4,655,710</u>

	2019	2018
	Rs'000	Rs'000
Actual return on plan assets	<u>307</u>	<u>256</u>

(vi) Amounts recognised in the statement of profit or loss are as follows:

	2019	2018
	Rs.	Rs.
Current service cost	300,708	245,667
Transfer out	-	-
Scheme Expenses	72,635	82,999
Net interest cost	118,328	210,676
Past service cost (note a)	106,000	-
	<u>597,671</u>	<u>539,342</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

13. RETIREMENT BENEFIT OBLIGATION (CONT'D)

(a) Defined pension benefits (cont'd)

Note a

The Group has historically paid discretionary bonuses to its pensioners which are also taken into account in the actuarial valuation of the pension fund for the funding purposes. The calculations carried out for the retirement benefit obligation as required under IAS 19, did not reflect the discretionary element in the previous years.

The cumulative effect thereof is not significant and has been adjusted prospectively in the current financial year.

(vii) Amounts recognised in other comprehensive income are as follows:	<u>2019</u>	<u>2018</u>
	Rs.	Rs.
Experience losses on the liabilities	45,822	236,419
Changes in assumptions underlying the present value of the scheme	1,145,212	46,720
Losses on pension scheme assets	(333,033)	(139,708)
	<u>858,001</u>	<u>143,431</u>

(viii) The assets of the plan are invested in the Deposit Administration Policy underwritten by Swan life Ltd. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes. It is a long-term investment policy which aims to provide a smooth progression of return from one year to the next without the regular fluctuations associated with asset-linked investments such as Equity funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4.0% per annum.

(ix) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	<u>2019</u>	<u>2018</u>
Discount rate	4.9%	5.5%
Expected rate of return on plan assets	4.9%	5.5%
Future long-term salary increase	4.0%	5.0%
Future pension increase	0.0%	0.0%
NPS ceiling increases	4.0%	4.0%
Post retirement annuity rates	Swan Life Annuity rates	Swan Life Annuity rates

(x) Sensitivity analysis on defined benefit obligation at end of reporting period:

	<u>2019</u>	<u>2018</u>
	Rs.	Rs.
Increase due to 1% increase in discount rate	595,660	495,177
Decrease due to 1% increase in future long-term salary assumption	748,938	562,134

The sensitivity analyses above have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

13. RETIREMENT BENEFIT OBLIGATION (CONT'D)**(a) Defined pension benefits (cont'd)**

- (x) The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.
- (xi) The defined benefit pension plan exposes the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.
- (xii) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.
- (xiii) The Company expects to pay Rs 1.4m in contributions to its post-employment benefit plans for the year ending December 31, 2020.
- (xiv) The weighted average duration of the defined benefit obligation is 10 years for the Company at the end of the reporting period (2018: 7 years).

(b) Other post retirement benefits

Other post retirement benefits comprise of residual retirement gratuities.

- (i) The amounts recognised in the statement of financial position are as follows:

	<u>2019</u>
	<u>Rs.</u>
Present value of funded obligations	3,137,000
Fair value of plan assets	-
Liabilities in the statement of financial position	<u>3,137,000</u>

- (ii) The reconciliation of the opening balances to the closing balances for the net other retirement liability is as follows:

	<u>2019</u>
	<u>Rs.</u>
At January 1,	
Amount recognised in the profit or loss statement	3,137,000
At December 31,	<u>3,137,000</u>

- (iii) The movement in the present value of other retirement obligation over the year is as follows:

	<u>2019</u>
	<u>Rs.</u>
At January 1,	-
Past service cost (note a)	3,137,000
At December 31,	<u>3,137,000</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

13. RETIREMENT BENEFIT OBLIGATION (CONT'D)

(b) Other post retirement benefits (cont'd)

(iii) Note a

The Group has historically paid discretionary bonuses to its pensioners which are also taken into account in the actuarial valuation of the pension fund for the funding purposes. The calculations carried out for the retirement benefit obligation as required under IAS 19, did not reflect the discretionary element in the previous years.

The cumulative effect thereof is not significant and has been adjusted prospectively in the current financial year.

(iv) Amounts recognised in the statement of profit or loss are as follows:	2019
	Rs.
Current service cost	-
Past service cost	3,137,000
	<u>3,137,000</u>
(v) The principal actuarial assumptions used for accounting purposes were:	2019
Discount rate	4.90%
Salary increase	4.00%
Average retirement age	60
	Current
	Swan/RMPRF
Post retirement annuity rates	Rates
(vi) Sensitivity analysis on other retirement obligations at end of the reporting period	2019
	Rs.
Impact on present value of defined benefit obligation:	
Increase due to 1% decrease in discount rate	892,000
Decrease due to 1% increase in discount rate	<u>714,000</u>

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

(vii) The defined benefit pension plan exposes the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (premium) risk.

(viii) The weighted average duration of the defined benefit obligation is 18 years at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

14. TRADE AND OTHER PAYABLES	2019	2018
	Rs.	Rs.
Ultimate holding company	1,836,233	268,989
Intermediate holding company	19,508,847	5,421,894
Fellow subsidiaries	20	17,061,811
Other payables	7,080,844	5,809,288
	<u>28,425,944</u>	<u>28,561,982</u>

The carrying amounts of trade and other payables approximate their fair value.

The carrying amounts of the Company's trade and other payables are denominated as follows:

Currency	2019	2018
	Rs.	Rs.
USD	-	16,501,791
MUR	28,425,944	12,060,191
	<u>28,425,944</u>	<u>28,561,982</u>

15. INCOME TAX	2019	2018
	Rs.	Rs.
(a) Current tax on the adjusted profit for the year at 15% (2018: 15%)	12,174,754	23,059,771
(Over) / Under provision	(350,808)	364,848
Deferred tax credit (note 9(c))	(783,964)	24,321
Corporate social responsibility	1,623,301	6,462,198
	<u>12,663,283</u>	<u>29,911,138</u>
	<u>2019</u>	<u>2018</u>
	Rs.	Rs.
(b) Profit before tax	<u>174,669,571</u>	<u>154,999,700</u>
Tax calculated at the rate of 15% (2018: 15%)	26,200,435	23,249,955
Corporate social responsibility	1,623,301	6,462,198
Expenses not deductible for tax purposes	1,433,005	248,184
Expenses relating to exempt income	4,392,229	-
Income not subject to tax	(822,887)	(438,368)
Income from specified financial services	(19,028,028)	-
Deferred tax credit (note 9(c))	(783,964)	24,321
(Over) / Under provision	(350,808)	364,848
	<u>12,663,283</u>	<u>29,911,138</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

15. INCOME TAX (CONT'D)	2019 Rs.	2018 Rs.
(c) <i>Current tax liability:</i>		
At January 1,	9,923,996	6,826,173
(Over) / Under provision	(350,808)	364,848
Corporate social responsibility	1,623,301	6,462,198
Charge for the year	12,174,754	23,059,771
Corporation tax Paid during the year	(6,121,957)	(7,216,609)
Corporate social responsibility contributions during the year	(2,682,571)	(2,634,571)
Payment under Advance Payment System (APS)	(17,294,826)	(16,937,814)
At December 31,	<u>(2,728,111)</u>	<u>9,923,996</u>
16. DIVIDEND PER SHARE	2019 Rs.	2018 Rs.
<u>Declared</u>		
Final dividend declared of Rs. 5,937.50 per ordinary share	95,000,000	-
<u>Decalred and paid</u>		
Final dividend paid : Rs.5,312.50 per ordinary share	-	85,000,000
17. REVENUE	2019 Rs.	2018 Rs.
<u>Revenue from contracts with customers</u>		
Revenue from rendering of services	229,132,944	209,686,441
	<u>229,132,944</u>	<u>209,686,441</u>
(a) Disagregation of revenue from contracts with customers	2019 Rs	2018 Rs
<i>Service rendered</i>		
Management fees	147,327,220	139,669,101
Commision and fees	81,805,724	70,017,340
	<u>229,132,944</u>	<u>209,686,441</u>
	2019 Rs	2018 Rs
Group	121,954,111	114,487,645
Non group	107,178,833	95,198,796
	<u>229,132,944</u>	<u>209,686,441</u>
18. OTHER INCOME	2019 Rs.	2018 Rs.
Interest income	982,832	929,202
	<u>982,832</u>	<u>929,202</u>
19. FINANCE COSTS	2019 Rs.	2018 Rs.
Interest expenses: Lease liability	<u>(316,395)</u>	-

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

20. NET FOREIGN EXCHANGE GAINS

The differences credited to the profit or loss included as follows:

	2019	2018
	Rs.	Rs.
Unrealised exchange loss	-	(167,607)
Realised exchange gain	(1,046,140)	27,318
Unrealised exchange gain	7,526,403	-
Exchange differences on Foreign Bonds	2,240,232	826,062
Net Foreign exchange gains	<u>8,720,495</u>	<u>685,773</u>

21. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2019	2018
	Rs.	Rs.
Depreciation on equipment (note 5)	262,264	241,499
Amortisation of right of use asset (note 5(a))	1,126,986	-
Employee benefit expenses (see note (a) below)	22,548,476	17,397,644
Lease rentals	-	1,412,430

(a) Analysis of employee benefit expenses:

	2019	2018
	Rs.	Rs.
Salaries and wages	17,045,997	15,259,019
Retirement benefit obligations (note 13)	3,734,671	539,342
Other costs	1,767,808	1,599,283
	<u>22,548,476</u>	<u>17,397,644</u>

22. HOLDING, INTERMEDIATE AND ULTIMATE HOLDING COMPANIES

The Company is controlled by Swan Financial Solutions Ltd which owns 100% of the Company's shares. The intermediate holding company is Swan Life Ltd and its ultimate holding company is Swan General Ltd. All companies are incorporated in Mauritius and their registered offices are situated at Swan Centre, 10 Intendance Street, Port Louis.

23. RELATED PARTY TRANSACTIONS

	2019	2018
	Rs.	Rs.
<i>Amount due to:</i>		
- Intermediate holding company	19,508,847	5,421,894
- Ultimate holding company	1,836,233	268,989
- Fellow subsidiary	20	17,061,811
<i>Amount receivable from:</i>		
- Intermediate holding company	26,555,397	34,166,037
- Ultimate holding company	1,917,946	987,810
- Fellow subsidiaries	<u>2,206,169</u>	<u>3,002,123</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

23. RELATED PARTY TRANSACTIONS (CONT'D)	2019	2018
	Rs.	Rs.
<i>Management fees received from:</i>		
- Intermediate holding company	108,533,810	93,898,356
- Ultimate holding company	5,252,295	4,939,048
- Fellow subsidiary	8,168,006	4,467,976
<i>Rebilling expenses</i>		
- Intermediate holding companies	14,409,763	11,769,179
- Ultimate holding company-Medical expenses	674,293	494,528
- Intermediate holding company-Rental expenses	-	1,412,430
- Intermediate holding- Interest expense	316,395	
- Intermediate holding- Lease liability	5,051,159	
- Fellow subsidiary-Secretarial fees expense	150,000	210,000
- Fellow subsidiary-Management fees and recharges	-	16,501,791
- Pension paid to Intermediate holding company	2,711,297	2,997,677

The above transactions have been made on normal commercial terms in the normal course of business. For the year ended December 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party. There is no collateral held against the amount receivables from related parties.

(a) Key management personnel compensation	2019	2018
	Rs.	Rs.
Salaries and short term employee benefits	7,923,981	3,981,303
Post employment benefits	268,448	410,918
	<u>8,192,429</u>	<u>4,392,221</u>

24. EVENTS AFTER THE REPORTING PERIOD

- a) Swan Wealth Managers has expressed its interest to invest in Dolberg Rentals Pty, a subsidiary of Swan General Ltd based in South Africa. The transaction has already obtained board approval and implementation is now being subject to all regulatory approval being obtained.
- b) COVID-19 outbreak poses a serious public health threat worldwide. Like many other countries, it is expected that the economy in Mauritius will be adversely impacted by the slowing global activity. There is barely any visibility on how long COVID-19 will last and what will be its full impact on society, businesses, and the economy. While we acknowledge this state of affairs, we believe that markets will recover as they have always done in the past.

The company also believes that its liquidity position is adequate to ensure any future commitments and obligations that may arise are settled. As such, the financial statements as presented have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

25. CHANGES IN ACCOUNTING POLICIES**(a) Impact on the financial statements - IFRS 16**

The Company adopted IFRS 16 with a transition date of January 1, 2019. The Company has chosen not to restate comparatives on adoption of the standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. January 1, 2019) and recognised in the opening equity balances.

Effective January 1, 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilised

The Company adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (January 1, 2019), without restatement of comparative figures. The Company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- (a) The Company has only one lease and has used the current market prime lending rate as discount rate;
- (b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- (c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
- (d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Company previously classified leases as operating leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use asset and lease liability for its lease.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

25. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(a) Impact on the financial statements - IFRS 16 (cont'd)

Transition Method and Practical Expedients Utilised (cont'd)

On adoption of IFRS 16, the Company recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	Right-of-use assets	Lease liabilities
All other operating leases	Office space: Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. All other: the carrying value that would have resulted from IFRS 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.	Measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at January 1, 2019. The Company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 5.60%.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at January 1, 2019:

	Adjustments	December 31, 2018		January, 1
		As originally Presented	IFRS 16	2019
		Rs.	Rs.	Rs.
<u>Assets</u>				
Right-of-use asset	(a)	-	6,147,194	6,147,194
Deferred tax assets	(b)	-	(1,045,023)	(1,045,023)
<u>Liability</u>				
Lease liability	(c)	-	6,147,194	6,147,194
Deferred tax assets	(b)	-	(1,045,023)	(1,045,023)

(i) The adjustment to right-of-use asset is as follows:

	Rs.
Operating type lease	6,147,194
Right-of-use asset	<u>6,147,194</u>

25. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(a) Impact on the financial statements - IFRS 16 (cont'd)

- (ii) Deferred tax assets and liabilities were adjusted to reflect the tax effect of the other adjustments recorded.
- (iii) The following table reconciles the minimum lease commitments disclosed in the Company's December 31, 2018 annual financial statements to the amount of lease liabilities recognised on January 1, 2019:

	January 1, 2019
	Rs.
Minimum operating lease commitment at December 31, 2018	6,147,194
Less: short-term leases not recognised under IFRS 16	-
Less: low value leases not recognised under IFRS 16	-
Plus: effect of extension options reasonably certain to be exercised	-
Undiscounted lease payments	<u>6,147,194</u>
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	-
Lease liabilities for leases classified as operating type under IAS 17	-
Lease liability as at January 1, 2019	<u><u>6,147,194</u></u>
Of which are:	
Current lease liabilities	1,096,035
Non-current lease liabilities	5,051,159
	<u><u>6,147,194</u></u>