ANNUAL REPORT **2019**

SWAN

Swan General Ltd

Re-Connect

Re-Connect

...with what really matters

Reconnecting has never been so important. We believe in solidarity, the virtue of which allows us to foster great partnerships. We are driven by one enduring truth: We are stronger together.

This is why we place people at the centre of everything we do and constantly adjust to the needs of each and every person who buys our products and services. Regardless of the circumstances, our customers may always rely on us.

Throughout its long history in Mauritius, SWAN has nurtured strong ties with them. It is like a string which holds us together to help us move forward. The testing times we are living have highlighted that very need to re-bond. And maybe, rediscover all these things which really matter. We are more than ever committed to standing by your side.

Protect, Provide, Progress and Prosper – the four pillars of our Pyramid of Prosperity – remain untouched.

SWAN

ANNUAL REPORT **2019**

SWAN

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Swan General Ltd for the year ended December 31, 2019.

This report was approved by the Board of Directors on May 19, 2020.

Nicolas Maigrot
Chairperson

Louis Rivalland
Director and
Group Chief Executive

Contents

04	SWAN
05	Our Philosophy
06	Chairperson's & Group Chief Executive's Report
14	Directorate
26	Group Bonds
28	Key Figures
30	Senior Management Team
36	Management Team
40	CSR
44	Corporate Governance Report
57	Statement of Compliance
58	Risk Management Report
64	Statement of Directors' Responsibilities
65	Company Secretary's Certificate
68	Independent Auditors' Report to the Members
74	Statements of Financial Position
75	Statements of Profit or Loss and Other Comprehensive Income
76	Statements of Changes in Equity
78	Statements of Cash Flows
79	Notes to the Financial Statements
190	Other Statutory Disclosures
196	Notice of Annual Meeting of Shareholders
197	Proxy Form

SWAN

For the past 160 years, we have been present in the lives of our clients and fellow Mauritians, offering them insurance and protection.

As a progressive company, we have reorganised ourselves as a people needs-driven enterprise and we are guided by our Vision, Mission and Values.

Our Philosophy

Our Values

are Passion, People and Performance.

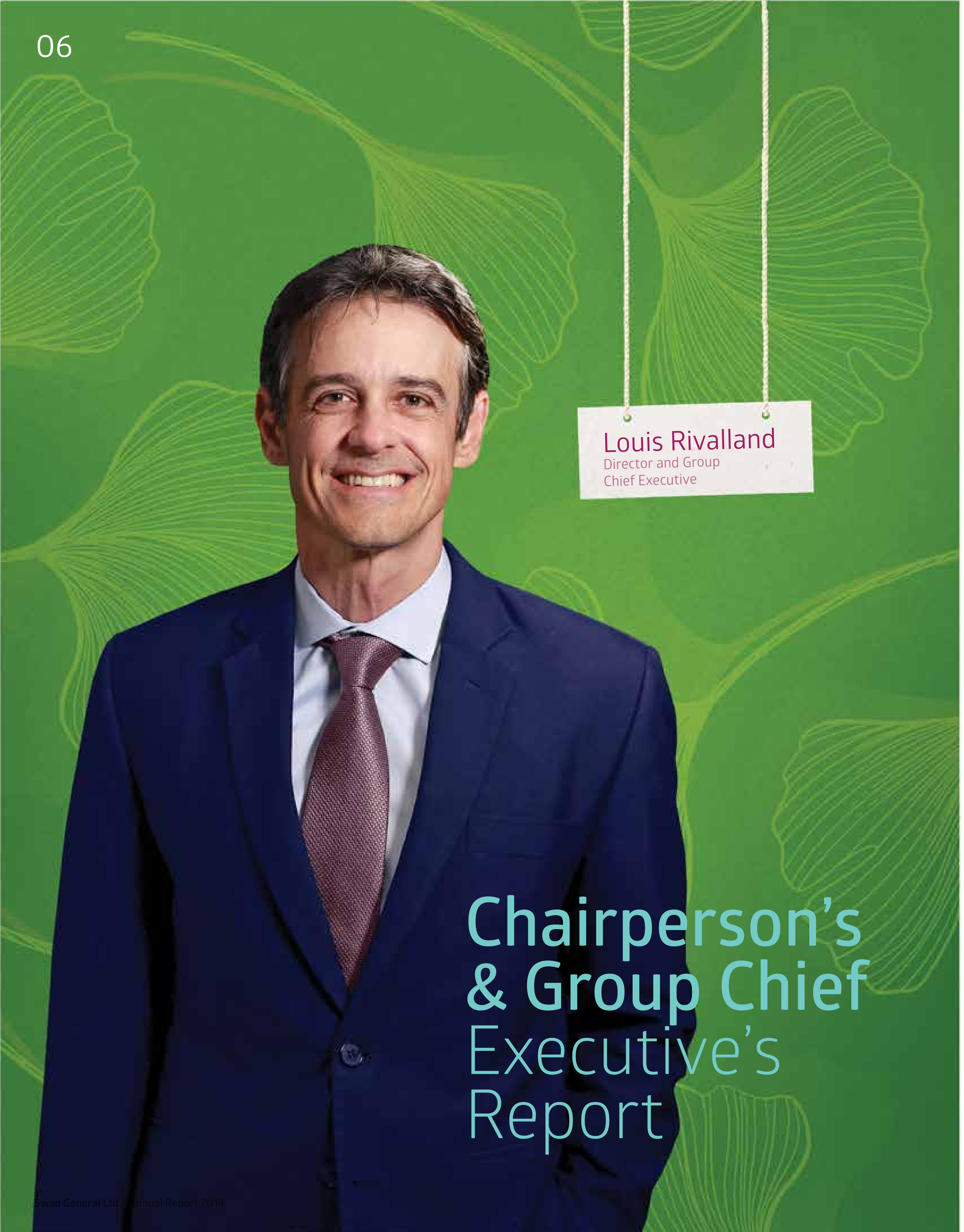
Our Vision

is to partner with you to secure a better future.

Our Mission

is to be your preferred financial solutions partner for life.

Keeping the bonds strong



Chairperson's & Group Chief Executive's Report

On behalf of the Board of Directors, we are pleased to present the Annual Report and Audited Financial Statements of Swan General Ltd and the Group for the year ended December 31, 2019.

Rs.53.4bn
Total Group Assets

In line with our 3-year plan, we continued our strategic transformation and development by focusing on our five foundation pillars which are:

a) Re-thinking our business model
b) Optimising our operating model
c) Fully leveraging on technology and data
d) Banking on our people
e) Developing our ecosystem

These pillars are driving all our strategic initiatives at the business and functional levels. In addition to these, we also have two programs which are supporting our strategic objectives. They are the Operational Excellence (OpEx) and UpTogether Service Excellence programs. The OpEx program was launched in 2019 and is based on the Lean Six Sigma methodology. It has already initiated different projects relating to improvement of cycle time of operations, customer experience, cost reduction and enhancement of quality of life at work.

SWAN has been a digital organisation for over 2 decades and in 2017, we launched the first version of the mySWAN mobile application in order to better serve our individual customers enabling them to have access to a portfolio of services, including a simple way to make health claims.

In 2019, we accelerated SWAN's digital transformation to align with our overall vision of moving away from being a supplier to becoming a partner to our clients and accompanying them throughout life and across all facets of their business, providing them with peace of mind. The focus has been primarily to facilitate access to our products and services, step up our overall systems and infrastructure to support a work-from-anywhere paradigm to ensure business continuity and simplifying access to mySWAN and other services.

In fact, the updates to our infrastructure implemented in 2019 enabled SWAN to cope overnight with the COVID-19 lockdown in a smooth fashion, allowing the vast majority of our workforce to work from home and provide key services to our customers.

The simplifications done in mySWAN are essential to our objective of achieving a closer and more meaningful relationship with our customers, making it simpler to access and use the services they subscribe to. As we evolve in the digital world around us, our ability to integrate and aggregate services and data from across a wider eco-system will be key in offering current and new services, especially to the next generation of customers.
The investments and increased focus on digitisation achieved during 2019 have already proven themselves to be extremely valuable under the COVID-19 lockdown, reaffirming our conviction in digitising our core strategy rather than building a digital strategy.

Short-term Operations

Swan General Ltd achieved yet another milestone in 2019 in terms of top line and underwriting results. We are proud to be the first short-term insurance company in Mauritius to go over the Rs. 3 billion mark in terms of gross premium income. Operational profit was also up from Rs. 721m in 2018 to Rs. 774m in 2019.

This performance, achieved in challenging economic conditions and stiff market competition, was driven by a well-diversified business mix. This enables us to always rely on the more buoyant segments to support our growth whilst the robustness and resilience of our business model and underwriting approach allows us to produce sustainable bottom line results. It is also worth mentioning that the continued optimisation of our reinsurance programme coupled with rigorous and effective claims management associated with a tighter recovery process have also been important contributors to these commendable results.

The personal lines business has produced encouraging results despite the continued pressure on premium rates with a broadening of coverage and lower excesses. The claims ratios have however remained at reasonable tolerance levels.

Chairperson's & Group Chief Executive's Report (Cont'd)

The performance of this book is being closely monitored to enable us to take corrective underwriting measures in a timely manner should the need arise. We nevertheless continue to proactively address our clients' demand for choice, flexibility and simplicity. We are streamlining and digitalising our offerings and remain committed to maintaining a high customer satisfaction level.

Concerning corporate business, we remain the leading property and casualty insurer in the local market. We continue to develop innovative and tailor-made solutions for our partner clients and brokers.
Our retention strategy on selected lines of corporate business coupled with consistent underwriting discipline have yielded encouraging results. However, we remain watchful on the impact of climate change with its propensity for extreme weather conditions associated with heavy flooding and high gusts. We have noted a sharp and significant rise in the cost of reinsurance for this class of business, particularly regarding natural catastrophe protection, as well as less generous event limits protection being provided by reinsurers in order to reduce their own exposure to these weather perils.

The specialty line is a promising segment with an increasing demand for cyber liability, crime insurance, directors and officers liability covers. However, it is very price sensitive due to the already intense competition prevailing in this line of business. The SME segment is gradually developing but remains a challenging line of business given the number of lapses and the minimum price constraints that we need to practice.

On the motor segment, we managed to produce a satisfactory result despite the numerous challenges we are continually being faced with, namely the ever increasing cost of claims including a higher number of total losses, the pressure on rates and the re-emergence of grossly exaggerated or fraudulent claims. We are taking bold measures to address these concerns and have further tightened our underwriting approach.

Health business is a growing market undergoing rapid and profound changes globally. In 2019, we focused on further improving our service delivery and raising our customer experience for treatments in Mauritius and abroad. Locally we now run a policy-holder support desk at Darne Clinic facilitating admission and speeding up discharge and have successfully implemented a home medical assistance program with partners Red Kangaroo Health Ltd.

For those needing overseas treatment, they now have free personalised access to private Yu Lounge at Plaisance Airport where all travel formalities are facilitated and for those requiring treatment In the Republic of South Africa, our partner Medical Services Organisation will assist with in-land transportation and all hospital formalities.
Our mobile application mySWAN was considerably improved in 2019 backed by online support, allowing health customers to obtain a claim, access their benefits and claims history at a click.

Overall, we achieved a profit after tax of Rs. 307.4m which is an 13% improvement on last year's results and is a very decent performance in the context of an increasingly competitive market. The business environment will be exceptionally challenging in 2020 as the global economy awakes to post-COVID-19 consequences. We will continue to focus on product and service innovation, sound underwriting discipline backed by adequate reinsurance protection and pro-active claims management to grow sustainable operational profit.

Long-term Operations - Individual

In the course of 2019, we worked at ensuring that our different distribution channels continue to offer value added and tailored solutions to our customers.

We pursued our needs-based selling approach throughout our sales channels since this is at the core of our value proposition. Continuous training throughout the year remained a priority allowing us to collectively improve our competencies and apply more consistency in our service delivery. These have greatly contributed towards the individual life business maintaining its positive trend in terms of premium income growth in 2019.

In 2020, we shall work on partnering further with our clients, growing from simply doing business to building increasingly effective relationships with them through financial life planning solutions.

Long-term Operations - Corporate

2019 was not very different from the previous years. The systemic risks and associated issues faced by employers of Defined Benefit (DB) schemes are ongoing and not isolated to the Mauritian pensions sector.

Over the last three years, through constant interactions with our clients and other stakeholders, we have continued to gather feedback and facts on the ongoing issues around DB schemes. It has now become clearer to all that the issues and challenges faced by DB schemes are complex and cannot be resolved by a one size fits all approach.

In February 2020, the Financial Services Commission released for public consultation the draft guidelines for the conversion or shift of DB schemes to Defined Contribution (DC) schemes. We are hopeful that these guidelines will assist to resolve the long-standing issues arising in DB schemes and provide the necessary guidance to tackle the different scenarios for conversion to DC, in line with best international practices. In order to be better equipped to address the inherent challenges that the pensions industry faces, we have restructured and strengthened the pensions team by hiring experienced professionals in the sector.

With the coming of Portable Retirement Gratuity Fund (PRGF), we have already noted a marked increase in employers interested in understanding the merits of contributing to a private pension scheme. More than ever, we continue to be on the lookout for any opportunity this may present to us.

Chairperson’s & Group Chief Executive’s Report (Cont'd)

Pension administration

Swan Pensions Ltd (SPL) provides a comprehensive range of administration services to pension schemes, whether they are of the Defined Benefit, Defined Contribution or Hybrid type. The company provides pension administration services to over 800 companies grouped under 25 medium to big schemes with total membership nearing 70,000 lives.

During 2019, SPL continued to show a healthy profitability, despite pressure from competition. Our main challenges remain scarce skilled resources and high staff turnover in an environment of increased compliance and pressure to deliver at cheaper costs. We are nevertheless sparing no effort to consolidate our position as leader on the market and are also more attentive to our clients’ needs to help them with the challenges they are facing.

We continue to work on streamlining our processes and shall soon enable our clients to transfer membership data efficiently and securely through a web-based platform. The new version of Pensys, our proprietary pension administration system is ready for implementation after 2019 was spent on its development and testing. These new tools will enhance our overall delivery and enable us to be more efficient for the benefit of our clients.

Capital Markets

Swan Wealth Managers Ltd (SWM) is a leading provider of asset management services in Mauritius and currently manages investments worth more than Rs. 58 billion across different asset classes, regions and sectors. SWM’s customer base includes pension funds, insurance companies, investment funds, high net worth individuals and the general investing public.

SWM capped a successful year which was marked by robust top and bottom-line growth, further advancement in winning new mandates as well as excellent client retention rate. 2019 witnessed the successful launch of the Swan Income fund which, along with Swan Emerging Markets fund and Swan Foreign Equity fund, offers a comprehensive and attractive set of products. With a growing client book, emphasis was centred on service delivery excellence, generating investment ideas and crucially, return on investments. All three were satisfactorily achieved and shall serve as stepping stones to grow asset under management and ultimately increase fee income.

In 2020, strategic initiatives shall be unravelled along, firstly unleashing scalable projects with our international partners and secondly cross-selling and up-selling efforts. Internationalisation and acquisitions are decisively important for us and top management is heavily involved in deep execution exercises. Advisory services are also a pillar of fee income generation and, to this end, all our advisory capacity is being transferred to a separate subsidiary with dedicated staff and mandates.

Swan Securities Ltd (SSL), which is a licensed stockbroking entity, managed to make a breakthrough in the bond raising market by winning a major mandate providing credibility to position ourselves for more mandates thereupon. Moreover, this represents an important diversifier to our current business model. Furthermore, in 2020, SSL shall pursue revenue generation efforts by way of enhanced product offering, including international investment funds & structured products/investment platforms. SSL is also scoping the international arena and looks forward to play a pivotal role in international deal origination.

SWM and SSL together represent a diverse and balanced business mix and are in a prime position to deliver strong financial performance. We are conscious that our strategic intents cannot be concretised without business agility and for us this is centred around lean management, building competitive advantages and improving management’s ability to execute. This mind-set shall permeate our action for 2020 and beyond.

Actuarial Services

In September 2019, we acquired an actuarial consultancy firm which provides consulting services on pension, insurance, risk management and expected credit losses under IFRS 9. This acquisition is consistent with SWAN’s long-term strategy to be one of the leading providers of financial services in Mauritius and will also bolster our existing actuarial capabilities, during the next few years leading to the implementation of IFRS 17.

In 2020, the acquired entity was renamed Swan Actuarial Services Ltd (SASL) which will enable us to more easily leverage on the SWAN brand and offer consulting services to our existing corporate and institutional clients such as pension schemes. With the introduction of PRGF and increasing deficit of DB pension schemes, coupled with forthcoming regulations on funding, we shall ensure that our expertise can be used to benefit our clients. In a bid to further our outreach, we are, in addition, aiming to explore not only local opportunities but also international prospects, more particularly in Sub-Saharan Africa and other African countries where SWAN has a presence.

International

SWAN has investments in Seychelles, Comoros, Zambia and Rwanda. Zambia required particular attention throughout 2019 and the Company bought in April 2018 has since been completely overhauled throughout all its key organisational aspects. All our foreign investments including in Zambia were profitable and performed well in 2019. We have successfully focused on cost containment measures and business development activities which have positively impacted both top and bottom lines. We are still in discussions in a number of deals looking to consolidate our position in markets we already service and branch out into new markets.

Human Resource

In 2019, we launched a Leadership Development program for the senior management team. Our senior leaders were thus given the opportunity to fine-tune their skills through selected online learning modules as well as interactive classroom sessions. The objective of this learning intervention was to provide them with the necessary leadership competencies to drive the ongoing transformation of SWAN.

In order to improve our capacity to deal with the HR challenges posed by skills scarcity, talent retention and the need for organisational performance, amongst others, we benchmarked our HR systems in place with global best practices. Following this exercise, we took the bold decision to replace the existing scattered systems by an integrated one, hosted on a unified platform and accessible on multiple devices.

The year 2019 was also marked by the promulgation of the Workers’ Rights Act. We ensured that our Legal, Compliance and HR teams are fully conversant with the new law. We also ran information sessions for our management team at large to provide them with a practical understanding of the main changes that this new legislation has brought about at work.

The implementation of the new HR system will be our main priority in 2020. We shall also revisit our performance management policy and practices in the light of new research findings. Moreover, we shall set up a system to recognise our employees who uphold our core values and customer service standards. Succession planning, the provision of career development opportunities and the enhancement of the employee experience will also be high on our HR agenda in 2020.

Regulatory and Compliance

2019 was marked with significant changes in money laundering legislations. In light of the amendments brought to the Financial Intelligence and Anti-Money Laundering Act 2002 (“FIAMLA”), the new Financial Intelligence and Anti-Money Laundering Regulations 2018 (“FIAMLR”), the new FSC AML/CFT Handbook and Insurance Code of Practice, all compliance policies, procedures and controls were updated. We developed an Anti-Money Laundering and Combatting the Financing of Terrorism (“AML/CFT”) Risk-Based Matrix as a method of assessing the risks of money laundering and terrorism financing (“ML/TF”) regarding each client and transaction in terms of low, medium and high risk.

We also launched an online AML/CFT training platform for all employees of SWAN with the aim of increasing awareness concerning potential risks of ML/TF and customer due diligence requirements. Furthermore, several tutorials were delivered, particularly on the new FSC Administrative Penalties Regulatory Framework. Training is ongoing to make SWAN employees more conversant, compliant and keep themselves abreast of salient developments. Our focus will also embrace the regulatory landscape of SWAN’s foreign subsidiaries.

This report is being presented to shareholders at a time when we are facing unprecedented disruptions. The start of 2020 was marked by the outbreak of the COVID-19 virus, which shook the whole world. Mauritius was not spared. Owing to COVID-19, termed as the challenge of the century, economic activity declined rapidly, unemployment rose sharply, and asset and commodity prices have fallen significantly. In response, central banks in many countries have slashed interest rates. Businesses are facing very important disturbances. The bottom line is that the world is heading towards a recession.

In 2020, the world’s economy could grow at its lowest rate since 2009 according to the Organisation for Economic Cooperation and Development (OECD). The Mauritian economy will consequently also suffer from the shockwave. It is still unsure how much all these will impact the Mauritian economy as there are still too many unknowns. SWAN as a team will stand to face the forthcoming challenges in a year which is already changing the way in which we think and live.

Our sincere thanks and appreciation go to all our employees, our agents and business partners. We also wish to extend our gratitude to all Board members for their counsel and guidance. Similarly, we highly value the support of our shareholders.

Nicolas Maigrot
Chairperson

Louis Rivalland
Director and Group Chief Executive


-Re-
Connect
with your Health

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Directorate

01 **Louis RIVALLAND** - Group Chief Executive
02 **Michel THOMAS** - Chief Operations Officer
03 **Arif CURRIMJEE** - Independent Non-executive
04 **Hector ESPITALIER-NOËL** - Non-Executive
05 **Philippe ESPITALIER-NOËL** - Non-Executive
06 **Henri HAREL** - Non-Executive
07 **René LECLÉZIO** - Non-Executive
08 **Nicolas MAIGROT** - Non-Executive
09 **Sebastien MAMET** - Non-Executive
10 **Gopallen MOOROOGEN** - Independent Non-executive
11 **Victor SEEYAVE** - Independent Non-executive

Directorate *(Cont'd)*

01

Louis **Rivalland**

Group Chief Executive

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 works for the pension schemes.

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

Directorship in other companies:

Companies	*Position*
Aprica Investments Co. Ltd	Director
Manufacturers Distributing Station Limited	Director
New Mauritius Hotels Limited	Director
Processure Compagnie Limitée	Director
Swan Corporate Affairs Ltd	Director
Swan Digital Ltd	Director
Swan Financial Solutions Ltd	Director
Swan Foundation	Director
Swan International Co. Ltd	Director
Swan Life Ltd	Director
Swan Pensions Ltd	Director
Swan Reinsurance PCC	Director
Swan Special Risks Company Limited	Director
Swan Wealth International Ltd	Director
Swan Wealth Managers Ltd	Director
Swan Wealth Structured Product Ltd	Director

02

Michel **Thomas**

Chief Operations Officer

Born in 1959, he holds a Master of Laws (UK) and is a Fellow of the Chartered Insurance Institute (FCII), (UK) as well as an Associate member of the Chartered Institute of Arbitrators. He is also a Chartered Insurer (UK) and a member of the British Insurance Law Association (BILA).

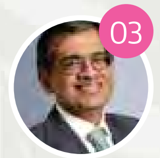
He joined the Company in 1980 and worked as underwriter in various technical departments until 1988. He headed the Claims department before he was promoted as Senior Manager of the Group Research and Development department in 2001.
He is currently the Chief Operations Officer (COO) of SWAN General Ltd responsible for the Short-Term Operations of the Company.

His principal areas of specialisation are insurance and reinsurance contract law including policy drafting. He has extensive experience and skill in the handling of complex claims including liability, specialty and medical negligence/malpractice claims. He has worked with international law firms and barristers on a variety of high value casualty and engineering claims as well as on reinsurance conflict of laws and coverage issues. He has also been specialising in arbitration law and alternative dispute resolution (ADR) procedures.
As regards the modernisation of our insurance legislation, he has played an important role in the recognition of claims made clauses under Mauritian law and has collaborated closely with the State Law Office and the Regulator in bringing crucial amendments to the Road Traffic Act and other subsidiary legislation. He has also collaborated with the Law Reform Committee (LRC) regarding the review of our insurance contract law provisions in the Civil Code.

He is a board member of Swan General Ltd since January 2008 and also of C-Care (Mauritius) Limited (formally known as Medical and Surgical Centre Limited) since 2009.

Directorship in other companies:

Companies	*Position*
C-Care (Mauritius) Limited	Director
Swan Reinsurance PCC	Director
Swan Special Risks Company Limited	Director



03

Arif **Currimjee**

Independent Non-executive

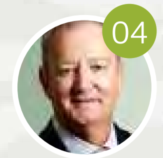
Born in 1962, he holds a degree in Economics from Williams College, MA, and has studied at the London School of Economics, McGill University and INSEAD.

He is the Managing Director of Le Tricot International Ltd, a non-executive Director on several companies within the Currimjee Group as well as on its Ownership Board and an independent director on companies in the financial sector.

He is a Council Member of the Mauritius Export Association, a past-president of the Joint Economic Council, the Mauritian Private Sector's apex organisation and has been a board member of such parastatal organisations as Enterprise Mauritius, The National Productivity and Competitiveness Council and the National Committee for Corporate Governance.

Directorship in other companies:

Companies	*Position*
Abana Online Ltd	Director & Chairman
Adenia Capital (II) Ltd	Director
Anastyl Limited	Director
IKO (Mauritius) Hotel Limited (formerly known as Le Chaland Hotel Limited)	Director
IKO (Mauritius) Resort Village Ltd (formerly known as Le Chaland Resort Village Ltd)	Director
Le Tricot Ltée	Director
Le Tricot International	Director & Chairman
Les Lycées Associés Ltée	Director
MIAR International Limitée	Director
Swan Life Ltd	Director



04

Hector **Espitalier-Noël**

Non-Executive

Born in 1958, he is a member of the Institute of Chartered Accountants in England and Wales. He worked for Coopers and Lybrand in London and with De Chazal du Mée in Mauritius.
He is presently the Chief Executive of ENL Limited. He is also Chairman of New Mauritius Hotels Ltd and Bel Ombre Sugar Estate Ltd. He is also a Past President of Rogers and Company Limited, The Mauritius Chamber of Agriculture, the Mauritius Sugar Producers Association and the Mauritius Sugar Syndicate.

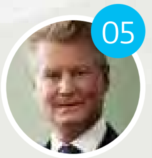
Directorship in other companies:

Companies	*Position*
Agrex Limited	Director
Ascencia Limited	Director
Avipro Co. Ltd.	Director
Axess Limited	Director
Beachcomber Hotels SA	Director
Beachcomber Hotels Marrakech SA	Director
Beachcomber Hospitality Investments Ltd	Director
Beachcomber Limited	Director
Building & Civil Engineering Co. Ltd.	Director
B.R.E Ltd	Director
Case Noyale Limitée	Director
Cashverdure Limitée	Director
Compagnie Sucrière de Bel Ombre Limited	Chairman
Dolphin Coast Marina Estate Ltd	Director
Domaine de L'Harmonie Ltée	Director
Ecocentre Limitée	Director
Eliheda Ltd	Director
Emerald (Mauritius) Limited	Director
EnAtt Ltd	Director
ENL Agri Limited	Chairman

Directorate *(Cont'd)*

Companies	Position
ENL Corporate Services Limited	Director
ENL Corporate Ventures Limited	Director
ENL Foundation	Chairman
ENL Limited	Chairman
ENL Portfolio Managers Limited	Director
ENL Property Limited	Chairman
ENL Secretarial Services Ltd	Director
Enquickfix Limited	Director
EnVolt Limited	Director
ESP Landscapers Ltd	Director
Espral International Ltd	Director
Exotiflors Limited	Director
Gold Coast Resort Limited	Director
Green Create Nutra Limited	Director
Helida Ltd	Director
Jacotet Bay Ltd	Director
L'Accord Limited	Chairman
La Sablonniere Limited	Chairman
Le Morne Development Corporation Limited	Director
Le Sunset Commercial Centre Limited	Director
Les Salines Golf & Resort Limited	Director
Les Salines Development Ltd	Director
Les Villas de Bel Ombre Amenities Ltd	Director
Les Villas de Bel Ombre Ltée	Director
Mall of (Mauritius) at Bagatelle Ltd.	Director
Management & Development Co. Ltd	Director
MDA Offices Limited	Director
Moka City Limited	Director
Mon Desert Alma Sugar Milling Company Limited	Director
Motor City Limited	Director
New Mauritius Hotels Limited	Chairman
Packestate Limited	Director

Companies	Position
Plastinax Austral Limited	Director
Praslin Resort Limited	Director
Reef Resort Limited	Director
Rogers Capital Ltd	Director
Rogers Capital Investment Advisors Ltd	Director
Rogers and Company Limited	Director
Rogers Consolidated Shareholding Limited	Director
Royal Gardens Ltd	Director
Semaris Ltd	Director
S&W Synergy Ltd	Director
Savannah Properties	Director
SB Cattle Ltd	Director
Smartvertising Ltd	Director
Société Pur Blanca	Director
Southwest Tourism Development Limited	Director
Swan Life Ltd	Director
Ste Anne Resort Ltd	Director
Tambourissa Limited	Director
The Gardens of Bagatelle Ltd	Director
The Green Mountain Co. Ltd	Director
The Old Factory Limited	Director
The Savannah Sugar Milling Company Ltd	Director
Tropical Paradise Co. Ltd.	Director
Turbine Incubator Limited	Chairman



05

Philippe **Espitalier-Noël**

Non-executive

Holder of a BSc in Agricultural Economics from the University of Natal in South Africa and an MBA from the London Business School, Philippe Espitalier-Noël worked for CSC Index in London as a management consultant from 1994 to 1997, prior to joining Rogers and Company Limited in 1997.

He is currently the Chief Executive Officer (since 2007) and Executive Director of the group. He has proven experience of mergers and acquisitions, business turnaround and transformation. He also has an extensive expertise in strategy development and execution, inspiring leadership with senior management in the Group's four served markets, FinTech, Hospitality, Logistics and Property.

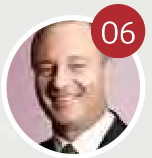
Since March 2017, Philippe Espitalier-Noël, who is also Honorary Consul of the Kingdom of Denmark, presides over the Business Mauritius Sustainability and Inclusive Growth Commission which aims at bringing the Business community to join forces towards reinforced sustainable practices. As such, members of the community have been championing various environmental causes with a view to boost the deployment of eco-friendly practices.

Directorship in other companies:

Companies	Position
Ascencia Limited	Director & Chairman
Agria LIMITED	Director
Air Mauritius Holdings	Director
Air Mauritius Ltd	Director
Bagatelle Hotel Operations Company Limited	Director
Bagaprop Limited	Director
Bioculture (Mauritius) Ltd	Director
Biofarms Limited	Director
Cap D'Abondance Ltd	Director
Case Noyale Limitée	Director
Cashverdure Limitée	Director
Compagnie Mauricienne d'Hypermarchés Limitée (In winding-up)	Director & Chairman
DOMC Ltd	Chairman
Foresite Property Holding Ltd	Chairman
Hotels Operations Company Ltd	Chairman

Companies	Position
Island Living Ltd	Director & Chairman
Islandian Ltd	Director & Chairman
Les Villas De Bel Ombre Amenities Ltd	Director
Logistics Solutions Ltd	Director & Chairman
Les Villas De Bel Ombre Ltée	Director
Mauritian Coal & Allied Services Co. Ltd	Director
Mautourco Holdings Ltd	Director
Mautourco. Ltd	Director
Reliance Facilities Ltd	Director & Chairman
Reliance Security Services Ltd	Director & Chairman
Restaurants Operations Company Ltd	Director & Chairman
Rogers Aviation Holding Company Limited	Director & Chairman
Rogers And Company Limited	Director
Rogers Capital Ltd	Director & Chairman
Rogers Capital Corporate Services Limited	Director
Rogers Capital Finance Ltd	Director & Chairman
Rogers Capital Investment Advisors Ltd	Director & Chairman
Rogers Capital Management Services Ltd	Director
Rogers Capital Outsourcing Ltd	Director & Chairman
Rogers Capital Technology Services Ltd	Director & Chairman
Rogers Corporate Services Ltd	Director
Rogers Consolidated Shareholding Limited	Director
Rogers Foundation Ltd	Director & Chairman
Rogers Logistics International Ltd	Director & Chairman
Rogers Shipping Pte Ltd	Director
Seafood Basket Limited	Director
South West Tourism Development Company Limited	Director
Sports-Event Management Operation Co. Ltd	Director & Chairman
Sukpak Ltd	Director & Chairman
Swan Life Ltd	Director
Sweetwater Ltd	Director
Trans-Maurice Car Rental Ltd	Director
Velogic Holding Company Limited	Director & Chairman
VLH Ltd	Director

Directorate *(Cont'd)*



06 Henri **Harel**

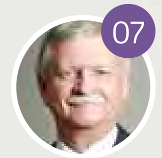
Non-Executive

Executive Director of Terra Mauricia Ltd - Henri Harel first worked in South Africa as an auditor with De Ravel, Boulle, Saad & Wyman (Chartered Accountants). He then occupied the post of Internal Auditor with Toyota S.A. Manufacturing and that of Financial Accountant at Amalgamated Beverage Industries Ltd (Coca-Cola). Upon his return to Mauritius in 1991, he worked for Société de Gérance de Mon Loisir as Financial Controller until 1996, when he joined Harel Frères Limited in a similar capacity. He is at present Terra's Group Chief Finance Officer and a Management Committee member. He has also been the Chairman of the Sugar Industry Pension Fund and of its Finance and Investment Committee.

Directorship in other companies:

Companies	Position
Alcohol And Molasses Export Limited	Director
Anytime Investment Ltd	Director
Beau Plan Cellars Ltd	Director
Beau Plan Development Ltd	Director
Beau Plan Office Park Ltd	Director
Beau Plan Retail Park Ltd	Director
Coal Terminal (Management) Co. Ltd	Director
Commada Ltd	Director
Grays Distilling Ltd	Director
Grays INC. Ltd	Director
Intendance Holding Limited	Director
Invescom Ltd	Director
Ivoirel Limitée	Director
Moulin Casse Limitée	Director
New Fabulaous Investment Ltd	Director
New Goodwill Co. Ltd	Director
Rehm Grinaker Construction Co. Ltd	Director
Rehm Grinaker Properties Co. Ltd	Director
Rum Distributors Co. Ltd	Director
Sagiterra Ltd	Director
Sucrivoire S.A	Director

Companies	Position
Sugar Industry Pension Fund	Director
Swan Life Ltd	Director
Terra Brands Ltd	Director
Terra Finance Ltd	Director
Terra Foundation	Director
Terra Mauricia Ltd	Director
Terra Milling Ltd	Director
Terra Services Ltd	Director
Terragen Ltd	Director
Terragen Management Ltd	Director
Terravest Limited	Director
Terravest Holding Ltd	Director
Thermal Valorisation Co. Ltd	Alternate Director
United Investments Ltd	Director



07 René **Leclézio**

Non-Executive

Born in 1956, he holds a BSc in Chemical Engineering and an MBA from the London Business School. Before being appointed CEO of Promotion and Development Ltd in 1987, he worked in London as consultant engineer in the oil and gas industry and with Lloyds Merchant Bank as Assistant Manager in Project Finance.

Directorship in other companies:

Companies	Position
Anytime Investment Ltd	Director
Best Sellers Ltd	Director
Cascavelle Shopping Mall Limited	Director
Casela Limited	Director
Caudan Development Limited	Director
Caudan Leisure Ltd	Director
Clarens Fields Ltd	Director
Commercial Holding Ltd	Director
Compagnie Mauricienne de Commerce Ltée	Director
Concorde Tourist Guide Agency Ltd.	Director
Excelsior United Development Companies Limited	Director & Chairman
Ferryhill Enterprises Ltd	Director
Fondation Medine Horizons	Director
Goodweal Limited	Director
Industrial & Hotel Equipment Manufacturers Ltd	Director
International Distillers (Mtius) Ltd	Director
Le Cabinet Limited	Director
Mauritian Coal & Allied Services Co. Ltd	Director
Mauritius Freeport Development Co. Ltd	Director & Chairman
Medine Distillery Co. Ltd	Director
Medine Limited	Director & Chairman
New Fabulous Investment Ltd	Director
New Goodwill Co Limited	Director
Pierrefonds Estate Company Limited	Director
Promotion and Development Limited	Director

Companies	Position
Rey & Lenferna Ltd	Director
Societé Mauricienne d'Entreprises Générale Ltée	Director
Swan Life Ltd	Director
Tamarina Beach Club Hotel Limited	Director
Tamarina Golf Club Ltd	Director
Tamarina Golf Estate Co. Ltd	Director
The Medine Sugar Milling Company Limited	Director
Tropical Paradise Co. Ltd	Director
Uniciti Ltd	Director
Uniciti Commercial Properties Ltd	Director
Uniciti Education Properties Ltd	Director
Uniciti Eduhousin Ltd	Director
Uniciti Management Services Co. Ltd	Director
Uniciti Office Park Ltd	Director
Uniciti Residential Properties Co. Ltd	Director
Uniciti Sports and Cultural Properties Ltd	Director

Directorate *(Cont'd)*

08

Nicolas **Maigrot**

Non-Executive, Chairperson

Born in 1968, he holds a degree in Management Sciences from the London School of Economics and Political Sciences. He is presently the Managing Director of Terra Mauricia Ltd. He has acquired, during his career, a rich experience at executive levels. He operated in various manufacturing industries, as well as in the areas of finance and services. Throughout his career, he had various leadership positions such as Chief Executive Officer of Ciel Textile Ltd and Ireland Blyth Limited.

Directorship in other companies:

Companies	*Position*
Alcohol And Molasses Export Ltd	Director
Anytime Investment Ltd	Director
Coal Terminal (Management) Co. Ltd	Director
Grays Inc. Ltd	Director & Chairman
Grays Distilling Ltd	Director
Horus Ltée	Director
Intendance Holding Limited	Director
Ivoirel Limitée	Director
New Goodwill Co. Ltd	Director
New Fabulous Investment Ltd	Director
Payment Express Ltd	Director
Rehm Grinaker Construction Co. Ltd	Director & Chairman
Rehm Grinaker Properties Co. Ltd	Director & Chairman
Sagiterra Ltd	Director & Chairman
Sucrivoire S.A	Director
Sugarworld Ltd	Director
Swan Life Ltd	Director & Chairman
Terra Brands Ltd	Director
Terra Foundation	Director
Terra Mauricia Ltd	Director
Terra Milling Ltd	Director & Chairman
Terra Services Ltd	Director
Terragen Ltd	Director & Chairman
Terragen Management Ltd	Director
Terrarock Ltd	Director
Terravest Limited	Director
Terravest Holding Ltd	Director
Thermal Valorisation Co. Ltd	Director
UDL Investments Ltd	Director
United Docks (Overseas Investments) Ltd	Director
United Docks Ltd	Director
United Investments Ltd	Director
United Properties Ltd	Director

09

Sebastien **Mamet**

Non-Executive

Born in 1975, he worked in the audit department of Ernst & Young London and Mauritius for eight years, he joined the Corporate Finance division of PricewaterhouseCoopers Mauritius in 2004. As Senior Manager of the division, he advised clients on mergers & acquisitions, business plans, finance raising and financial restructuring, among others. He joined Terra Group (previously known as Harel Frères) in 2009 to head its new strategic development function.
As a member of the Management Committee, he advises on the strategic orientation of the group and is responsible for implementing new business developments. As from 13 May 2016 he has been appointed General Manager of Terragri Ltd, in charge of all the agriculture sector of Terra in Mauritius and abroad.

Directorship in other companies:

Companies	*Position*
Intendance Holding Ltd	Director
Ivoirel Limitée	Director
Sucrivoire	Director
Swan Life Ltd	Director
Sugha Ltd	Director
Terra Services Ltd	Director
Terragen Ltd	Director
Terragen Management Ltd	Director
Terra Milling Ltd	Director
Terrarock Ltd	Alternate Director

10

Gopallen **Mooroogen**

Independent Non-executive

Born in 1959, Gopallen Mooroogen 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.

Directorship in other companies:

Companies	*Position*
Swan Life Ltd	Director
Swan Reinsurance PCC	Director
Swan Special Risks Company Limited	Director
Swan Pensions Ltd	Director
Swan Wealth Managers Ltd	Director

11

Victor **Seeyave**

Independent Non-Executive

Born in 1962, he holds a B.A Economics (UK) and an MBA (USA).
He is currently the Managing Director of Altima Ltd and previously held several management positions in the food division of the Innodis Group.

Directorship in other companies:

Companies	*Position*
Albacora Ltd	Director
Alter Domus (Mauritius) Ltd	Director
Alter Domus (Mauritius) Nominees Ltd	Director
Altima Ltd	Director
Altius Ltd	Director
Amplitius Ltd	Director
Caxton Consulting Limited	Director
Cheh Seeyave Limited	Director
Citius Ltd	Director
Citius P Ltd	Director
Foods Div Ltd	Director
Fortius Ltd	Director
Hamilton Enterprise Ltd	Director
Kenville Investments Limited	Director
Promotion Div Ltd	Director
Innodis Ltd	Director & Chairman
Peninsula Rice Milling Ltd	Director
Redbridge Investments Ltd	Director
Challenge Hypermarkets Ltd	Director
HWFRL Investments Ltd	Director
Mocambique Farms, Limitada	Director
Poulet Arc-en-Ciel Ltée	Director
Supercash Ltd	Director
Innodis Poultry Ltd	Director
Swan Life Ltd	Director
Swan Reinsurance PCC	Director & Chairman
Swan Special Risks Company Limited	Director & Chairman


-Re-
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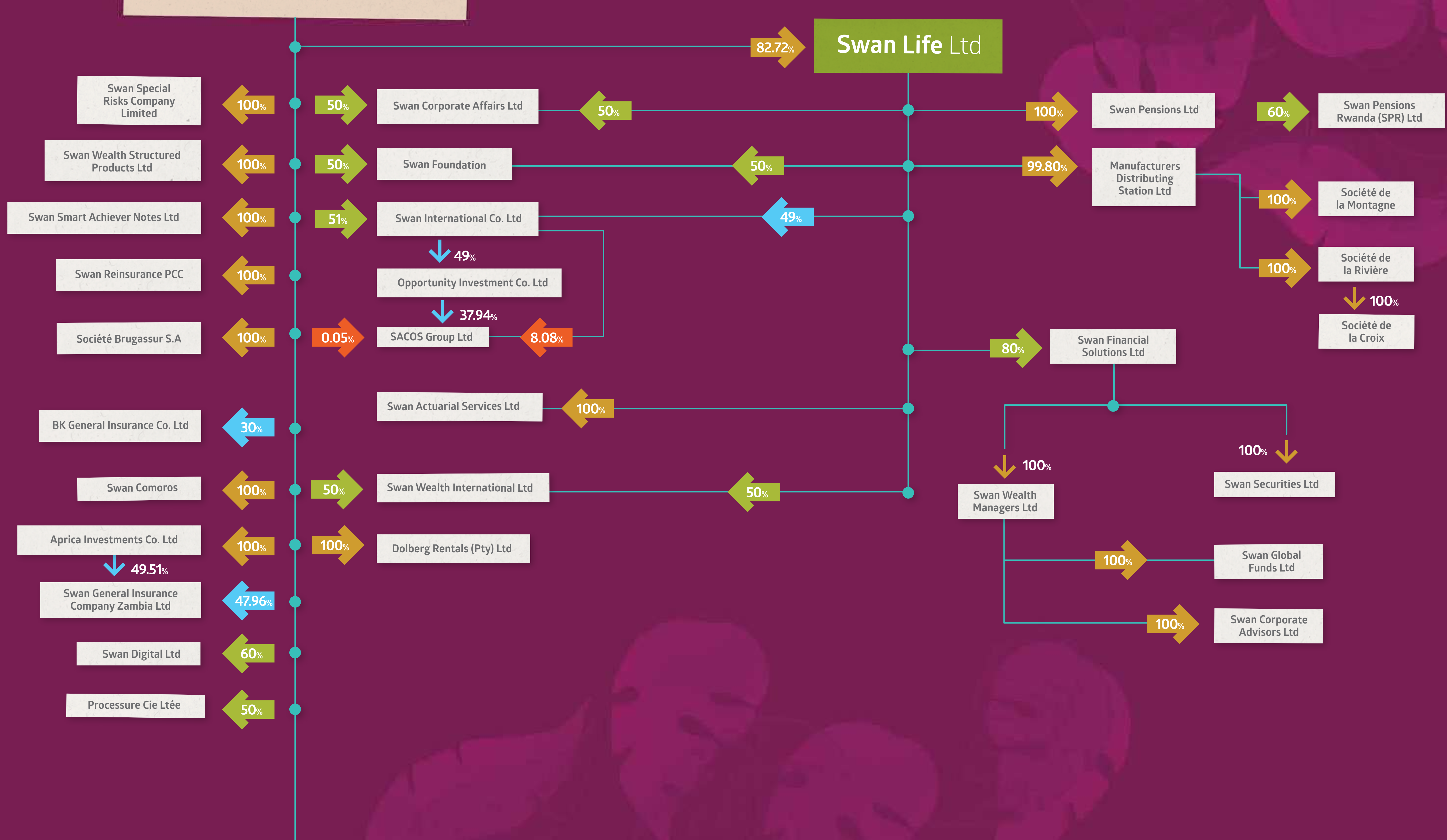
Group Bonds



Swan General Ltd
82.72%
Swan Life Ltd
Swan Special Risks Company Limited
100%
50%
Swan Corporate Affairs Ltd
50%
100%
Swan Pensions Ltd
60%
Swan Pensions Rwanda (SPR) Ltd
Swan Wealth Structured Products Ltd
100%
50%
Swan Foundation
50%
99.80%
Manufacturers Distributing Station Ltd
100%
Société de la Montagne
Swan Smart Achiever Notes Ltd
100%
51%
Swan International Co. Ltd
49%
49%
Opportunity Investment Co. Ltd
100%
Société de la Rivière
100%
Société de la Croix
Swan Reinsurance PCC
100%
37.94%
Société Brugassur S.A
100%
0.05%
SACOS Group Ltd
8.08%
80%
Swan Financial Solutions Ltd
Swan Actuarial Services Ltd
100%
BK General Insurance Co. Ltd
30%
100%
Swan Securities Ltd
100%
Swan Wealth Managers Ltd
Swan Comoros
100%
50%
Swan Wealth International Ltd
50%
Aprica Investments Co. Ltd
100%
100%
Dolberg Rentals (Pty) Ltd
100%
Swan Global Funds Ltd
49.51%
Swan General Insurance Company Zambia Ltd
47.96%
100%
Swan Corporate Advisors Ltd
Swan Digital Ltd
60%
Processure Cie Ltée
50%

Key Figures

-------At a glance-------

Gross Premiums
- **Y2019 - Rs.8,105,672** Y2018 - Rs.7,561,743
- **Y2019 - Rs.3,060,119** Y2018 - Rs.2,931,938

Dividends Paid
- **Y2019 - Rs.119,171** Y2018 - Rs.99,309
- **Y2019 - Rs.119,171** Y2018 - Rs.99,309

Net Earned Premiums
- **Y2019 - Rs.6,419,610** Y2018 - Rs.5,925,149
- **Y2019 - Rs.1,667,034** Y2018 - Rs.1,631,724

Dividends per Share
- **Y2019 - Rs.14.40** Y2018 - Rs.12.00
- **Y2019 - Rs.14.40** Y2018 - Rs.12.00

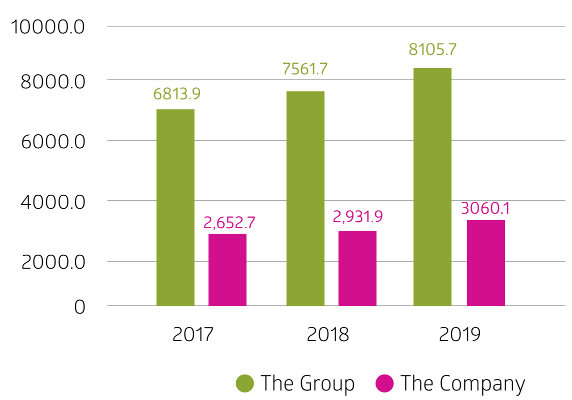
Profit Before Tax
- **Y2019 - Rs.728,773** Y2018 - Rs.773,458
- **Y2019 - Rs.327,379** Y2018 - Rs.297,870

Earnings per Share
- **Y2019 - Rs.69.75** Y2018 - Rs.73.87
- **Y2019 - Rs.37.15** Y2018 - Rs.32.80

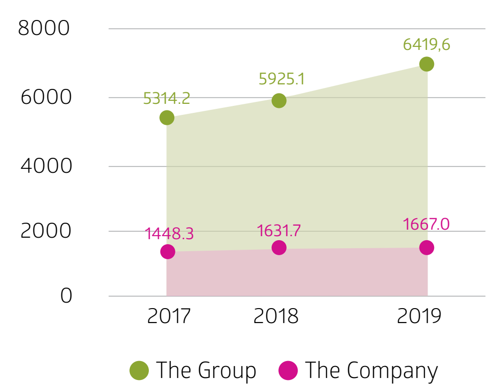
The Group The Company

All Rs are in Rs'000 (except Dividend per share and Earnings per share).

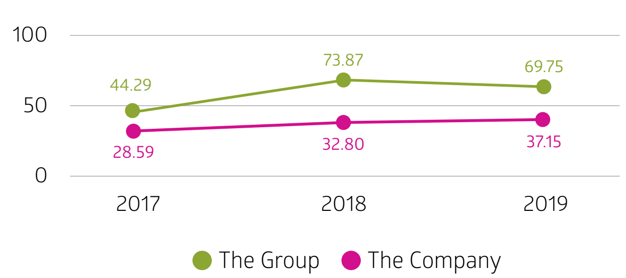
Rs. m **Gross** Premium



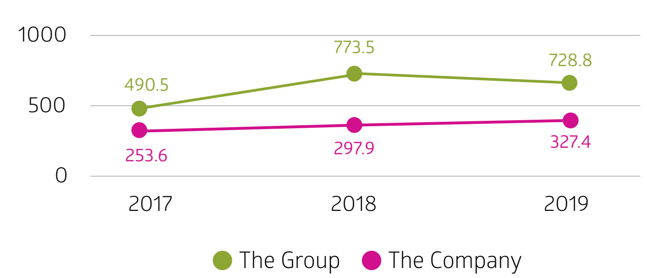
Rs. m **Net** Earned Premiums



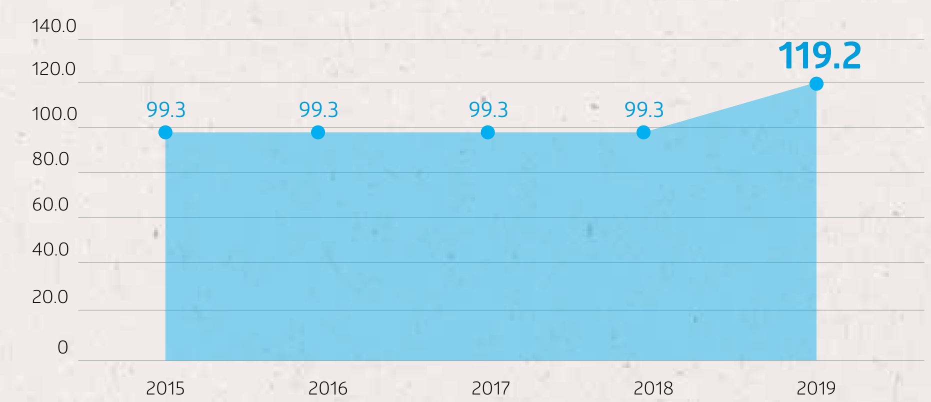
Rs./cents **Earnings** Per Share



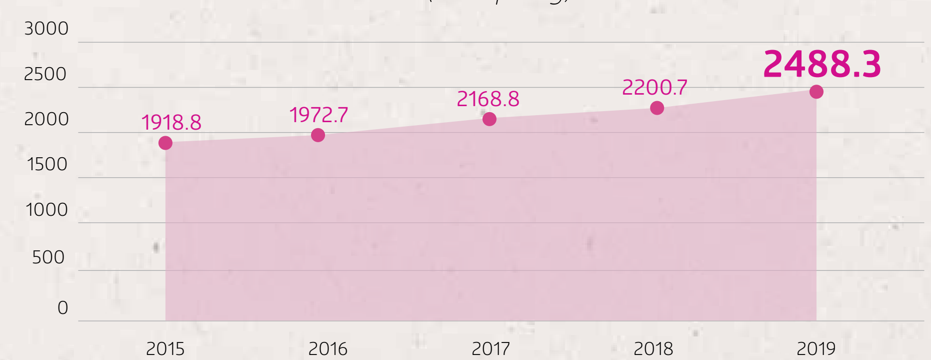
Rs. m **Profit** Before Tax



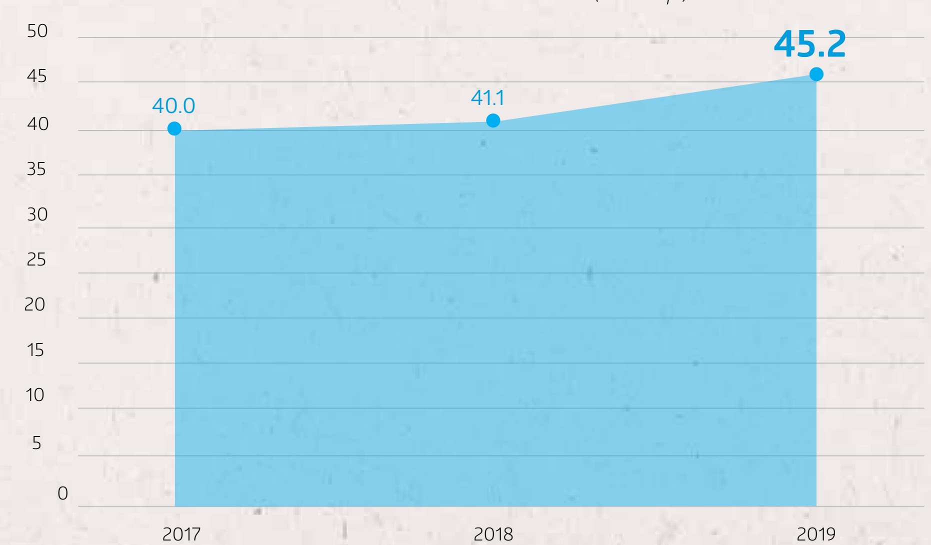
Rs. m **Dividends** Declared *(Group & Company)*



Rs. m **Reserves** *(Company)*



Rs. bn **Life** Assurance Fund *(Group)*



Senior Management Team

Neelkamal (Bipin) **Ragoo**

BSc (Hons), MBA, FCII
Technical, Motor, IBU, Captive Solutions

Born in 1975, he started his career with Mauritius Union Assurance Co. Ltd. in 1996, and 4 years later, joined Swan Insurance Co. Ltd. (now Swan General Ltd.) staying till 2010. Thereafter, Bipin joined Munich Re (Mauritius), where he was the Head of Underwriting. His area of operation, which covered Sub-Saharan Africa, allowed him to hone his knowledge of the underlying intricacies of doing business in this region, as well as to build a solid and reliable network.

He returned to SWAN in 2014, heading the Technical Dept., and was appointed Senior Manager in 2016. Currently, Bipin oversees the Technical, Motor and Individual Business Units. He is also responsible for the operations of the Swan Re PCC, a captive solution provider. Bipin holds a B.Sc. (Hons) in Economics and an MBA, and is also a Fellow of the Chartered Insurance Institute.

Jaiyansing (Shailen) **Soobah**

FCCA, MBA, Dip CII
Risk Officer, Group Company Secretary – Corporate Office

Born in 1974, Jaiyansing 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. He is the Non-Executive Chairman of The Stock Exchange of Mauritius Ltd and a Non-Executive Director of Central Depository & Settlement Co. Ltd.

Karine **Morel**

BCom, FCCA, MIPA (M)
Group Finance (w.e.f 15 January 2019)

Born in 1979, Karine Morel is a fellow of the Association of Chartered Certified Accountants (FCCA). She also holds a BCom from the University of Cape Town. Karine joined the finance team of Swan Life Ltd in September 2001, and was promoted as Manager – Finance and Accounts in August 2007.

She now holds the position of Senior Manager – Group Finance since January 2019. She leads the finance and accounting teams of both the Short Term and the Long Term business of SWAN. She, also, oversees the financial operations of the subsidiaries, both local and foreign.

Tse Kwong Philippe **Lo Fan Hin**

FCII
Reinsurance and Statistics

Born in 1958, he joined the Company in 1978. He qualified as an Associate of the Chartered Insurance Institute (London) in 1983 (A.C.I.I.) and obtained his Fellowship (F.C.I.I.) in 1991. He is a Chartered Insurer and a member of the Insurance Institute of Mauritius (IIM).

He joined the Senior Management team in 2003. He has been working in the Insurance Industry for 42 years. During the past 25 years, he has been heading the Reinsurance and Statistics department of the Company.

His main responsibility at Swan General Ltd is to ensure that the Company is adequately reinsured with first class security Reinsurers for all the risks emanating from our underwriting activities.

He is a member of the Board of Directors of Swan Reinsurance PCC since September 2011 and of Swan Special Risks Company Limited since 2014.

Senior Management Team *(Cont'd)*

Julien **Rivet**

CERT CII

Born in 1979, he joined Swan Insurance Company Ltd in 2000 as a trainee Underwriter in the then Fire and Accident Department and was promoted Commercial Underwriter in 2005 until 2014 when he was further promoted to a Managerial Position within the Corporate Business (Property and Casualty) Unit.

He is a member of the Chartered Insurance Institute (UK).

Throughout his career, Julien has successfully evolved through the technical sphere (underwriting and claims) as well as client-management and leadership roles and is now heading our Corporate Business Unit and oversees the operations of our Property and Casualty, Specialty Risks, Marine, Travel, Documentation and Processing Business Units.

Gianduth (Alvin) **Jeeawock**

BSC (Hons), CFA
Capital Markets (w.e.f 01 July 2019)

Alvin is a well-established professional reckoning more than a decade of experience in Capital Markets. Alvin is a CFA charter holder since 2010. He has engineered a pallet of large investment activities both in Mauritius and abroad. During the last three years he has been the Manager of Swan Wealth Managers Ltd where along with senior management, a number of strategic moves were undertaken, thus propelling the company towards new heights. He is also an executive director of Swan Corporate Advisors Ltd, Swan Wealth International Ltd and Swan Smart Achiever Notes Ltd.

Vishnoo **Luximan**

Dip Personnel Management
Dip Business Management
Dip Public Relations
MSc
Chief Human Capital Officer

Born in 1962, he worked as Assistant Personnel & Public Relations Officer at the Constance & La Gaieté SE Company Ltd from 1983 to 1988. He joined Deep River-Beau Champ Ltd (DRBC) as Assistant Personnel Manager/Public Relations Officer in 1988. He was promoted to the position of Personnel Manager/Public Relations Officer within the same company in 1990.

He was appointed Human Resources Manager of DRBC in 2002 and, as such, provided advice and services to 7 companies of the CIEL Group, including TPC Ltd, found in Tanzania.

He cumulated the responsibility of Acting Secretary of the Mauritius Sugar Producers' Association with that of Human Resources Manager of DRBC from September to December 2005. He joined the Group in 2006.

Patrice **Bastide**

BSc and MSc
Group Marketing

He is responsible for SWAN's international development and oversees a number of projects mainly in sub-Saharan Africa where he assists SWAN in setting up an elaborate network of cross-border relationships as well as implementing SWAN's longer-term objectives in these jurisdictions. He has developed an in-depth knowledge of these markets including of their local regulatory environments and is a Board Director on a few international subsidiaries. On the strength of his previous tenure as Marketing Manager of Albatross Insurance and CIM Insurance, Patrice took over the Marketing function of the Group in September 2016. Born in 1963, Patrice holds a M.Sc. in Applied Mathematics, USA.

Nitish **Beni Madhu**

BSc (Hons), MSc
Chief Investment Officer

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 lectures 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.

Swan General Ltd / Annual Report 2019

Senior Management Team (Cont'd)

Ishwari **Madhub**

BSc (Hons), FCCA, MBCS, MBA
Technology Solutions

Born in 1967, she is a fellow of the Association of Chartered Certified Accountants (FCCA). She holds a BSc in Information Systems and an MBA from Oxford Brookes University (UK) as well as certifications in Project Management, Change Management and Lean/Six Sigma Process Improvement (Green Belt).

She started her career as a software developer at Swan Insurance Company Limited (now known as Swan General Ltd) in 1987 and was appointed as IT manager in 2000, manager of the Group Systems and Processes department from 2007 to 2017. She was appointed as Senior Manager of the Technology Solutions department as from 2018, overseeing IT Procurement, Network and Infrastructure and IT Systems.

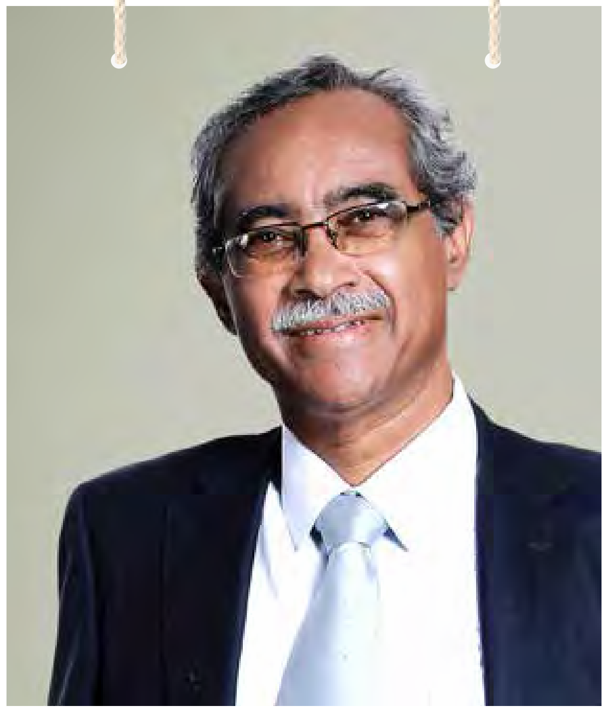
Guillaume **Bouic**

BSc, ACII
Business Development & SME

Born in 1975, he holds a double major degree 'Accounting & Corporate Administration' from Curtin University – W.A. Guillaume is a Chartered Insurer. He qualified as an Associate of the Chartered Insurance Institute (London – UK) in 2001 (ACII). He started his career with SWAN in 1996, before moving to the insurance broking industry from 2006 to 2016, to take both Management and Senior Management roles at a local insurance broker and a foreign local established insurance broker, respectively.

Guillaume returned to SWAN in December 2016. In 2017, he was appointed Senior Manager – Health & Business Development.

Since 2018, Guillaume oversees exclusively the Business Development, Affinity partners, IBU & SME (non-life).



Jean-Yves **Violette**

ASSOC ANZIIF, CIP
Complaints and Customer Relationship
(w.e.f January 01, 2019)

Born in 1955, he joined Swan Insurance Co Ltd now Swan General Ltd in 1976 as a claims handler and has moved through various positions in the claims department.

He is an Associate Member with a Certified Insurance Professional status (CIP) of the Australian and New Zealand Institute of Insurance and Finance (ANZIFF Assoc, CIP). He specialised in Liability line.

He is a Claims Professional having walked his insurance career of more than forty (40) years in all classes of general insurance claims (except health) ranging from Motor, Non-Motor, Marine Hull & Cargo, Travel, Engineering, etc. He moved positions from Claims Supervisor to the post of Principal Claims Manager of Swan General Ltd.

Since January 2019 he is the Senior Manager, Customer Relations and Complaints Co-ordinator & Corporate Social Responsibility.

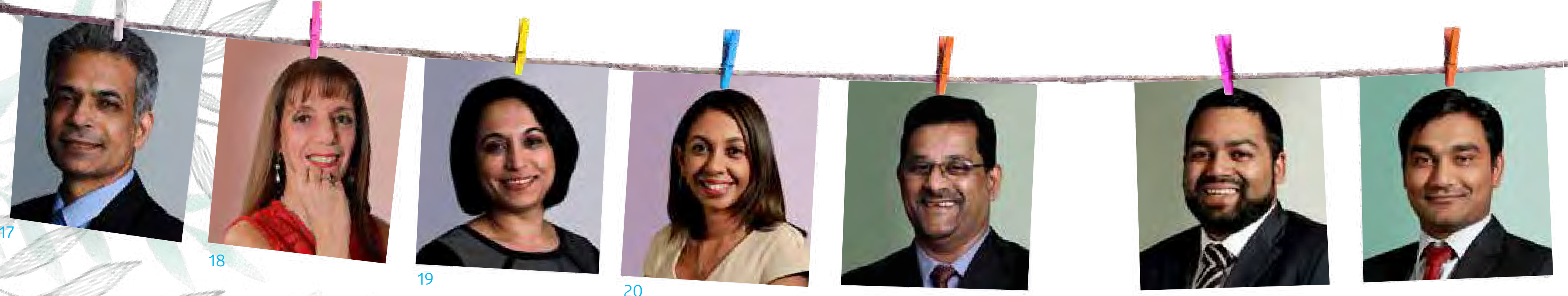
Jean Yves Violette is also the President of the Insurance Institute of Mauritius (IIM) and is also a member of the Motor Vehicle Insurance Arbitration Committee.

Christopher **David**

BSC
Chief Digital & Data Officer-Digital Transformation
(w.e.f July 01, 2019)

Christopher David holds a BSc in Physics and computer Science from the University of Stockholm. He lived 35 years and spent all his professional career in Sweden. During this time he has held key technical, digital and business positions in global companies such as Ericsson, Logica Sun Microsystems, Sony Ericsson and Schneider Electric.
He has also founded several start ups both in Sweden and in Mauritius. He returned to Mauritius and joined SWAN as the Chief Digital and Data Officer.

Management Team



01 **Ashley NUCKCHADY** - Motor
02 **Bruno NALLETAMBY,** ACII, ACIS, ACI Arb – Marine
03 **Carine ADELSON,** BA, MA – Group Marketing
04 **Christel LIM SHIN CHONG,** BA (Hons) – Group Human Resources (w.e.f 01 July 2019)
05 **Dave LUCHMUN,** Group Facilities
06 **Devsingh SOBHA,** BA, MBA, Adv Dip CILA – Claims (w.e.f from 01 January 2019)
07 **Didier ADRIEN,** Diploma in Information Technology – Technology Solutions
08 **Herbert MADANAMOOTHOO,** Maîtrise de Droit – Compliance, MLRO
09 **Isabelle PADAYACHY,** Health
10 **Ivan THOMAS,** Health
11 **Javed BUROKUR,** BBA, ACCA – Investments (w.e.f 01 July 2019)
12 **Jean Francois CATEAUX,** BSc MORSE, AIA – International Development
13 **Jean-Marc LECKNING,** Group Credit Control
14 **Jonathan ACKING,** Maîtrise en Droit des Affaires, Master of Laws – Legal
15 **Leong LAI MAN CHUN,** BSc (Hons) – Technology Solutions
16 **Nathalie TONG SAM,** ACII - Documentation and Policy Processing
17 **Sachinanand MUNGRA,** Diplôme De Technologie, MBA - Corporate Office
18 **Sonia CHAROUX,** ACII, MBA - Reinsurance and Statistics
19 **Sonia KALACHAND-CANABADY,** BA (Hons), MA - Group Human Resources
20 **Stéphanie TADDEBOIS,** FCII, MBA – Claims
21 **Twayyab TAUJOO,** ACII, FCCA, MSc - Finance
22 **Vashish REETOO,** BEng (Hons) - Specialty Risks, Property & Liability
23 **Veenaye BUSGEETH,** FCCA - Corporate Finance (up to 30 April 2019)

Not in photoshoot

Romain LAMUSSE, Dip CII - Corporate Property & Liability (up to 30 June 2019)


-Re-
Connect
with Mother Nature

CSR

Supporting our development partners

SWAN's CSR policy is guided by its enduring values. The fruitful collaboration that Swan Foundation has been fostering, with many Non-Governmental Organisations, aims at fulfilling one fundamental objective: creating an inclusive society, where all citizens enjoy equal chances to attain their full potential. This commitment can only be strengthened following the COVID-19 pandemic which has hit Mauritius. This unprecedented and multi-dimensional crisis has demonstrated how fragile our economy and social fabric are.

While the country was locked-down, many companies have had to piggyback on the networks and NGOs' savoir-faire to reach those who were in dire need. This outbreak has undoubtedly shed light on the immense duty of the NGO community within our society. We would like to pay tribute to their work and commitment. However, funding sources will become scarcer for these organisations as we enter an economic downturn, the impact of which is still unknown.
As a corporate citizen, SWAN will remain committed to them since we acknowledge the missions they will have to fulfil to ease our social and economic recovery.

However, as we are taking stock of the real impact of the COVID-19 outbreak on our lines of business, it is crystal clear that we will have to reassess our support to these organisations. We will have to find new ways and means to work in close collaboration, going beyond financial contributions to their operating budget. We will have to start discussing with them to analyse their needs and see how the resources at our disposal could best be used.

There are surely many unexplored avenues that should be examined to sustain these longstanding partnerships we are all proud of. We will have to think out of the box to circumvent the funding constraints.

Solidarity is more needed than ever, especially when the challenges we used to face get tougher. During the past years, our CSR donations have been focused on key sectors, such as socio-economic development, education & training, health, environment, leisure, arts and sports, inter alia. As an insurance company, SWAN has always been driven by the idea that one can only progress and prosper when protected and one's future is provided for. It is what we refer to as the pyramid of prosperity.

We are adamant that social programmes, implemented by NGOs across the island in these fields, should not be stopped as they will help in both scaling-up our response and building resilience against any other shock in the coming years. A strong and dedicated NGO community will be a key asset in the recovery period we are embarking on.

Rs. 1.58m allotted to support 36 NGOs

In 2019, SWAN disbursed Rs. 1.58 million. This amount represents a record low since the creation of the SWAN Foundation. Indeed, as per the Finance Act 2018/2019, companies must remit 75% of the 2% of their profits to the Mauritius Revenue Authority (MRA), while the remaining 25% is redirected to their foundations. Given this situation, SWAN has designed a strategy by giving priority to NGOs working at grass-root level in many sectors.

These organisations were thoroughly assessed for their programmes and the results they have achieved over time. Their commitment to community development is no secret, and they have shown that they are stakeholders to be reckoned with. For the year under review, 51% of our CSR funds were allocated to NGOs working for socio-economic development. As a corporate citizen, we believe that upgrading the living standard of the underprivileged of our society is a must for the betterment of the community as a whole.

Health was the second key area of intervention on which much emphasis was laid. Indeed, 24% of the funds were donated to NGOs working in that field. As we know, non-communicable diseases (NCDs) have a very high prevalence among the population, especially diabetes and cardiovascular problems. Much needs to be done in terms of sensitisation and awareness, as well as care for our fellow countrymen who suffer from these illnesses.

As in previous years, education and training have remained in our priority list. In 2019, SWAN earmarked 12% of its CSR budget to these organisations which are providing wonderful support to children, teenagers and young adults. Nowadays, one cannot turn a blind eye to the ecological and environmental problems we are facing. Much is being done by NGOs to mitigate the damage that is being caused to both our fauna and flora, and save some of our endemic species from extinction. In 2019, 7% of our CSR funds were allotted to them. We have also renewed our partnership with many sports associations and athletes by allocating 6% of the fund and bringing our support to organisations working to provide better housing to their beneficiaries.


-Re-
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Corporate Governance Report

Year ended December 31, 2019

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

1. Governance Structure

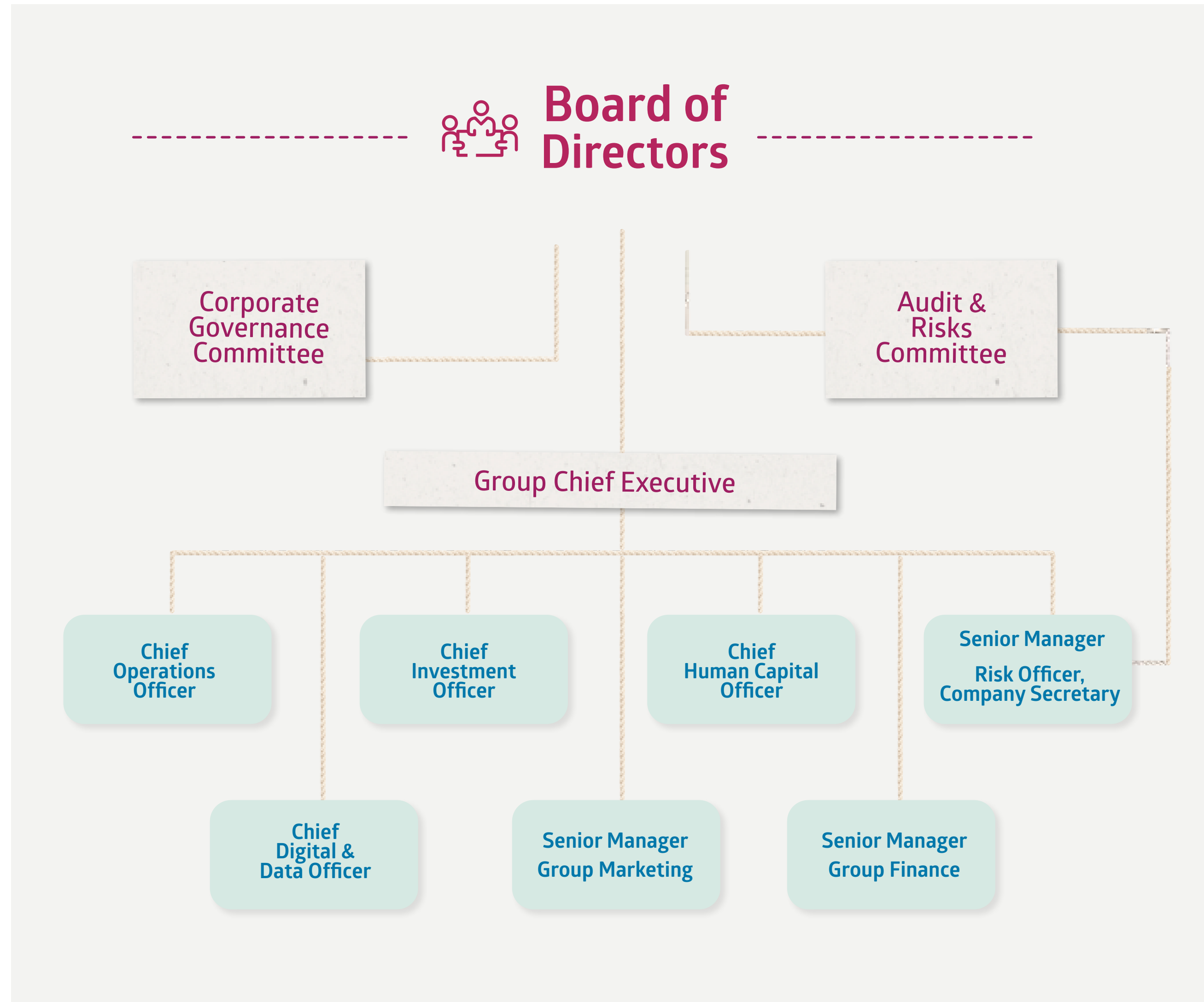
Swan General Ltd is headed by a unitary Board. The Board is ultimately responsible for providing effective leadership and is responsible and accountable for the affairs of the Company. The Board assumes responsibility for, inter alia, setting the strategic direction, overseeing the financial and investment 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.

Corporate Governance Report *(Cont'd)*

1. Governance Structure (Cont'd)

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 Risk Officer reports to the Board/Audit & Risk Committee. A high level organisation chart is provided below:



Profile of the senior management team is on **pages 30-35** and on the website.
The organigram, code of ethics and constitution have been published on the website.

Corporate Governance Report *(Cont'd)*

2. Structure of the Board and its Committees

Swan General Ltd is headed by a unitary Board with eleven directors. The Board consists of executive, non-executive and independent non-executive directors. Members of the Board have a diverse set of skills, knowledge and come from different spheres 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 functions and responsibilities of the Chairperson and Group Chief Executive are separate. The Chairperson leads the Board, ensuring that each director is able to make an effective contribution. He monitors, with the assistance of the Company Secretary, the information distributed to the Board to ensure it is sufficient, accurate, timely and clear. The Chairperson is a non-independent non-executive director. The Group Chief Executive has the day-to-day management responsibility for the operations, implementing the strategies and policies agreed by the Board.

The Group Chief Executive and the Chief Operations Officer are the executive members of the Board. There are three independent non-executive directors. The independent directors bring a wide range of experience and skills to the Board. They are free from any business or other relationships which could materially affect their ability to exercise independent judgement, constructively dissent and are critical bystanders.

The size and composition of the Board complies fully with the requirements of the Insurance Act 2005. All the directors are ordinarily resident in Mauritius.

Directors of the Company:

Executive
Louis Rivalland (Group Chief Executive)
Michel Thomas (Chief Operations Officer)

Independent non-executive
Arif Currimjee
Gopallen Mooroogen
Victor Seeyave

Non-executive
Hector Espitalier-Noël
Philippe Espitalier-Noël
Henri Harel
René Leclézio
Nicolas Maigrot (Chairperson)
Sébastien Mamet

Profile of the directors is on **pages 14 to 23**
Profile of the Company Secretary is on **page 30**
All profiles are on the website.

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.

Corporate Governance Report *(Cont'd)*

Board Committees

The Board has instituted two committees – 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 primary function of the Audit & Risks Committee in relation to audit is to assist the Board of Directors in discharging its oversight responsibilities with respect to:

a) the safeguarding of assets;
b) the systems of internal controls regarding finance, accounting standards, legal compliance and ethical behaviour;
c) the auditing, accounting and financial reporting processes generally;
d) the financial statements and other financial information provided by the Group to its shareholders, the public and others;
e) compliance with legal and regulatory requirements; and
f) the performance of the Group's Internal Auditors and External 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.

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 Mooroogen (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 attend meetings of the Audit & Risks Committee, as are relevant. The 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 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;
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.

Corporate Governance Report *(Cont'd)*

Corporate Governance Committee

The 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 Mooroogen (independent)
d) Mr. Victor Seeyave (independent)

The Group Chief Executive is in attendance.
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. Attendance of the directors at board meetings and board committees for 2019 were as follows:

Directors	Board meeting	Audit & Risks Committee	Corporate Governance Committee
Number of meetings held	4	5	1
Arif Currimjee	4	5	1
Hector Espitalier-Noel	2	-	-
Philippe Espitalier-Noel	3	-	-
Henri Harel	4	5	-
Rene Leclezio	4	-	-
Nicolas Maigrot	4	-	1
Sebastien Mamet	3	-	-
Gopallen Mooroogen	3	4	1
Victor Seeyave	3	5	1
Michel Thomas	4	-	-
Louis Rivalland (not as member for Audit & Risks Committee)	4	-	-

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.

Corporate Governance Report *(Cont'd)*

3. Director Appointment Procedures

Appointment of new directors is subject to a predetermined process. Potential candidates are identified by the Corporate Governance Committee. The selection is made based on, inter alia, skills, business acumen, industry knowledge, experience and independence (where relevant). The Corporate Governance Committee then makes recommendations 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 and section 36 of the Insurance 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.
Directors are encouraged to keep themselves updated with industry practices, trends, practices and standards.
As and when required or requested, the Company will organize workshops and arrange for training of directors.

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

4. Director Duties, Remuneration and Performance

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

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 puts 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.

Corporate Governance Report *(Cont'd)*

4. Director Duties, Remuneration and Performance (Cont'd)

The Directors confirm that whenever they deal in the shares of the Company, they follow the principles of the model code on securities transactions by directors as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules. Directors' interest in the Company's shares were as follows:

Director	Interest in shares	
	No. of shares	%
Louis Rivalland	18,100	0.219

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, the Chairperson, the Group Chief Executive and the Company Secretary ensure that Directors receive adequate, timely and accurate information to be able to discharge their duties. Directors are under obligation to keep all information confidential. Directors have unrestricted access to information. 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.

The Company has published a brief of its IT policies on its website.
No Board Evaluation was conducted during the year under review. It has been agreed that the Company will now conduct Board Evaluation every 3 years. The last board evaluation was conducted in 2018.

Corporate Governance Report *(Cont'd)*

4. Director Duties, Remuneration and Performance (Cont'd)

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:

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

Executive directors' remuneration package consists of basic salary, annual performance bonus, other benefits, and an annual director's fee. The structure of the package is reviewed annually and benchmarked to market norms and practices. The Group's objective is to attract, motivate and retain executive directors of the highest calibre. This is essential for the successful leadership and effective management of the Group. 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:

	2019 (Rs)
Executive Directors	
Rivalland Louis	5,682,000
Thomas Michel	10,456,000
Non-Executive Directors	
Espitalier-Noël Hector	90,000
Espitalier-Noël Philippe	90,000
Harel Henri	120,000
Leclezio René	90,000
Maigrot Nicolas	175,000
Mamet Sébastien	90,000
Currimjee Arif	140,000
Moorogen Gopallen	160,000
Seeyave Victor	140,000

Corporate Governance Report *(Cont'd)*

5. 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 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 and the Risk Officer. Internal governance structures include a risk management function that complies with legislative requirements as specified by the Insurance (Risk Management) Rules 2016.

The Risk Officer has a duty to report to the Board. Independent reviews are also conducted by the external auditor and the statutory actuary on compliance and effectiveness of the framework, respectively. The Company has an obligation to report to the regulator.

More information on risk is provided in the Risk Management Report **on pages 58 to 63.**

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.

Corporate Governance Report *(Cont'd)*

6. 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), International Accounting Standards (IAS) 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 the 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. The annual report is posted on our website.

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 and the Insurance Act. The Company declares dividend in December based on best estimates of yearly results to December 31.
For the year under review, the Company declared and paid a dividend of Rs.14.40 per share.

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 employees 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.

Corporate Governance Report *(Cont'd)*

7. Audit

Internal Audit

Internal Audit is an objective assurance function reporting to the 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 the Group is outsourced to Ernst & Young. The Internal Auditors are responsible for providing assurance to the Board, through the Audit & Risk 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 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 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/ 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 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 Audit & Risks Committee.

During 2019, an internal audit covering the payment process was conducted.

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 Audit & Risks Committee. External auditors have unrestricted access to the Audit & Risks Committee. The Company is satisfied with the external audit process. The Audit Committee ensures that whenever non-audit services are provided, the fees remain reasonable compared to audit fees such that auditors' objectivity and independence are not impaired.

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

Following new regulations regarding rotation of external auditors for listed entities, the Company's Board of Directors has decided, subject to approval at the next annual meeting of shareholders, to appoint KPMG as auditors of the Company for VC the financial year 2020.

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

For audit services	**Rs. 1,600,000**
For non-audit services	**Rs. 1,045,000**

Corporate Governance Report *(Cont'd)*

8. Relationship with Shareholders and other Key Stakeholders

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, press announcements, publication of quarterly results and its annual report. In addition, the Company's website, provides meaningful information on the Company's products & services, financials, quarterly results, updated news, share price, CSR, etc.

The substantial shareholders of the Company, holding 5% or more directly, are:

Shareholder	No. of shares	% holding
Intendance Holding Ltd	2,771,082	33.48
Rogers and Company Limited	2,430,185	29.37
Excelsior United Development Companies Limited	1,081,933	13.07

A summary by shareholder category:

Category	Count	No. of shares	% holding
Individuals	971	985,394	11.907
Insurance & Assurance Cos	1	900	0.011
Pension & Providence Funds	15	232,639	2.811
Investment & Trust Cos	9	35,832	0.433
Other Corporate Bodies	98	7,021,004	84.838
TOTAL	**1,094**	**8,275.769**	**100%**

Corporate Governance Report *(Cont'd)*

8. Relationship with Shareholders and other Key Stakeholders (Cont'd)

Breakdown of ownership by size:

Size	No. of Shareholders	No. of shares	% holding
1-500	751	92,375	1.116
501-1,000	103	83,341	1.007
1,001-5,000	161	366,762	4.432
5,001-10,000	41	287,258	3.471
10,001-50,000	31	605,388	7.315
50,001-100,000	3	232,872	2.814
100,001-250,000	-	-	-
250,001-500,000	1	324,573	3.922
Over 500,000	3	6,283,200	75.923
TOTAL	**1,094**	**8,275.769**	**100%**

An Annual meeting of shareholders is held annually, in compliance with the Companies Act. The Chairperson, the Group Chief Executive, the Chairperson of the Audit & Risks Committee, the Senior Manager – Group Finance, the external auditors and all directors attend the meeting. The Group Chief Executive make a presentation on the major milestones during the year and present an overview of the financials. Shareholders are encouraged to ask questions during the meeting.

Key events are set out below:

March	Publication of audited annual results
May	Publication of unaudited first quarter results
June	Annual meeting of shareholders
August	Publication of unaudited half-year results
November	Publication of unaudited nine months results
December	Declaration of dividend

Jaiyansing Soobah
for Swan Corporate Affairs Ltd
Company Secretary

Statement of Compliance

Section 75(3) of the Financial Reporting Act
Name of PIE: Swan General Ltd (the 'Company')

Throughout the year ended December 31, 2019, to the best of the Board's knowledge the Company has complied with the National Code of Corporate Governance for Mauritius (2016) (the Code). The Company has applied all of the principles set out in the Code and explained how these principles have been applied.

Nicolas Maigrot
Chairperson

Louis Rivalland
Director & Group Chief Executive

Risk Management Report

Our Risk Environment

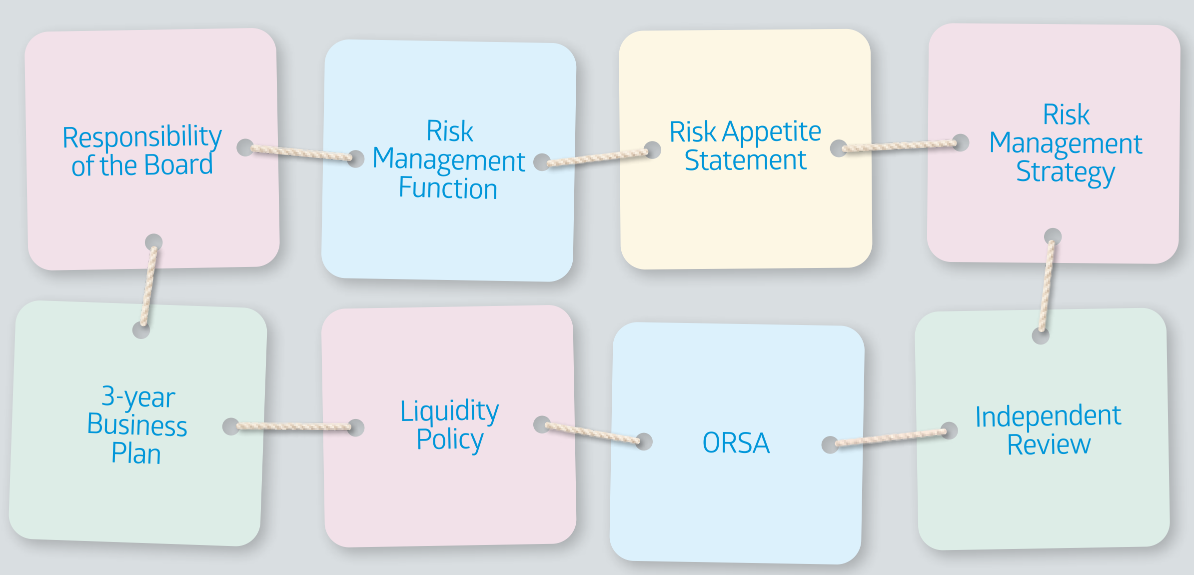
The Company is exposed to a diversity of risks whereby we accept the risks inborn to our core business lines. These risks, however, also create opportunities for innovation and differentiation. We distinguish between strategic and operational risks, which are mitigated through a risk management governance structure.

Risks are managed on a preventive basis as far as possible through various risk management activities. Should risks materialise, SWAN's financial capital is available to absorb the financial impact to ensure we remain solvent to honour our commitments to clients.

Key components of our Risk Management Framework

Our Risk Management Framework allows the management team, the Audit & Risks Committee and the Board to have a comprehensive view of the risks identified in SWAN, hence promoting a combined and integrated risk and assurance function. To ensure the effectiveness of the risk management framework, the Board and Management rely on adequate line functions, including monitoring and assurance.

As per the Insurance (Risk Management) Rules 2016 ('FSC Rules'), our framework complies with the following requirements.

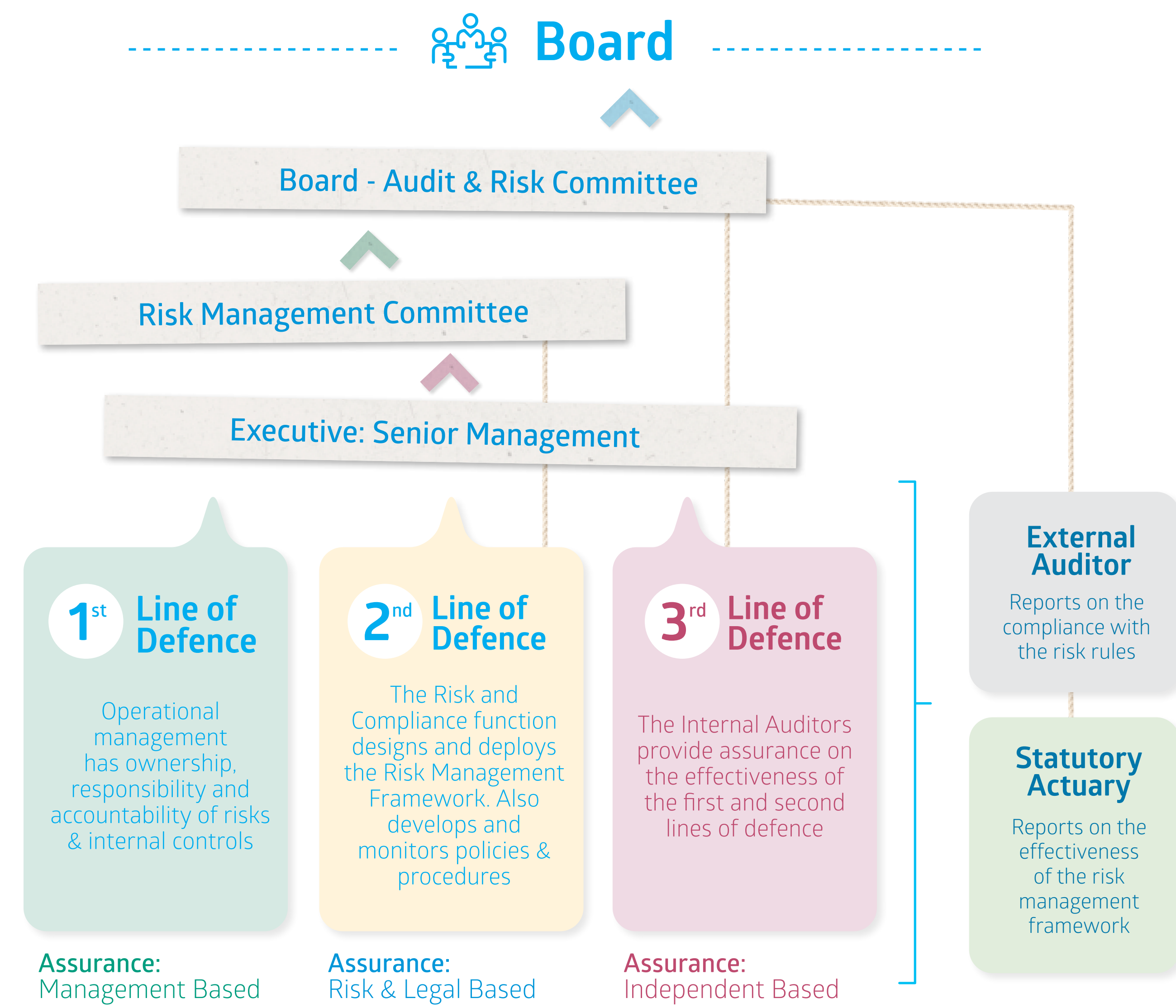


Responsibility of the Board

The Board of Directors have ultimate responsibility for risk management.
The Board is assisted in this task by the Audit & Risk Committee, the Risk Officer and Management.

Our Risk Management Function

SWAN has adopted the 'three-lines-of-defence' model where ownership for risk is taken at all levels within SWAN. This model is widely adopted by financial services companies globally. It clearly sets out the risk management responsibilities across the business and is consistent with the current regulatory climate encompassing corporate governance, systems and controls.



Risk Management Report *(Cont'd)*

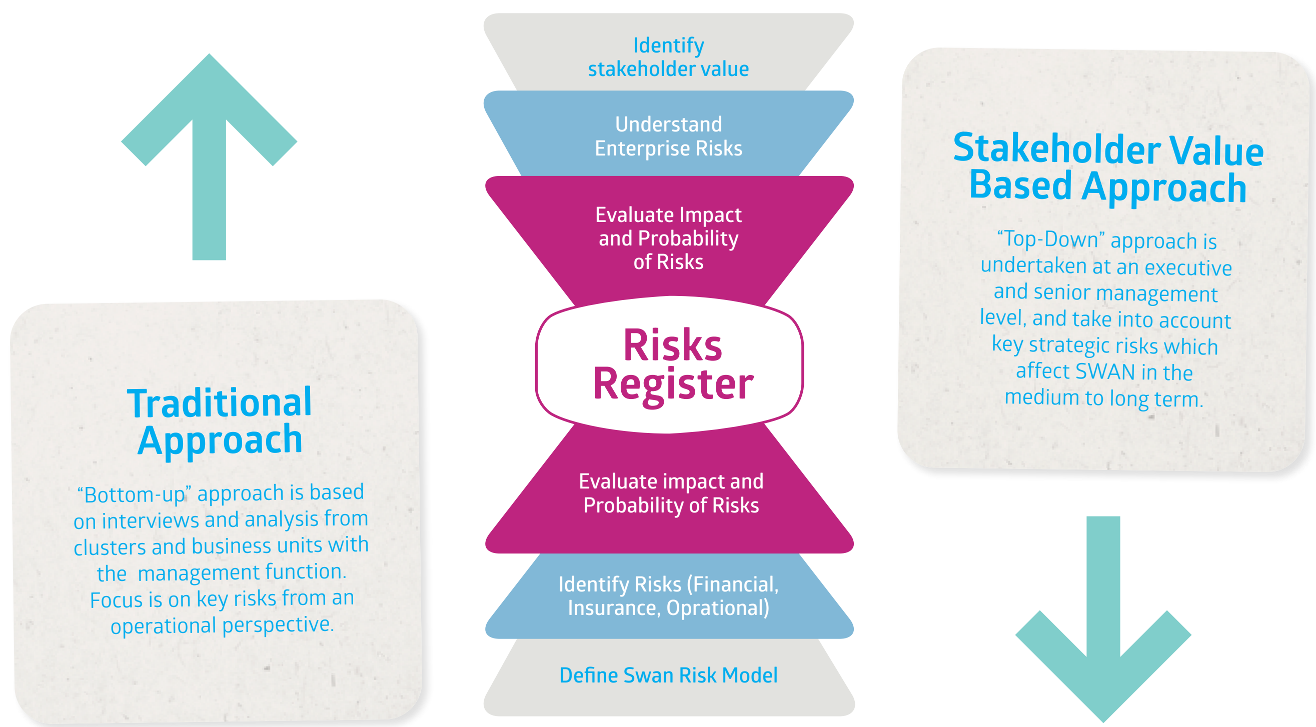
Our Risk Management Function

A risk management committee is in place to assist in the implementation of SWAN's risk management framework and internal control system. Among other responsibilities, the committee has the duty to:

- Assist the Board/Audit & Risk Committee in its review of the adequacy and effectiveness of the system of internal controls in operation across the Group.
- Manage, review and implement any risk policies for consistency with the risk appetite and to approve any material changes to these policies.
- To ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate appropriate risk management strategies to manage these risks if any.
- To decide and review the Company's appetite or tolerance for risk.
- Ensure that the effectiveness and the compliance of the Group's risk management framework with the Insurance (Risk Management) Rules 2016 are satisfactory.
- To ensure that a risk awareness culture is promoted throughout the organization.

Risk Appetite Statement & Risk Management Strategy

In order to formulate our risk appetite statements and risk tolerance levels, SWAN has to undergo through a risk identification process and build its risk register to recognize its strategic and operational risks. Risk registers are reviewed and updated in conjunction with SWAN's business strategy. The risks that have been identified have been logged, owners have been allocated and progress to mitigate each risk has been recorded. See the **Risk Identification Process chart** below:



Defining SWAN's risk appetite statements is a vital process whereby limits and benchmarks are set for different risk classes. Below are a few inherent risks which have been identified. For each risk the appropriate Risk Management Strategy (Mitigating measures) is devised and for some of them we have also formulated risk appetite statements. For the year 2019, 41 risk appetite statements were devised and we have also performed a half-yearly assessment of our previous RAS whereby there were no breaches of our risk tolerance levels. The table below illustrates a few risk areas which we have formulated Risk Appetite Statements (RAS) and their Risk Mitigation Strategies (RMS):

Capital Risks
- Review reinsurance programme
- Inject capital
- Review underwriting capacity

Investment Risks
- Review investment guidelines
- Review asset mix and allocation

Group Risks
- Crisis committee
- Ensure communication lines

Liquidity Risks
- Stress testing
- Monitoring of cash inflows and outflows
- Liquidity policy

Reinsurance Risks
- Monitoring of reinsurers' rating
- Monitoring of exposure
- Processes and procedures

Insurance Risks
- Review of pricing
- Review of reserves
- Monitoring of loss ratio
- ORSA

Operational Risks
- Review of processes
- Implement system validations
- Provide on-going training

Compliance Risks
- Engage more resources
- Close monitoring
- Compliance audit
- On-going training

Outsourcing Risks
- Enforce SLA conditions
- Proper due diligence on suppliers

Risk Management Report *(Cont'd)*

3-year Rolling Business Plan

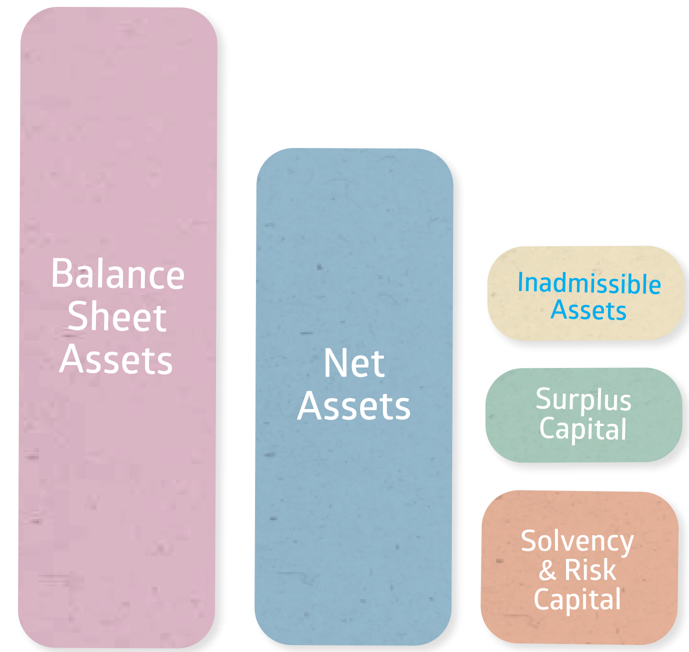
Every year a financial forecast is carried out for the next 3 years and the same is validated by the board, executives and operations.

Liquidity Policy

We have devised a policy since the group has significant cash-flow obligations that need to be managed and needs sufficient liquidity to operate efficiently and maintain SWAN's reputation in the markets.

Own Risk Solvency Assessment (ORSA)

The main objective of Own Risk Solvency Assessment (ORSA) is to allow Board and management and the regulator to more easily and clearly assess the state of enterprise risk management (ERM) in an organization. The ORSA also provides an assessment of the overall financial resources necessary for managing the business based on our risk tolerance levels and business plan.



The Board who has the ultimate responsibility of the ORSA, assesses different risks faced by the organization and determine the risk capital necessary to be maintained against those risks.

Business Continuity Management

Business Continuity sets out to enhance the strategic and tactical capability of the organisation to plan for and respond to incidents and business disruptions in order to continue business operations at an acceptable pre-defined level. With the rising concern that remote risks such as natural catastrophes, pandemics, fire or technology can potentially represent major threats to SWAN, management has implemented business continuity management group-wide. In 2019, we have conducted a business impact analysis (BIA), which is an exercise whereby we have identified potential risk of disruptions and gathered information needed to develop recovery strategies. The BIA has also identified the critical business processes and resources needed for the business to continue to function at different levels.

Independent Review

Our external auditor and statutory actuary have the duty to review our Risk Management Framework. The external auditor reviews the compliance of our framework with the Insurance (Risk Management) Rules 2016 while the statutory actuary reviews the effectiveness of the framework. Our statutory actuary also makes recommendations on improvements that can be brought to the framework.

Statement of Directors' Responsibilities

Directors acknowledge their responsibilities for:

(i) 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 and its Subsidiaries as at the end of the financial year and the results of its operations and cash flows for that period 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 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 where there has not been compliance.

Nicolas Maigrot
Chairperson

Louis Rivalland
Director and
Group Chief Executive

Company Secretary's Certificate

For the year ended December 31, 2019

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

Jaiyansing Soobah
for Swan Corporate Affairs Ltd
Company Secretary

Date: May 19, 2020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Independent Auditor's Report

to the members of Swan General Ltd.

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Swan General Ltd and its subsidiaries (the Group), and the Company's separate financial statements on **pages 74 to 189** which comprise the statements of financial position as at December 31, 2019, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements 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 74 to 189** give a true and fair view of the financial position of the Group and of the Company as at December 31, 2019, and of their financial performance and their 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 Group and 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.

Key Audit Matters

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

1. Outstanding claims and IBNR

Key Audit Matter

Outstanding claims including claims incurred but not reported (IBNR) amount to Rs. 975m for the Group and Rs. 644m for the Company as reported in Note 32(a) to the financial statements. Claims payable require significant judgement and estimates. The Group and the Company, make provision to cover the estimated cost of settling all expected future claims, whether or not those losses have been reported to the Group and the Company at the reporting date.

Provisions for claims incurred but not reported ('IBNR') to the Group and the Company involve significant judgement and the use of actuarial and statistical projections. This includes whether any claims will result in payments made periodically over several years. Claims and potential claims increase the complexity and uncertainty of the estimation of the amount payable due to the increased range of assumptions required. There is a risk of misstatement of IBNR liabilities due to the claims data, a key input to the process, being incomplete or inaccurate.

1. Outstanding claims and IBNR (Cont'd)

Related Disclosures

Refer to note 32(a), note 2.19(ii) (accounting policies) and note 3.2 (financial risk) and note 4.1 (critical accounting estimates) of the accompanying financial statements.

Audit Response

- We assessed the governance process including whether the Group and the Company have followed the documented accrual policy in setting provision for outstanding claims and IBNR.
- We tested controls over the completeness and accuracy of claims data underlying the actuarial projections used by the external actuaries to set the IBNR provisions.
- We considered the findings of the Group's actuarial reports from Deloitte SA. Through critical assessment of the actuarial reports and supporting documentation, and discussion with Deloitte SA, we analysed the differences in accrual methodology applied.
- We assessed the assumptions for reasonableness through the use of analytical procedures, an assessment of claims development trends and benchmarking to market data. Where there have been changes in methodology or key assumptions, we have assessed whether these are reasonable based on changes in the industry and the Group's and the Company's historical claims experience.
- We reviewed the pruning of claim exercise performed twice a year in April and November 2019 and assessed the reasonableness of the claim adjustment recorded.

2. Valuation of life insurance contract liabilities

Key Audit Matter

The subsidiary, Swan Life Ltd, carries out long term insurance business activities. Life insurance contract liabilities is a key audit matter because of the inherent challenge in the assessment of estimates determined by projecting expected cash flows long into the future. Specific actuarial expertise is required to evaluate complex and judgmental actuarial methodologies and assumptions. The actuarial methodologies and assumptions require judgements and significant estimates about future events which may have significant impact to the valuation of liabilities under long-term insurance contracts.
The assumptions include the likelihood of policyholders discontinuing their policies, the incidence of policyholder's sickness or death, future assumed investment return, risk discount rates and developments such as changes in legal practice and new medical treatments. These assumptions are used in conjunction with policyholders' details to project the expected future cash flows related to the liabilities over the expected life of the inforce policies.

Related Disclosures

Refer to note 16 and notes 2.15 and 2.16 (accounting policies) of the accompanying financial statements.

Audit Response

- Evaluating the key controls in the life insurance contract liabilities measurement process. This included controls over the integrity of the base data used in the estimation process. The base data is projected over the expected life of the policy which may be a period of many years.
- We considered the findings of the actuarial report. Through critical assessment of the actuarial report and supporting documentation, and discussion with the actuary, we analysed the differences in accrual methodology applied and we challenged the key assumptions being used.
- We assessed the reasonableness of key assumptions used and any changes in methodology in line with changes in the industry and the Company's historical claims experience.
- We verified that a Stress Test Requirement (STR) has been determined in accordance with guidelines issued by the Commission, the Company's capital and solvency margins are above the minimums required by the Insurance Act 2005 and proper internal controls are in place to ensure that they remain so.

3. Carrying value of Investment in Financial Assets

Key Audit Matter

The Group and the Company hold investments in financial assets with a carrying amount of Rs. 40,778m and Rs. 1,715m respectively at reporting date. Investment in financial assets has been identified as a Key Audit Matter because of its significance on the statement of financial position. In assessing the fair value of financial assets, the Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Many of the inputs required can be obtained from readily available liquid market prices and rates. Where observable market data is not available, estimates must be developed based on the most appropriate source data and are subject to significant judgement.

The fall in value of available-for-sale financial assets if prolonged may lead to impairment losses.
This determination requires significant judgement.
In making this judgement, the Group and the Company evaluate, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Independent Auditor's Report

to the members of Swan General Ltd *(Cont'd)*

Report on the audit of the Financial Statements *(Cont'd)*

3. Carrying value of Investment in Financial Assets (Cont'd)

Related Disclosures

Refer to note 11, note 2.9 (accounting policies), note 3.2 (financial risk) and notes 4.3, 4.4 (critical accounting estimates) of the accompanying financial statements.

Audit Response

- We performed audit procedures over the valuation and accounting of investments in financial assets held by the Group and the Company. We ensured the financial assets are being recognised, measured and disclosed in line with the respective IFRS.
- We tested the design and implementation and operating effectiveness of the key controls over the investment valuation process. We tested, on a sample basis, their valuation at the year end and we ascertained that the valuation techniques used are appropriate and consistently applied.
- We requested independent confirmation on the completeness and the corresponding price of the foreign and the local securities at the reporting date.
- For unquoted financial assets classified as level 3, we tested that the valuation techniques adopted reflect the best appropriate basis for valuation of the investments. We checked the reasonableness of inputs to the valuation techniques used.
- We reviewed and discussed with management and those charged with governance the Group and the Company's assessment of whether there is objective evidence that a financial asset is impaired and the completeness of impaired assets.
- We carried out impairment tests. Impairment tests include review of performance and the factors affecting the investee company, ability to pay dividend, analysis of market price trend, the reasonableness of significant judgements made and the business outlook.

4. Trade and other receivables

Key Audit Matter

The Group and the Company have trade receivables amounting to Rs. 3,292m and Rs. 2,511m respectively. Significant judgement is required to assess the credit risk attached to the trade receivables. The net carrying amount of trade receivables is measured at amortised costs less any provision for impairment. Provision for impairment is based on objective evidence of default.

Insurance receivables: The Group makes an assessment of the recoverability of its insurance receivables based on its historical data and assessment of the credit history of its customers.

Reinsurance assets: The carrying value of the reinsurance assets in respect of the ceded part of the insurance liabilities, as detailed in note 15, requires judgement to reflect the credit risk exposure attached to the assets. Irrecoverable balances are assessed and provided for.

Related Disclosures

Refer to note 15, note 2.10 (accounting policy), note 3.2 (financial risk) and note 4.2 (critical accounting estimates) of the accompanying financial statements.

Audit Response

- We tested the design and implementation and operating effectiveness of key controls over the identification of impaired assets and impairment process.
- We reviewed the methodology and judgement used and challenged management's key assumptions used in assessing impairment.
- We requested external confirmation of the outstanding amount from counterparties and re-insurers, and where responses were poor, we performed alternative tests to ensure existence and accuracy of those receivables.
- We reviewed the correspondence with the re-insurers to assess recoverability.
- We tested the design and implementation and operating effectiveness of the key controls over the reinsurance asset measurement and valuation process.
- We challenged management's key assumptions over credit risk and the calculation methodology, including a comparison of the underlying credit ratings for key

4. Trade and other receivables (Cont'd)

Audit Response (Cont'd)

reinsurance counterparties to independent sources.
- We also considered the consistency of the approach with the prior years, and enquire about any major variations and changes in key assumptions.

Other information

The Directors are responsible for the other information. The other information comprises of the information included in the Chairperson's and Group Chief Executive's Report and Risk 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.

When we read the other reports not yet received at the date of this report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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.

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 Group and 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 Group and the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and 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.

Independent Auditor's Report

to the members of Swan General Ltd *(Cont'd)*

Report on the audit of the Financial Statements *(Cont'd)*

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

- 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 Group and 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 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 Group and 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company or any of its subsidiaries, 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.

Insurance Act 2005

The financial statements have been prepared in the manner and meet the requirements specified by the Financial Services Commission.

Other Matter

This report is made solely to the members of Swan General 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 members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO & Co
Chartered Accountants

Ameenah Ramdin, FCCA, ACA
Licensed by FRC

Port Louis, Mauritius
May 19, 2020

Statements of **Financial position**

December 31, 2019

	Notes	THE GROUP 2019 Rs'000	THE GROUP 2018 Restated Rs'000	THE GROUP January 1, 2018 Restated Rs'000	THE COMPANY 2019 Rs'000	THE COMPANY 2018 Restated Rs'000	THE COMPANY January 1, 2018 Restated Rs'000
ASSETS							
Non-current assets							
Property and equipment	5	406,064	421,797	366,403	85,360	95,118	90,258
Right-of-use assets	5A	25,199	-	-	13,280	-	-
Investment properties	6(a)	433,191	478,896	479,475	-	-	-
Intangible assets	7	144,924	131,179	121,492	41,747	23,817	3,584
Investments in subsidiary companies	8	-	-	-	557,087	530,871	536,371
Investments in associated companies	9	160,886	151,358	59,190	34,009	34,009	-
Investment in joint venture	10	2,907	2,395	2,052	500	500	500
Investments in financial assets	11	38,331,944	35,038,410	33,647,792	1,684,808	1,502,012	1,630,544
Loans and receivables	12	4,338,413	4,080,404	4,534,373	99,233	112,205	126,131
Non-current receivables	13	5,444	-	60,832	47,036	79,174	59,950
Deferred tax assets	14(b)	64,074	66,992	41,504	45,405	41,719	40,687
		43,913,046	40,371,431	39,313,113	2,608,465	2,419,425	2,488,025
Current assets							
Investments in financial assets	11	2,446,390	1,307,438	967,601	29,681	6,042	16,660
Loans and receivables	12	216,072	548,827	324,713	2,580	3,381	4,611
Trade and other receivables	15	3,292,371	3,250,080	2,860,993	2,511,349	2,349,973	2,195,219
Seized properties	6(b)	55,489	55,338	51,867	-	-	-
Current tax assets	23	3,204	2,026	-	-	-	-
Short-term deposits	31(b)	1,395,940	1,184,305	1,878,512	148,080	105,653	91,442
Cash and cash equivalents	31(b)	2,078,698	1,682,991	927,211	368,623	253,785	70,400
		9,488,164	8,031,005	7,010,897	3,060,313	2,718,834	2,378,332
Total assets		53,401,210	48,402,436	46,324,010	5,668,778	5,138,259	4,866,357
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	17	41,379	41,379	41,379	41,379	41,379	41,379
Retained earnings		2,938,306	2,480,928	1,973,852	2,055,767	1,867,518	1,695,400
Other reserves		501,949	383,116	538,913	432,534	333,173	473,373
Attributable to owners of the parent		3,481,634	2,905,423	2,554,144	2,529,680	2,242,070	2,210,152
Non-controlling interests		415,655	363,612	300,813	-	-	-
Total equity		3,897,289	3,269,035	2,854,957	2,529,680	2,242,070	2,210,152
Technical Provisions							
Life Assurance Fund	16	45,199,804	41,098,308	39,981,799	-	-	-
Outstanding claims and IBNR	24/32(a)	974,575	1,211,785	1,135,918	643,863	864,007	902,830
Gross unearned premiums	24/32(b)/2.19	1,478,114	1,422,934	1,302,158	1,313,557	1,230,389	1,118,584
		47,652,493	43,733,027	42,419,875	1,957,420	2,094,396	2,021,414
Non-current liabilities							
Borrowings	20	-	8,320	-	-	-	-
Lease liabilities	5A	19,711	-	-	10,721	-	-
Retirement benefit obligations	21	277,528	274,197	299,802	179,294	197,366	229,462
Deferred tax liabilities	14(b)	6,792	5,108	7,874	2,258	-	-
Non-current payables	22	161,901	162,897	-	108,234	108,822	-
		465,932	450,522	307,676	300,507	306,188	229,462
Current liabilities							
Trade and other payables	22	1,238,078	921,804	623,169	571,420	388,202	172,328
Borrowings	20	-	4,419	-	179,728	95,489	125,030
Lease liabilities	5A	6,286	-	-	2,772	-	-
Current tax liabilities	23	21,961	23,629	19,024	8,080	11,914	8,662
Dividend payable	28	119,171	-	99,309	119,171	-	99,309
		1,385,496	949,852	741,502	881,171	495,605	405,329
Total equity and liabilities		53,401,210	48,402,436	46,324,010	5,668,778	5,138,259	4,866,357

These financial statements have been approved for issue by the Board of Directors on the 19th May 2020.

Louis Rivalland
Director

Michel Thomas
Director

back to Contents

The notes on pages 79 to 189 form an integral part of these financial statements.
Auditor's report on pages 68 to 73.

Statements of **Profit or Loss and other comprehensive income**

Year ended December 31, 2019

	Notes	THE GROUP 2019 Rs'000	THE GROUP 2018 Restated Rs'000	THE COMPANY 2019 Rs'000	THE COMPANY 2018 Restated Rs'000
Gross premiums	2.17	8,105,672	7,561,743	3,060,119	2,931,938
Premiums ceded to reinsurers	2.18	(1,673,971)	(1,618,532)	(1,344,683)	(1,259,047)
Change in gross unearned premiums	32(b)	(57,383)	(98,892)	(83,168)	(111,805)
Recoverable from reinsurers	32(b)	45,292	80,830	34,766	70,638
Net earned premiums	2.17	6,419,610	5,925,149	1,667,034	1,631,724
Gross claims paid	32(a)	(5,732,707)	(4,908,492)	(1,929,741)	(1,680,845)
Claims recovered from reinsurers	32(a)	820,098	624,510	786,003	562,118
Movement in gross outstanding claims and IBNR	32(a)	243,459	34,139	237,110	46,323
Movement in amounts recoverable from reinsurers	32(a)	(195,265)	(52,143)	(216,371)	(34,836)
Net claims incurred		(4,864,415)	(4,301,986)	(1,122,999)	(1,107,240)
Commissions receivable from reinsurers		338,737	317,105	310,229	285,878
Commissions paid to agents and brokers		(453,787)	(435,787)	(251,689)	(249,426)
Net commissions		(115,050)	(118,682)	58,540	36,452
Fee income on insurance and investment contracts		512,291	459,708	-	-
Fees payable		(251,799)	(215,646)	-	-
Underwriting surplus		1,700,637	1,748,543	602,575	560,936
Investment income	25	1,544,655	1,600,673	171,690	159,708
Operating profit		3,245,292	3,349,216	774,265	720,644
Other income	26	757,334	507,615	97,271	98,749
		4,002,626	3,856,831	871,536	819,393
Marketing and administrative expenses	27(a)	(953,969)	(845,793)	(476,637)	(437,497)
Impairment losses	27(b)	(53,624)	(116,814)	(50,824)	(68,578)
Depreciation and amortisation	5/5.A/6(a)/7	(69,028)	(68,022)	(23,984)	(21,413)
Net gain on exchange		57,304	23,311	7,288	5,965
Share of results of associated companies and joint venture	9/10	27,000	21,864	-	-
Surplus transferred to Life Assurance Fund	16	(2,281,536)	(2,097,919)	-	-
Profit before taxation		728,773	773,458	327,379	297,870
Income tax expense	23	(56,611)	(60,861)	(19,959)	(26,443)
Profit for the year		672,162	712,597	307,420	271,427
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit obligations	18	12,192	3,597	8,804	(3,233)
Items that may be reclassified subsequently to profit or loss:					
Change in value of available-for-sale financial assets	18	2,385,027	(706,538)	166,002	(40,622)
Release on disposal of available-for-sale financial assets	18	(488,095)	(440,154)	(75,445)	(96,345)
Net movement in other reserves	18	2,008	7,647	-	-
		1,898,940	(1,139,045)	90,557	(136,967)
Transfer to Life Assurance Fund	16	(1,792,027)	981,410	-	-
Other comprehensive income for the year, net of tax		119,105	(154,038)	99,361	(140,200)
Total comprehensive income for the year		791,267	558,559	406,781	131,227
Profit for the year					
Attributable to:					
Owners of the parent		577,197	611,316	307,420	271,427
Non-controlling interests	19	94,965	101,281	-	-
		672,162	712,597	307,420	271,427
Total comprehensive income for the year					
Attributable to:					
Owners of the parent		696,030	457,462	406,781	131,227
Non-controlling interests	19	95,237	101,097	-	-
		791,267	558,559	406,781	131,227
Earnings per share (Rs/cts)	29	69.75	73.87	37.15	32.80

The notes on pages 79 to 189 form an integral part of these financial statements.
Auditor's report on pages 68 to 73.

Statements of **Changes in equity**

Year ended December 31, 2019

THE GROUP

	Notes	Share Capital	Fair Value Reserve	Other Reserves	Proprietors' Fund	Retained Earnings	Amalgamation Reserve	Actuarial gains/ (losses)	Total	Non-controlling interests	Total equity
		Attributable to owners of the parent									
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2019											
- As previously stated		41,379	195,033	36,594	1,024,347	1,834,071	267,477	(100,632)	3,298,269	470,795	3,769,064
- Effect of prior year adjustments	36	-	(2,126)	(8,269)	(1,024,347)	646,857	-	(4,961)	(392,846)	(107,183)	(500,029)
- As restated		41,379	192,907	28,325	-	2,480,928	267,477	(105,593)	2,905,423	363,612	3,269,035
Profit for the year		-	-	-	-	577,197	-	-	577,197	94,965	672,162
Other comprehensive income for the year	18	-	108,465	2,025	-	-	-	8,343	118,833	272	119,105
Total comprehensive income for the year		-	108,465	2,025	-	577,197	-	8,343	696,030	95,237	791,267
Effect on issue of shares	19	-	-	-	-	(648)	-	-	(648)	648	-
Other movement	19	-	-	-	-	-	-	-	-	688	688
Dividends	28	-	-	-	-	(119,171)	-	-	(119,171)	(44,530)	(163,701)
Total transactions with owners of the parent		-	-	-	-	(119,819)	-	-	(119,819)	(43,194)	(163,013)
Balance at December 31, 2019		41,379	301,372	30,350	-	2,938,306	267,477	(97,250)	3,481,634	415,655	3,897,289
At January 1, 2018											
- As previously stated		41,379	350,387	31,321	476,056	1,604,806	267,477	(98,607)	2,672,819	352,569	3,025,388
- Effect of prior year adjustments	36	-	341	(8,376)	(476,056)	369,046	-	(3,630)	(118,675)	(51,756)	(170,431)
- As restated		41,379	350,728	22,945	-	1,973,852	267,477	(102,237)	2,554,144	300,813	2,854,957
Profit for the year - restated		-	-	-	-	611,316	-	-	611,316	101,281	712,597
Other comprehensive income for the year - restated	18	-	(157,821)	7,323	-	-	-	(3,356)	(153,854)	(184)	(154,038)
Total comprehensive income for the year - restated		-	(157,821)	7,323	-	611,316	-	(3,356)	457,462	101,097	558,559
Issue of shares	19	-	-	-	-	-	-	-	-	497	497
Other movement	19	-	-	(1,943)	-	1,943	-	-	-	(612)	(612)
Dividends	28	-	-	-	-	(99,309)	-	-	(99,309)	(38,671)	(137,980)
Non-controlling interest arising on business combinations	19	-	-	-	-	(6,874)	-	-	(6,874)	488	(6,386)
Total transactions with owners of the parent		-	-	(1,943)	-	(104,240)	-	-	(106,183)	(38,298)	(144,481)
Balance at December 31, 2018		41,379	192,907	28,325	-	2,480,928	267,477	(105,593)	2,905,423	363,612	3,269,035

The notes on pages 79 to 189 form an integral part of these financial statements.
Auditor's report on pages 68 to 73.

Statements of **Changes in equity**

Year ended December 31, 2019

THE COMPANY

	Notes	Share Capital	Fair Value Reserve	Other Reserves	Retained Earnings	Amalgamation Reserve	Actuarial gains/ (losses)	Total equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2019								
- As previously stated		41,379	171,329	43,099	1,907,368	220,593	(100,640)	2,283,128
- Effect of prior year adjustments	36	-	-	-	(39,850)	-	(1,208)	(41,058)
- As restated		41,379	171,329	43,099	1,867,518	220,593	(101,848)	2,242,070
Profit for the year		-	-	-	307,420	-	-	307,420
Other comprehensive income for the year	18	-	90,557	-	-	-	8,804	99,361
Total comprehensive income for the year		-	90,557	-	307,420	-	8,804	406,781
Dividends	28	-	-	-	(119,171)	-	-	(119,171)
Balance at December 31, 2019		41,379	261,886	43,099	2,055,767	220,593	(93,044)	2,529,680
At January 1, 2018								
- As previously stated		41,379	308,296	43,099	1,730,617	220,593	(98,615)	2,245,369
- Effect of prior year adjustments	36	-	-	-	(35,217)	-	-	(35,217)
- As restated		41,379	308,296	43,099	1,695,400	220,593	(98,615)	2,210,152
Profit for the year - restated		-	-	-	271,427	-	-	271,427
Other comprehensive income for the year - restated	18	-	(136,967)	-	-	-	(3,233)	(140,200)
Total comprehensive income for the year - restated		-	(136,967)	-	271,427	-	(3,233)	131,227
Dividends	28	-	-	-	(99,309)	-	-	(99,309)
Balance at December 31, 2018		41,379	171,329	43,099	1,867,518	220,593	(101,848)	2,242,070

The notes on pages 79 to 189 form an integral part of these financial statements.
Auditor's report on pages 68 to 73.

Statements of **Cash Flows**

Year ended December 31, 2019

	Notes	THE GROUP 2019 Rs'000	THE GROUP 2018 Restated Rs'000	THE COMPANY 2019 Rs'000	THE COMPANY 2018 Restated Rs'000
Cash flows from operating activities					
Cash generated from operations	31(a)	827,420	981,251	137,243	116,104
Interest paid		(2,442)	(4,008)	-	(8)
Tax paid	23	(63,268)	(57,414)	(27,024)	(23,561)
Tax recovered	23	-	239	-	-
Net cash generated from operating activities		761,710	920,068	110,219	92,535
Cash flows from investing activities					
Purchase of property and equipment	5	(29,429)	(47,442)	(5,306)	(23,103)
Purchase of investment properties	6(a)	(2,679)	(9,493)	-	-
Purchase of seized properties		(698)	-	-	-
Purchase of intangible assets	7	(26,357)	(27,777)	(25,468)	(24,316)
Proceeds from sale of property and equipment		227	655	139	698
Proceeds from sale of investment properties		89,865	-	-	-
Proceeds from sale of seized properties		560	-	-	-
Additional interest acquired in subsidiary	8	-	-	(25,000)	-
Acquisition of subsidiary, net of cash	30	(6,489)	4,464	-	(10,419)
Additional interest acquired in associate	9	(1,463)	(76,150)	-	(34,009)
Purchase of financial assets		(5,597,303)	(6,247,121)	(375,697)	(180,767)
Disposal/maturity of financial assets		3,862,325	4,138,493	339,513	272,016
Proceeds from sale of right and benefits in financial assets		-	54,076	-	-
Write back of deposit on investment		-	48,570	-	-
Loans granted	12/13	(981,499)	(292,755)	(350)	(47,733)
Loans recovered	12	1,033,070	392,990	14,123	15,328
Investment income received		1,457,331	1,293,303	39,967	253,175
Net cash (used in)/generated from investing activities		(202,539)	(768,187)	(38,079)	220,870
Cash flows from financing activities					
Payments on borrowings		(12,564)	(5,043)	(230,000)	(161,977)
Proceeds from borrowings/non-current payables		-	167,318	310,000	238,822
Principal paid on lease liabilities		(4,882)	-	(1,667)	-
Interest paid on lease liabilities		(1,251)	-	(496)	-
Dividends paid to Company's shareholders	28	-	(198,618)	-	(198,618)
Dividends paid to non-controlling interests		(210)	(56,150)	-	-
Net cash (used in)/generated from financing activities		(18,907)	(92,493)	77,837	(121,773)
Increase in cash and cash equivalents		540,264	59,388	149,977	191,632
Movement in cash and cash equivalents					
At January 1,		2,867,296	2,805,723	359,438	161,842
Increase		540,264	59,388	149,977	191,632
Effect of foreign exchange rate changes		67,078	2,185	7,288	5,964
At December 31,	31(b)	3,474,638	2,867,296	516,703	359,438

The notes on pages 79 to 189 form an integral part of these financial statements.
Auditor's report on pages 68 to 73.

Notes to the **Financial statements**

Year ended December 31, 2019

1. General Information

Swan General Ltd is a limited liability company incorporated and domiciled in Mauritius. These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of shareholders of the Company. The address of its registered office is Swan Centre, 10 Intendance Street, Port Louis.

The principal activity of the Company is to underwrite short-term insurance business and has remained unchanged during the year. The activities of the subsidiary companies of the Group are detailed in note 8.

2. Principal Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

The financial statements comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements include the consolidated financial statements of the parent company and its subsidiary companies (The Group) and the separate financial statements of the parent company (The Company). The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000), except when otherwise indicated. Where necessary, comparative figures have been amended to conform with a change in presentation and disclosure in the current year. The financial statements are prepared under the historical cost convention, except that:

(i) available-for-sale financial assets are stated at their fair values; and
(ii) held-to-maturity investments, loans and receivables, relevant financial assets and financial liabilities are carried 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 Group 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 37.

On adoption of IFRS 16, the Group 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 Group's financial statements.

back to Contents

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal 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 Group'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 Group'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 Group's financial statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarifies 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 change.
- 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 ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

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

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 Group has not early adopted.

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective (Cont'd)

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 Group 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.

IFRS 17 Insurance contracts - effective 1 January 2023

IFRS 17 was issued in May 2017 as replacement for IFRS 4 *Insurance Contracts*. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

back to Contents

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective (Cont'd)

IFRS 17 Insurance contracts - effective 1 January 2023 (Cont'd)

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Group plans to adopt the new standard on the required effective date.

The Group expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have a significant impact on the surplus and life assurance fund together with presentation and disclosure.

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The mandatory application date for the standard was January 1, 2018. IFRS 9 is applicable to the subsidiaries and associates of the Company.
However, the Group and the Company plan to defer the application of IFRS 9 until the earlier of the effective date of the new insurance contract standard (IFRS 17) of January 1, 2023, opting the temporary exemption from applying IFRS 9 by the amendments to IFRS 4. The temporary exemption from IFRS 9 is available to the companies whose activities are predominantly connected with insurance. The Group continues to apply IAS 39 Financial Instruments: Recognition and Measurement. All IFRS 9 adjustments made in the separate financial statements of each subsidiary and associate are reversed at Group level.

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The application date for the standard was January 1, 2018, The Company, which is applying IFRS 4, is excluded from the scope of the standard. All IFRS 15 adjustments made in the separate financial statements of each subsidiary and associate are reversed at Group level.

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 Group'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 Property and equipment

All property and equipment are stated at historical cost/deemed cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.2 Property and equipment (Cont'd)

Subsequent costs are included in the carrying amount of the assets 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 Group and the cost of the item can be measured reliably.

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

Buildings	**2%**
Motor vehicles	**20%**
Office furniture, fittings and equipment	**10%**
Computer equipment	**15% - 33%**

Increases in the carrying amount arising on revaluation are credited to revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity; all other decreases are charged to statement of profit or loss.

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

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

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

2.3 Investment properties

Properties held to earn rentals or capital appreciation or both and not occupied by the Group are classified as investment property.

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight line method to write off the cost of each asset, to its residual value over its estimated useful life.
The principal annual rate used is:-

Buildings	**2%**

Land is not depreciated.

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.3 Investment properties (Cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal.

Gains and losses on the disposal of investment properties are determined by reference to their carrying amount and are taken into account in determining the profit or loss.

Properties seized by the Group and the Company represent properties acquired through auction at the Master's Bar further to the default of clients. The properties are held by the Group and the Company until they are sold. Seized properties are stated at the price paid at the Master's Bar together with all related expenses incurred on the acquisition. Realised loss/gain on the disposal of seized property is taken to the profit or loss. No depreciation is charged on seized properties but they tested for impairment. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

2.4 Intangible assets

Intangible assets consist of the following:

(i) *Goodwill*

Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of net assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Gains on bargain purchase represent the excess of the fair value of the Group's share of net assets acquired over the cost of acquisition and is recognised in the statement of profit or loss. Goodwill on acquisition of associates is included in investments in associates. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is tested annually for impairment. On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the gains and losses on disposal. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Goodwill arising on the acquisition of a foreign operation is treated as an asset of the operation, expressed in the functional currency of the operation and translated at closing rate.

Other intangibles

Other intangibles include intangible asset relating to rental business, which is initially recognised at cost and amortised over a useful life of 10 years. The amortisation provides a write down of the right to receive rental income based on the drop-off rate of underlying rental agreements. The amortisation period is reviewed at every period end and the asset is tested for impairment.

(ii) *Computer software*

Acquired computer software is capitalised on the basis of costs incurred to acquire and bring to use and are amortised over their estimated useful lives of 3 years. The carrying amounts of the computer software are reviewed annually and adjusted for impairment where considered necessary.

(iii) *Development and other costs*

Development and other costs are recognised as assets and are amortised over their estimated useful life of 5 years.

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.4 Intangible assets (Cont'd)

Intangible assets consist of the following: (Cont'd)

(iv) *Value of business acquired (VOBA)*

Value of business acquired represents the value of the customer lists and customer relationships reflecting the expectation of future contracts that are not part of the contractual insurance rights and contractual insurance obligations that existed at the date of business acquisition. This intangible asset is tested for impairment annually.

(v) *Customer portfolio*

Customer portfolio represents the value of the customer list and is tested annually for impairment.

2.5 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. Any 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).

2.6 Investments in subsidiaries

Separate financial statements of the investor

In the separate financial statements of the investor, investments in subsidiary companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments and is accounted in the statement of profit or loss.

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to December 31 each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of their acquisition or up to the effective date of their disposal.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.6 Investments in subsidiaries (Cont'd)

Consolidated financial statements (Cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree (if any) over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of profit or loss as a bargain purchase gain in the year of acquisition.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the statement of profit or loss.

2.7 Investment in associates

Separate financial statements of the investor

In the separate financial statements of the investor, investments in associated companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method except when classified as held-for-sale. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

Any excess of the cost of acquisition and the Group's share of net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.7 Investments in associates (Cont'd)

Consolidated financial statements (Cont'd)

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the statement of profit or loss.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

2.8 Investment in joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest. The Group recognises its interest in the joint venture using the equity method (refer to note 2.7), whereby the investment in the joint venture is initially recorded at cost as adjusted by post acquisition changes in the Group's share of net asset of the joint venture less any impairment in the value of the individual investment.

2.9 Financial assets

(a) *Categories of financial assets*

The Group and the Company classify its financial assets into the following categories: loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition and reassesses this at every reporting period.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.9 Financial assets (Cont'd)

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group and the Company have the positive intention and ability to hold to maturity. Held-to-maturity investments are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

(iii) Available-for-sale financial assets

Available for sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the end of the reporting period. Available-for-sale financial assets are subsequently carried at their fair values.

(b) Recognition and measurement

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Investments are initially recorded at fair value plus transaction costs.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or they have been transferred and the Group and the Company have also transferred substantially all the risks and rewards of ownership.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost which represents the most approximate fair value unless it is impaired.

Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in other comprehensive income until the security is disposed of or found to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the statement of profit or loss as gains and losses on financial assets. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the statement of profit or loss as gains and losses on financial assets.

Level 1 - The fair values of quoted investments are based on current bid prices.

Level 2 - The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible on entity specific estimates.

Level 3 - If the market for a financial asset is not active and for unlisted securities, the Group and the Company establish fair value by using valuation techniques as follows:

- Over the first two years following acquisition, an investment in such an asset is valued at the lower of cost price and any new issue price.
- Thereafter, fair value is estimated based on the lower of price earnings ratio and dividend yield methodologies.
- Where neither the price earnings ratio, nor the dividend yield methodologies are applicable, the net asset value or the price to book value methodology is applied.

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.9 Financial assets (Cont'd)

(c) Impairment of financial assets

(i) Financial assets classified as available-for-sale

The Group and the Company assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity, is removed from equity and recognised in the statement of profit or loss.

(ii) Financial assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and, the amount of the loss is recognised in the statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed through the statement of profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of receivables. The Group and the Company's policy is to make allowances for both specific and general provision for arrears greater than one year when the probability of recovery is remote. The amount of provision is recognised in the statement of profit or loss.

2.11 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

2. Principal Accounting Policies (Cont'd)

2.12 Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less and bank overdrafts.

2.14 Current and deferred income tax

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

Current tax

The current income tax charge is based on the taxable income for the year calculated on the basis of tax laws enacted or substantively 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 or substantively enacted at the reporting date 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.

2.15 Life Assurance Fund

The Life Assurance Fund represents the net assets of the Group and Company attributable to policy holders of the Fund. At each reporting date, the amount of the liabilities of the Life Assurance Fund is established and the adequacy of the fund is determined by actuarial valuation. When the actuarial valuation of the liability exceeds the value of the fund, the difference is recognised immediately in the statement of profit or loss. The fair value gains/losses in available-for-sale financial assets and actuarial gains/losses on retirement benefit obligations is recognised in other comprehensive income.

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.15 Life Assurance Fund (Cont'd)

The surplus of the Life Assurance Fund is made up of:

(i) *Non-Linked Account*
The surplus on the Life Assurance Fund-Non Linked Account for the year is retained in the Life Assurance Fund. The adequacy of the fund is determined by actuarial valuation every year. The declaration of surplus is made on an annual basis. Other profits are released based on the expected experience and actuarial report.

(ii) *Linked Account*
Earmarked assets in respect of segregated funds are assigned in the name of the Life Assurance Fund.

2.16 Insurance Contracts

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Insurance contracts are derecognised when all rights and obligations are extinguished or expire. Contracts that do not transfer significant insurance risk are investment contracts. The Group and the Company consider that all its short term are insurance products. The Group considers that its long-term products are a mix of insurance and investment contracts.

Insurance risk is transferred when the Group and the Company agree to compensate a policyholder if a specified uncertain event adversely affects the policyholder.

The Group and the Company transact in short-term insurance contracts which cover the following classes of business: risks of fire and allied perils, motor, health, engineering, marine, public liability, personal accident and miscellaneous. These contracts compensate the contract holders for damage or suffered goods, property and equipment lost or damaged, losses and expenses incurred, sickness and loss of earnings resulting from the occurrence of the insured events.

The subsidiary, Swan Life Ltd, transacts in long-term insurance contracts and investment contracts and insures events associated with human life (for example death or survival) over a long duration. Long term Insurance contracts (including reinsurance of long-term insurance business) are disclosed in the financial statements of the subsidiary.

2.17 Revenue Recognition - Premiums Earned

Revenue represents premiums receivable (net of reinsurances) adjusted for unearned premiums and life assurance premiums receivable (net of reinsurances) and consideration for annuities. Front-end fees charged at inception of a premium contract are included under revenue and recognised upon receipt.

Short-term insurance premiums written reflect business incepted during the year. Unearned premiums are those proportions of the premiums written in a year that relate to periods of risk after the end of the reporting period. Unearned premiums are computed on a daily pro rata basis (365th method).

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.17 Revenue Recognition - Premiums Earned (Cont'd)

Premiums on long-term insurance contracts in the subsidiary, Swan Life Ltd, are recognised as income when they become payable by the contract holder. When policies lapse (due to non-receipt of premiums), which is two years for unit-linked business and three years for other contracts, the related unpaid premium income due from the day they are deemed to have lapsed is reversed against premiums in the Life Assurance Fund. For contracts over these periods, a surrender or paid up value is refunded to contract holders based on the terms of the contracts.

Other revenues earned by the Group and the Company are recognised on the following basis:

- Interest income - on a time-proportion basis using the effective interest method.
- Dividend income - when the shareholder's right to receive payment is established.
- Commission receivable - as it accrues in accordance with the substance of the relevant agreements.
- Consideration for annuities - upon maturity of insurance contracts.
- Rental income - as it accrues based on the terms of the rental contract.

2.18 Reinsurance Contracts

Contracts entered into by the Group and the Company with Reinsurers under which they are indemnified for losses are classified as reinsurance contracts held. Insurance contracts entered into and under which the contract holder is another insurer (inwards facultative reinsurance) are included with insurance contracts. The indemnity to which the Group and the Company is entitled under their reinsurance contracts held is recognised as reinsurance assets. These assets consist of short-term balances due from both Insurers and Reinsurers (classified within Trade and other receivables) as well as long term receivables (classified within loans and receivables) that are dependent on the expected claims and indemnity arising under the related reinsured insurance contracts.

Short-term insurance

Reinsurance covers of the Company are of two types: proportional and non-proportional. In the case of a proportional treaty, the premiums and claims are divided in agreed proportions between the Company and the Reinsurer. Proportional reinsurance is of two forms: quota share (which states the proportion of each risk to be reinsured) or surplus (which allows the Company more flexibility to retain, within specified limits a part of the risk). Under excess-of-loss treaty, which is the non-proportional form of reinsurance used by the Company, in consideration for a premium, the reinsurer undertakes to pay all claims in excess of a specified amount (retention), usually up to a maximum amount.
The Company uses two methods of reinsurance: facultative and treaty. With the facultative method, each risk to be reinsured is offered to the Reinsurer which accepts or rejects it individually. Under the treaty method, all risks written by the Company that fall within the terms and limits of the treaty will be reinsured by the Reinsurer automatically.

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Excess-of-loss reinsurance assets are assessed for impairment on a regular basis. If there is objective evidence that the assets are impaired, the carrying amount of the reinsurance assets is reduced to its recoverable amount and impairment is recognised in the profit or loss. By virtue of their nature, risks of impairment for treaty reinsurance assets are remote.

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.18 Reinsurance Contracts (Cont'd)

Long-term insurance

Long term insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Insurance contracts are derecognised when all rights and obligations are extinguished or expired. Contracts that do not transfer significant insurance risk are investment contracts. The Group considers that all its long-term products are a mix of insurance and investment contracts.

Insurance risk is transferred when the Group agrees to compensate a policyholder if a specified uncertain event adversely affects the policyholder.

Long-term insurance contracts issued by the Group are classified into the following main categories:

(i) Long-term insurance contracts without fixed terms and with discretionary participating feature (DPF)

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate by using an existing liability adequacy test. The liability value is adjusted to the extent that it is insufficient to meet expected future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. To the extent that the test involves discounting of cash flows, the interest rate applied may be based on management's prudent expectation of current market interest rates. Any inadequacy is recorded in profit or loss and subsequently, an additional insurance liability for the remaining loss is established. In subsequent periods the liability for a block of business that has failed the adequacy test is based on the assumptions that are established at the time of the loss recognition. The assumptions do not include a margin for adverse deviation. Impairment losses resulting from liability adequacy testing can be reversed in future years if the impairment no longer exists. It the Company's independent Actuaries who review contract liabilities and carry out the liability adequacy test.

This type of contracts entitles the contract holders to a minimum guaranteed amount. The Discretionary Participating Feature (DPF) component gives the contract holders contractual rights to bonuses in addition to the minimum guaranteed amounts. A bonus is declared when the actual return on backing assets is higher than the expected return at inception of the contract. The amount and timing of the settlement of the DPF element is however at the discretion of the Company. The bonus is derived from the DPF eligible surplus available arising mainly from upon revaluation of backing assets.

The Company has legal obligation to eventually pay to contract holders at least 90% of the DPF eligible surplus. Any portion of the DPF eligible surplus that is not declared as a bonus rate and not credited to individual contract holders accounts is retained as a liability for the benefit of all contract holders until declared and credited to them individually in future periods. Other profits are released based on the expected experience and actuarial report. All DPF liabilities, including unallocated surpluses, both guaranteed and discretionary, at the end of the reporting period are held within insurance contract liabilities, as appropriate.

Equity holder's share of surplus represents bonuses declared on an annual basis, interest allocated and profit or loss from subsidiaries at Group level.

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.18 Reinsurance Contracts (Cont'd)

(ii) Long-term insurance contracts with fixed and guaranteed terms

These contracts insure human life events (for example death or survival) over a long duration. A unit-linked insurance contract is an insurance contract with an embedded derivative linking payments on the contract to units of an internal investment fund set up by the Group with the consideration received from the contract holders after deducting life charges, administration charges and any unpaid charges. The Group does not separately measure any embedded derivatives as they qualify for recognition as an insurance contract. As such they are measured as insurance contracts.

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the Gross Premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case, a margin for risk and adverse deviation is generally included. A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and premium deficiency, as well as for claims outstanding. Adjustments to the liabilities at each reporting date are recorded in profit or loss. Profits originated from margins of adverse deviations on runoff contracts are recognised in profit or loss over the life of the contract, whereas losses are fully recognised in profit or loss during the first year of run-off. The liability is derecognised when the contract expires, is discharged or is cancelled.

(iii) Unit-Linked

A unit-linked insurance contract includes an embedded derivative linking payments on the contract to units of investment (unitised) fund set up by the Company with consideration received from contract holders. This embedded derivative meets the definition of an insurance contract and is therefore not accounted for separately from the host insurance contract. The liability for such contracts is adjusted for all changes in the fair value of the underlying assets.

2.19 Short term insurance

(i) Unearned premiums

The provision for unearned premiums represents the proportion of written premiums relating to periods of insurance risks subsequent to the end of the reporting period calculated on a daily pro-rata basis (365th method).

The change in this provision is taken to the profit or loss.

(ii) Claims expenses and Outstanding claims provisions

Claim expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties.

Outstanding claims provisions are made up of:

(a) provisions for claims incurred but not reported (IBNR) and
(b) the net estimated costs of claims admitted or intimated but not yet settled at the end of reporting period.

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.19 Short term insurance (Cont'd)

Some delays may occasionally be experienced in the notification and settlement of certain types of claims, particularly in respect of liability business, the ultimate cost of which cannot be known with certainty at the end of the reporting period. The Company does not discount its liabilities for unpaid claims. Any estimate represents a determination within a range of possible outcomes. Outstanding claims provisions are valued excluding allowances for expected future recoveries. Recoveries are accounted for, on an accrual basis based on experts' estimates and include non-insurance assets that have been acquired by exercising the rights to sell (usually damaged) motor vehicles to settle a claim (salvage)/obtain a refund from third parties for some or all costs (subrogation) under the terms of the insurance contracts. Salvage of motor vehicles is accounted for on an accrual basis.

(iii) Liability adequacy test

At each end of reporting period, the Group and the Company review its contract liabilities and carry out a liability adequacy test for any overall excess of expected claims using current estimates of future contractual cashflows after taking account of the investment return expected on assets relating to the relevant short-term business provisions. Any deficiency is immediately recognised to the statement of profit or loss by establishing a provision for losses arising from liability adequacy test (the unexpired risk provision).

2.20 Retirement benefit obligations

(i) Defined Benefit Plan

The Group and the Company contribute to a defined benefit plan, the assets of which are held independently and administered by Swan Life Ltd.

The Group and the Company contribute to a pension plan in respect of some employees who have a No Worse Off Guarantee (NWOG) that their benefits would not be worse than what they would have earned under a previous defined benefit plan.

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) are recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to the statement of profit or loss.

Notes to the
Financial statements

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.20 Retirement Benefit Obligations (Cont'd)

(i) *Defined Benefit Plan (Cont'd)*

The Group and the Company determine 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 statements of 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 or the Life Assurance Fund (for the subsidiary, Swan Life Ltd).

(ii) *Defined Contribution Plan*

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity. The Group and the Company have 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.

The Group and the Company operate a defined contribution retirement benefit plan for all qualifying employees (new entrants and their dependents). Payments to deferred contribution retirement plans are charged as an expense as they fall due.

(iii) *The Subsidiary company*

The Subsidiary company, Swan Life Ltd, has a retirement pension fund for its employees which is internally managed. The assets, which are not legally separate, are included in the investment in financial assets of the subsidiary company.

(iv) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits when it is demonstrably committed to either; terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the reporting period are discounted to present value.

(v) *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.

Notes to the
Financial statements

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.21 Foreign currencies

(i) *Functional and presentation currency*

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 consolidated financial statements are presented in Mauritian rupees, which is the Group's and the Company's functional and presentation currency.

(ii) *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 or the Life Assurance Fund (for the subsidiary, Swan Life Ltd). 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.

Translation differences on non-monetary items such as financial assets classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from that of the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities are translated at the end of the reporting period rate;

(b) income and expenses are translated at average exchange rates; and

(c) the resulting exchange differences are recognised in the statement of other comprehensive income.

In the event of disposal of any of the above Group entities, such translation differences are recognised in the statement of profit or loss as part of the gain or loss on sale.

2.22 Leases and rentals

(a) In 2018, leases were classified as finance leases where the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases.

Finance leases were capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were charged to profit or loss unless they were attributable to qualifying assets, in which case, they were capitalised in accordance with the policy on borrowing costs.

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.22 Leases and rentals (Cont'd)

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 Group 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 Group obtains substantially all the economic benefits from use of the asset; and
(c) The Group has the right to direct use of the asset.

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

In determining whether the Group has the right to direct use of the asset, the Group 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 predetermined due to the nature of the asset, the Group 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 Group 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 group'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.

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.22 Leases and rentals (Cont'd)

Identifying Leases (Cont'd)

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 Group or Company if it is reasonably 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 Group or 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.

When the Group 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 Group 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 of 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.

Notes to the **Financial statements**

Year ended December 31, 2019

2. Principal Accounting Policies (Cont'd)

2.22 Leases and rentals (Cont'd)

Identifying Leases (Cont'd)

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the company/group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does 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.

(b) Accounting for leases - where Group is the lessor
Lease income from leases where the Group is a lessor is recognised in income on a straight line basis over the lease term. Initial direct costs incurred in obtaining the lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting IFRS 16.

2.23 Provisions

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

2.24 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.

2.25 Liability adequacy test

The Group's independent Actuaries review contract liabilities and carry out a liability adequacy test using current estimates of future contractual cash flows after taking into account the investment return expected on assets relating to the relevant long term business.
Any deficiency is immediately recognised in the Life Assurance Fund (for the subsidiary, Swan Life Ltd by establishing a provision for the losses arising from liability adequacy test (the unexpired risk provision).

Notes to the **Financial statements**

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk

The Group and the Company issue contracts that transfer insurance or financial risk or both. This section summarises the main risks linked to short-term insurance and long-term insurance businesses and the way they are managed.

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

3.1 Insurance risk

Short-term insurance

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is fortuitous and therefore unexpected and unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and indemnity payments exceed the carrying amount of the insurance liabilities.

The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

(a) Insurance contracts

(i) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors, the most significant resulting from severe weather events like cyclones, flooding, fire and allied perils and their consequences and liability claims awarded by the Court. Inflation is another factor that may affect claims payments.

Underwriting measures are in place to enforce appropriate risk selection criteria. For example, the Group has the right to review terms and conditions on renewal or not to renew an insurance contract.

The reinsurance arrangements for proportional and non-proportional treaties are such that the Group is adequately protected and would only suffer predetermined amounts.

(ii) Concentration of insurance risk

The following table discloses the concentration of claims by class of business gross and net of reinsurance for short-term insurance:

Notes to the
Financial statements
Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.1 Insurance risk (Cont'd)

(a) Insurance contracts (Cont'd)

(ii) Concentration of insurance risk (Cont'd)
(a) Short-term insurance

THE GROUP	Outstanding Claims					
	2019			2018		
Class of Business	No of Claims	Gross	Net	No of Claims	Gross	Net
				Restated	Restated	Restated
		Rs'000	Rs'000		Rs'000	Rs'000
Fire & Allied Perils	414	76,316	14,927	520	138,306	22,450
Motor	4,940	207,944	195,016	5,104	204,431	175,241
Health	4,534	151,577	86,313	4,141	143,859	90,497
Others	1,633	168,594	84,311	1,617	348,059	92,561
	11,521	604,431	380,567	11,382	834,655	380,749
IBNR		109,048	64,531		98,222	58,601
		713,479	445,098		932,877	439,350

THE COMPANY	Outstanding Claims					
	2019			2018		
Class of Business	No of Claims	Gross	Net	No of Claims	Gross	Net
				Restated	Restated	Restated
		Rs'000	Rs'000		Rs'000	Rs'000
Fire & Allied Perils	404	75,683	14,294	513	137,296	21,530
Motor	4,154	182,073	169,145	4,725	177,885	155,664
Health	4,534	151,577	86,313	4,125	135,526	86,642
Others	1,334	138,727	64,197	1,528	329,021	80,514
	10,426	548,060	333,949	10,891	779,728	344,350
IBNR		95,803	62,569		84,279	55,941
		643,863	396,518		864,007	400,291

(b) Long-term insurance

Concentration, frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. Insurance risk is therefore subject to contract holders' behaviours, and the impact of contract holders' behaviours have been factored into the assumptions used to measure insurance liabilities.

Notes to the
Financial statements
Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.1 Insurance risk (Cont'd)

(a) Insurance contracts (Cont'd)

(ii) Concentration of insurance risk (Cont'd)
(b) Long -term insurance (Cont'd)

Concentration, frequency and severity of claims (Cont'd)

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating items and conditions that reduce the insurance risk accepted.

For contracts with Discretionary Participating Feature (DPF), the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

The Group manages these risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, the Group balances death risk and survival risk across its portfolio. Medical selection is also included in the Group's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Group has defined group-wide retention limit on any single life insured and reinsures the excess of the insured benefit over its retention limit. The retention limit is further reinsured through a Catastrophe Risk Reinsurance treaty. The Group does not have any reinsurance covers for contracts that insure survival risk.

The Group and the Company manage insurance risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk and class of business.

(iii) Sources of uncertainty in the estimation of future claim payments - Short term insurance

Claims are payable on a claims-occurrence basis. The Group and the Company are liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury by employees (for employer liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

Claims can be either long tail or short tail. Short tail claims are settled within a short time and the Group's/Company's estimation processes reflect with a higher degree of certainty all the factors that influence the amount and timing of cash flows about the estimated costs of claims. However, for long tail claims (e.g. bodily injury), the estimation process is more uncertain and depends largely on external factors such as Court awards for example.

Notes to the
Financial statements

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.1 Insurance risk (Cont'd)

(a) Insurance contracts (Cont'd)

(iii) Sources of uncertainty in the estimation of future claim payments - Short term insurance (Cont'd)

The Group and the Company take all reasonable steps to ensure that they have appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR and a provision for reported claims not yet paid at the reporting date. The Group and the Company have ensured that liabilities on the statement of financial position at the reporting date for existing claims whether reported or not are adequate.

	Change in assumptions	Impact on gross liabilities	Impact on reinsurance share of liabilities	Impact on profit before tax	Impact on equity
	THE GROUP				
		Rs'000	Rs'000	Rs'000	Rs'000
Average claim cost					
2019	**5%**	**35,674**	**13,419**	**(22,255)**	**(18,917)**
2018	5%	46,644	24,676	(21,968)	(18,672)
	THE COMPANY				
		Rs'000	Rs'000	Rs'000	Rs'000
Average claim cost					
2019	**5%**	**32,193**	**12,367**	**(19,826)**	**(16,852)**
2018	5%	43,200	23,186	(20,015)	(17,012)

Sources of uncertainty in the estimation of future payments and premium receipts - Long term insurance

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holders' behaviour.

The Group uses appropriate base tables of standard mortality according to the type of contract being written and statistical data are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. When data is not sufficient to be statistically credible, the best estimate of future mortality is based on standard industry tables adjusted for the Group's experience.

Notes to the
Financial statements

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.1 Insurance risk (Cont'd)

(iv) Claims development table

The development of insurance liabilities for the short-term insurance provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the estimates of total claims outstanding for each year have changed at successive year ends and the table reconciles the cumulative claims to the amount appearing in the statements of financial position, excluding claims pertaining to long-term business.

THE GROUP

GROSS	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**TOTAL**
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Estimate of ultimate claim costs:											
- At end of claim year	133,536	130,915	189,496	303,730	250,919	309,417	383,428	538,236	413,961	**246,387**	**2,900,025**
- one year later	51,282	70,878	59,655	84,299	55,896	87,150	53,679	178,515	148,916	-	**790,270**
- two years later	42,123	43,666	34,530	31,735	28,235	55,280	20,293	29,282	-	-	**285,144**
- three years later	39,768	29,723	17,158	20,795	24,217	27,880	15,100	-	-	-	**174,641**
- four years later	23,656	24,417	11,605	19,703	20,629	25,187	-	-	-	-	**125,197**
- five years later	5,497	10,358	11,644	16,955	15,326	-	-	-	-	-	**59,780**
- six years later	5,179	11,315	8,185	9,990	-	-	-	-	-	-	**34,669**
- seven years later	4,271	8,058	6,968	-	-	-	-	-	-	-	**19,297**
- eight years later	3,183	3,304	-	-	-	-	-	-	-	-	**6,487**
- nine years later	2,652	-	-	-	-	-	-	-	-	-	**2,652**
Current estimate of cumulative claims	535,945	614,964	619,837	1,042,123	926,664	1,070,126	1,293,511	1,544,319	1,950,951	1,553,593	**11,152,033**
Less Cumulative payments to date	533,293	611,660	612,869	1,032,133	911,338	1,044,939	1,278,411	1,515,037	1,802,035	1,307,206	**10,648,921**
Liability recognised in the statements of financial position	2,652	3,304	6,968	9,990	15,326	25,187	15,100	29,282	148,916	246,387	**503,112**
Liability in respect of prior years											**101,319**
											604,431
IBNR											**109,048**
Gross liability at year end											**713,479**

Notes to the
Financial statements

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.1 Insurance risk (Cont'd)

(iv) Claims development table (Cont'd)

THE GROUP (Cont'd) NET	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Estimate of ultimate claim costs:											
- At end of claim year	65,827	59,647	80,794	115,553	108,798	166,163	178,385	195,610	221,945	**213,266**	**1,405,988**
- one year later	26,573	24,362	31,269	35,473	29,087	48,184	39,527	26,424	34,334	-	**295,233**
- two years later	19,335	23,212	17,498	20,914	20,155	31,328	14,984	15,188	-	-	**162,614**
- three years later	18,085	17,337	9,624	14,617	19,323	22,169	12,316	-	-	-	**113,471**
- four years later	7,509	14,072	9,864	13,801	16,026	20,862	-	-	-	-	**82,134**
- five years later	4,929	10,063	10,083	11,665	13,302	-	-	-	-	-	**50,042**
- six years later	4,581	11,077	6,644	7,105	-	-	-	-	-	-	**29,407**
- seven years later	3,916	7,162	5,426	-	-	-	-	-	-	-	**16,504**
- eight years later	2,828	3,065	-	-	-	-	-	-	-	-	**5,893**
- nine years later	2,298	-	-	-	-	-	-	-	-	-	**2,298**
Current estimate of cumulative claims	235,771	267,273	311,091	466,349	480,112	614,593	856,262	979,312	1,132,164	1,125,928	**6,468,855**
Less Cumulative payments to date	233,473	264,208	305,665	459,244	466,810	593,731	843,946	964,124	1,097,830	912,662	**6,141,693**
Liability recognised in the statements of financial position	2,298	3,065	5,426	7,105	13,302	20,862	12,316	15,188	34,334	213,266	**327,162**
Liability in respect of prior years											**53,405**
											380,567
IBNR											**64,531**
Net liability at year end											**445,098**

Notes to the
Financial statements

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.1 Insurance risk (Cont'd)

(iv) Claims development table (Cont'd)

The development of insurance liabilities for the short-term insurance provides a measure of the Company's ability to estimate the ultimate value of claims. The table below illustrates how the estimates of total claims outstanding for each year have changed at successive year ends and the table reconciles the cumulative claims to the amount appearing in the statements of financial position.

THE COMPANY GROSS	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Estimate of ultimate claim costs:											
- At end of claim year	133,536	130,915	189,496	303,730	250,919	309,417	383,428	538,236	413,961	**246,387**	**2,900,025**
- one year later	51,282	70,878	59,655	84,299	55,896	87,150	53,679	178,515	148,916	-	**790,270**
- two years later	42,123	43,666	34,530	31,735	28,235	55,280	20,293	29,282	-	-	**285,144**
- three years later	39,768	29,723	17,158	20,795	24,217	27,880	15,100	-	-	-	**174,641**
- four years later	23,656	24,417	11,605	19,703	20,629	25,187	-	-	-	-	**125,197**
- five years later	5,497	10,358	11,644	16,955	15,326	-	-	-	-	-	**59,780**
- six years later	5,179	11,315	8,185	9,990	-	-	-	-	-	-	**34,669**
- seven years later	4,271	8,058	6,968	-	-	-	-	-	-	-	**19,297**
- eight years later	3,183	3,304	-	-	-	-	-	-	-	-	**6,487**
- nine years later	2,652	-	-	-	-	-	-	-	-	-	**2,652**
Current estimate of cumulative claims	535,945	614,964	619,837	1,042,123	926,664	1,070,126	1,293,511	1,544,319	1,950,951	1,553,593	**11,152,033**
Less Cumulative payments to date	533,293	611,660	612,869	1,032,133	911,338	1,044,939	1,278,411	1,515,037	1,802,035	1,307,206	**10,648,921**
Liability recognised in the statements of financial position	2,652	3,304	6,968	9,990	15,326	25,187	15,100	29,282	148,916	246,387	**503,112**
Liability in respect of prior years											**44,948**
											548,060
IBNR											**95,803**
Gross liability at year end (notes 24/32(a))											**643,863**

Notes to the **Financial statements**

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.1 Insurance risk (Cont'd)

(iv) Claims development table (Cont'd)

THE COMPANY (Cont'd) NET	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Estimate of ultimate claim costs:											
- At end of claim year	65,827	59,647	80,794	115,553	108,798	166,163	178,385	195,610	221,945	213,266	1,405,988
- one year later	26,573	24,362	31,269	35,473	29,087	48,184	39,527	26,424	34,334	-	295,233
- two years later	19,335	23,212	17,498	20,914	20,155	31,328	14,984	15,188	-	-	162,614
- three years later	18,085	17,337	9,624	14,617	19,323	22,169	12,316	-	-	-	113,471
- four years later	7,509	14,072	9,864	13,801	16,026	20,862	-	-	-	-	82,134
- five years later	4,929	10,063	10,083	11,665	13,302	-	-	-	-	-	50,042
- six years later	4,581	11,077	6,644	7,105	-	-	-	-	-	-	29,407
- seven years later	3,916	7,162	5,426	-	-	-	-	-	-	-	16,504
- eight years later	2,828	3,065	-	-	-	-	-	-	-	-	5,893
- nine years later	2,298	-	-	-	-	-	-	-	-	-	2,298
Current estimate of cumulative claims	235,771	267,273	311,091	466,349	480,112	614,593	856,262	979,312	1,132,164	1,125,928	6,468,855
Less Cumulative payments to date	233,473	264,208	305,665	459,244	466,810	593,731	843,946	964,124	1,097,830	912,662	6,141,693
Liability recognised in the statements of financial position	2,298	3,065	5,426	7,105	13,302	20,862	12,316	15,188	34,334	213,266	327,162
Liability in respect of prior years											6,787
											333,949
IBNR											62,569
Net liability at year end (notes 24/32(a))											396,518

(v) The Company has in place adequate reinsurance set up to cover for losses on these contracts.

Notes to the **Financial statements**

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.2 Financial risk

The Group's and the Company's activities are exposed to financial risks through its financial assets, financial liabilities, insurance and reinsurance assets and liabilities. In particular, the key financial risk is that investment proceeds are not sufficient to fund the obligations arising from insurance contracts.

The most important components of this financial risk are:

- Market risk (which includes currency risk, interest rate risk and equity price risk)
- Credit risk;
- Liquidity risk;
- Capital management; and
- Fair value estimation.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

The Group's and the Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and control, and to monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems.

The Group and the Company regularly review its risk management policies and systems to reflect changes in markets, products and emerging best practice. The Board recognises the critical importance of having efficient and effective risk management policies and systems in place. To this end, there is a clear organisational structure with delegated authorities and responsibilities from the Board to Board Committees, executives and senior management. Individual responsibility and accountability are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

3.2.1 Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cashflows of financial instruments from fluctuation in foreign currency exchange rates, interest rates and equity prices.

The Group and the Company have established policies which set out the principles that they expect to adopt in respect of management of the key market risks to which they are exposed. The Group monitors adherence to this market risk policy through the Group Investment Committee. The Group Investment Committee is responsible for managing market risk at Group and Company levels.

The financial impact from market risk is monitored at board level through investment reports which examine the impact of changes in market risk on investment returns and asset values. The Group's and the Company's market risk policy sets out the principles for matching liabilities with appropriate assets, the approaches to be taken when liabilities cannot be matched and the monitoring processes that are required.

Notes to the **Financial statements**

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.2.1 Market risk (Cont'd)

(i) Currency Risk

The Group and the Company purchase reinsurance contracts internationally, thereby being exposed to foreign currency fluctuations. The Group's primary exposures are with respect to the Euro, US Dollar and UK pound sterling.

The Group and the Company have a number of investments in foreign currencies, which are exposed to currency risk. The Investment Committee closely monitors currency risk exposures against pre-determined limits. Exposure to foreign currency exchange risk is not hedged.

The financial assets and financial liabilities by currency are detailed below:

THE GROUP		Equivalent in Rs'000				
At December 31, 2019	Rs'000	GBP	USD	Euro	Others	Total
Assets:						
- Investment in financial assets:						
· Held-to-Maturity	14,113,560	-	452,758	-	5,332	14,571,650
· Available-for-sale	13,948,957	3,490	11,264,994	912,753	76,490	26,206,684
- Loans and receivables	4,554,485	-	-	-	-	4,554,485
- Non-current receivables	5,444	-	-	-	-	5,444
- Trade and other receivables	2,938,057	920	167,055	51,589	63,013	3,220,634
- Bank balances, deposits and cash	2,201,975	112	1,182,993	38,835	50,723	3,474,638
	37,762,478	4,522	13,067,800	1,003,177	195,558	52,033,535
Liabilities:						
- Technical Provisions:						
· Life assurance fund	45,199,804	-	-	-	-	45,199,804
· Gross unearned premiums	1,402,292	-	39,562	13,915	22,345	1,478,114
· Outstanding claims and IBNR	925,044	-	145	-	49,386	974,575
- Lease liabilities	24,341	-	-	-	1,656	25,997
- Non current payables	161,901	-	-	-	-	161,901
- Trade and other payables	1,074,057	768	35,030	101,736	26,487	1,238,078
	48,787,439	768	74,737	115,651	99,874	49,078,469

Notes to the **Financial statements**

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.2.1 Market risk (Cont'd)

(i) Currency Risk (Cont'd)

THE GROUP (Cont'd)		Equivalent in Rs'000				
At December 31, 2018	Restated Rs'000	Restated GBP	Restated USD	Restated Euro	Restated Others	Restated Total
Assets:						
- Investment in financial assets:						
· Held-to-Maturity	12,438,853	-	655,805	-	5,043	13,099,701
· Available-for-sale	14,186,265	2,628	8,333,913	660,317	63,024	23,246,147
- Loans and receivables	4,612,981	-	-	-	16,250	4,629,231
- Trade and other receivables	2,957,287	1,334	150,491	23,616	45,960	3,178,688
- Bank balances, deposits and cash	1,694,404	22	1,010,263	122,226	40,381	2,867,296
	35,889,790	3,984	10,150,472	806,159	170,658	47,021,063
Liabilities:						
- Technical Provisions:						
· Life assurance fund	41,098,308	-	-	-	-	41,098,308
· Gross unearned premiums	1,353,477	-	38,304	13,069	18,084	1,422,934
· Outstanding claims and IBNR	1,150,417	-	7,391	3,065	50,912	1,211,785
- Borrowings	-	-	-	-	12,739	12,739
- Non current payables	162,897	-	-	-	-	162,897
- Trade and other payables	777,770	1,334	86,908	6,928	48,864	921,804
	44,542,869	1,334	132,603	23,062	130,599	44,830,467

THE COMPANY		Equivalent in Rs'000				
At December 31, 2019	Rs'000	GBP	USD	Euro	Others	Total
Assets:						
- Investment in financial assets:						
· Held-to-Maturity	246,980	-	-	-	-	246,980
· Available-for-sale	634,070	-	774,370	58,784	285	1,467,509
- Loans and receivables	101,813	-	-	-	-	101,813
- Non-current receivables	47,036	-	-	-	-	47,036
- Trade and other receivables	2,438,410	920	50,455	3,424	-	2,493,209
- Bank balances, deposits and cash	364,024	112	142,962	9,605	-	516,703
	3,832,333	1,032	967,787	71,813	285	4,873,250

Notes to the **Financial statements**

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.2.1 Market risk (Cont'd)

(i) Currency Risk (Cont'd)

THE COMPANY

At December 31, 2019	Rs'000	GBP	USD	Euro	Others	Total
		Equivalent in Rs'000				
Liabilities:						
- Technical Provisions:						
· Gross unearned premiums	1,313,557	-	-	-	-	1,313,557
· Outstanding claims and IBNR	643,863	-	-	-	-	643,863
- Borrowings	179,728	-	-	-	-	179,728
- Lease liabilities	13,493	-	-	-	-	13,493
- Non Current payables	108,234	-	-	-	-	108,234
- Trade and other payables	483,771	768	12,452	74,429	-	571,420
	2,742,646	768	12,452	74,429	-	2,830,295

At December 31, 2018	Rs'000	GBP	USD	Euro	Others	Total
		Equivalent in Rs'000				
Assets:						
- Investment in financial assets:						
· Held-to-Maturity	250,615	-	-	-	-	250,615
· Available-for-sale	671,306	-	546,134	39,728	271	1,257,439
- Loans and receivables	115,586	-	-	-	-	115,586
- Non-current receivables	79,174	-	-	-	-	79,174
- Trade and other receivables	2,297,620	1,334	31,881	4,153	-	2,334,988
- Bank balances, deposits and cash	166,970	23	155,806	36,639	-	359,438
	3,581,271	1,357	733,821	80,520	271	4,397,240
Liabilities:						
- Technical Provisions:						
· Gross unearned premiums	1,230,389	-	-	-	-	1,230,389
· Outstanding claims and IBNR	864,007	-	-	-	-	864,007
- Borrowings	95,489	-	-	-	-	95,489
- Non-current payables	108,822	-	-	-	-	108,822
- Trade and other payables	346,040	1,334	32,171	4,069	4,588	388,202
	2,644,747	1,334	32,171	4,069	4,588	2,686,909

Sensitivity

If the rupee had weakened/strengthened against the following currencies with all variables remaining constant, the impact on the results for the year would have been as shown below mainly as a result of foreign exchange gains/losses.

Notes to the Financial statements

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.2.1 Market risk (Cont'd)

(i) Currency Risk (Cont'd)

Sensitivity (Cont'd)

THE GROUP	GBP		USD		EURO	
	+5%	-5%	+5%	-5%	+5%	-5%
Impact on Results:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2019						
- Investment in financial assets	175	(175)	585,888	(585,888)	45,638	(45,638)
- Bank balances, deposits and cash	6	(6)	59,150	(59,150)	1,942	(1,942)
- Trade and other receivables	46	(46)	8,353	(8,353)	2,579	(2,579)
- Trade and other payables	(38)	38	(1,752)	1,752	(5,087)	5,087
- Gross unearned premiums	-	-	(1,978)	1,978	(696)	696
- Outstanding claims and IBNR	-	-	(7)	7	-	-
At December 31, 2018 (Restated)						
- Investment in financial assets	131	(131)	449,486	(449,486)	33,016	(33,016)
- Bank balances, deposits and cash	1	(1)	50,513	(50,513)	6,111	(6,111)
- Trade and other receivables	67	(67)	7,525	(7,525)	1,181	(1,181)
- Trade and other payables	(67)	67	(4,345)	4,345	(346)	346
- Gross unearned premiums	-	-	(1,915)	1,915	(653)	653
- Outstanding claims and IBNR	-	-	(370)	370	(153)	153

THE COMPANY	GBP		USD		EURO	
	+5%	-5%	+5%	-5%	+5%	-5%
Impact on Results:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2019						
- Investment in financial assets	-	-	38,719	(38,719)	2,939	(2,939)
- Bank balances, deposits and cash	6	(6)	7,148	(7,148)	480	(480)
- Trade and other receivables	46	(46)	2,523	(2,523)	171	(171)
- Trade and other payables	(38)	38	(623)	623	(3,721)	3,721
At December 31, 2018						
- Investment in financial assets	-	-	27,307	(27,307)	1,986	(1,986)
- Bank balances, deposits and cash	1	(1)	7,790	(7,790)	1,832	(1,832)
- Trade and other receivables	67	(67)	1,594	(1,594)	208	(208)
- Trade and other payables	(67)	67	(1,609)	1,609	(203)	203

Notes to the **Financial statements**

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.2.1 Market risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk arises from the Group's investments in long-term debt securities and fixed income securities (Held-to-Maturity investments), bank balances and deposits which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short-term business is monitored by the Investment Committee through a close matching of assets and liabilities. The impact of exposure to sustained low interest rates is also regularly monitored.

Short-term insurance liabilities are not directly sensitive to the level of market interest rates as they are undiscounted and contractually non-interest bearing. However, due to the time value of money and the impact of interest rates on the level of bodily injury related claims incurred by certain insurance contract holders, a reduction for interest rates would normally produce a higher insurance liability.
The Group reviews its estimation in respect of these claims on a regular basis and ensures that adequate cash flow is available at all times.

Sensitivity

The impact on the results had interest rates varied by plus or minus 1% would have been as follows:

THE GROUP	Impact on results	
	+1%	-1%
At December 31, 2019	Rs'000	Rs'000
- Held-to-maturity investments	8,386	(8,386)
- Loans and receivables	2,811	(2,811)
- Cash and cash equivalents	125	(125)
At December 31, 2018 (Restated)		
- Held-to-maturity investments	7,891	(7,891)
- Loans and receivables	2,855	(2,855)
- Cash and cash equivalents	136	(136)

THE COMPANY	Impact on results	
	+1%	-1%
At December 31, 2019	Rs'000	Rs'000
- Held-to-maturity investments	146	(146)
- Loans and receivables	60	(60)
- Cash and cash equivalents	6	(6)
At December 31, 2018		
- Held-to-maturity investments	162	(162)
- Loans and receivables	68	(68)
- Cash and cash equivalents	3	(3)

Notes to the **Financial statements**

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.2.1 Market risk (Cont'd)

(iii) Equity Price Risk

The Group is subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set out the capital required for risks associated with type of assets held, investments above a certain concentration limit, policy liabilities risks, catastrophes risks and reinsurance ceded.

The Investment Committee actively monitors equity assets owned directly by the Group as well as concentrations of specific equity holdings. Equity price risk is also mitigated as the Group holds diversified portfolios of local and foreign investments in various sectors of the economy.

Sensitivity

The impact on the Group's shareholders' equity had the equity market values increased/decreased by 10% with other assumptions left unchanged would have been as follows:

THE GROUP	Impact on Shareholders' equity	
	+10%	-10%
At December 31, 2019	Rs'm	Rs'm
- Available-for-sale financial assets	2,621	(2,621)
At December 31, 2018 (Restated)		
- Available-for-sale financial assets	2,325	(2,325)

THE COMPANY	Impact on Shareholders' equity	
	+10%	-10%
At December 31, 2019	Rs'm	Rs'm
- Available-for-sale financial assets	147	(147)
At December 31, 2018		
- Available-for-sale financial assets	126	(126)

Notes to the **Financial statements**

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.2.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instruments fails to meet all or part of their obligations. The Group's credit risk is primarily attributable to:

- reinsurer's share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders, and;
- amounts due from insurance intermediaries.

The amounts presented in the statements of financial position are net of allowances for estimated irrecoverable amount receivables, based on management's prior experience and the current economic environment.

The Group has no significant concentration of credit risk in respect of its insurance business with exposure spread over a large number of clients, agents and brokers. The Group has policies in place to ensure that sales of services are made to clients, agents, and brokers with sound credit history.

The Group has defined policies and procedures in respect of overdue balances for monitoring and follow up on a timely basis.

Reinsurance credit exposures

The Group is, however exposed to concentrations of risks with respect to their reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Group is exposed to the possibility of default by their reinsurers in respect of share of insurance liabilities and refunds in respect of claims already paid.

The Group manages its reinsurance counterparty exposures and the reinsurance department has a monitoring role over this risk.
The Group's largest reinsurance counterparty is Swiss Re.

This exposure is monitored on a regular basis for any shortfall in the claims history to verify that the contract is progressing as expected and that no further exposure for the Group will arise.

Management also monitors the financial strength of reinsurers and there are policies in place to ensure that risks are ceded to top-rated and credit worthy reinsurers only.

Notes to the Financial statements

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.2.2 Credit risk (Cont'd)

Reinsurance credit exposures (Cont'd)

The following table provides information regarding the carrying value of financial assets that have been impaired and the ageing of financial assets that are past due but not impaired.

THE GROUP

2019	Neither past due nor impaired	Past due but not impaired 1m - 3m	3m - 6m	6m - 1yr	> 1 yr	Impaired and impairment charge	Carrying amount at year end
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- Non-current receivables	5,444	-	-	-	-	-	5,444
- Loans and receivables	4,361,871	-	-	-	-	192,614	4,554,485
- Trade and other receivables							
Insurance receivables	715,600	395,580	377,725	164,076	18,342	45,518	1,716,841
Reinsurance Assets	1,005,289	-	-	-	-	27,763	1,033,052
Other receivables	542,166	-	-	-	312	-	542,478
	2,263,055	395,580	377,725	164,076	18,654	73,281	3,292,371
2018 (Restated)							
- Loans and receivables	4,410,857	-	-	-	-	218,374	4,629,231
- Trade and other receivables							
Insurance receivables	798,667	262,587	333,938	146,909	21,447	34,327	1,597,875
Reinsurance Assets	1,171,758	-	-	-	411	26,172	1,198,341
Other receivables	449,509	-	-	-	4,355	-	453,864
	2,419,934	262,587	333,938	146,909	26,213	60,499	3,250,080

Notes to the **Financial statements**

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.2.2 Credit risk (Cont'd)

Reinsurance credit exposures (Cont'd)

The following table provides information regarding the carrying value of financial assets that have been impaired and the ageing of financial assets that are past due but not impaired.

THE COMPANY

2019	Neither past due nor impaired	Past due but not impaired				Impaired and impairment charge	Carrying amount at year end
		1m - 3m	3m - 6m	6m - 1yr	> 1 yr		
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- Non-current receivables	47,036	-	-	-	-	-	47,036
- Loans and receivables	101,813	-	-	-	-	-	101,813
- Trade and other receivables							
Insurance receivables	230,157	373,110	354,901	162,896	16,070	43,787	1,180,921
Reinsurance Assets	911,489	-	-	-	-	27,763	939,252
Other receivables	391,176	-	-	-	-	-	391,176
	1,532,822	373,110	354,901	162,896	16,070	71,550	2,511,349
2018							
- Non-current receivables	79,174	-	-	-	-	-	79,174
- Loans and receivables	115,586	-	-	-	-	-	115,586
- Trade and other receivables							
Insurance receivables	241,165	261,186	330,521	145,738	20,130	34,327	1,033,067
Reinsurance Assets	1,089,084	-	-	-	-	26,172	1,115,256
Other receivables	201,650	-	-	-	-	-	201,650
	1,531,899	261,186	330,521	145,738	20,130	60,499	2,349,973

Notes to the **Financial statements**

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.2.3 Liquidity risk

The Group and the Company have strong liquidity positions and liquidity risk is considered to be low. Through the application of the liquidity management policy, the Group and the Company seek to maintain sufficient financial resources to meet its obligations as they fall due.

THE GROUP

Maturities of financial assets and liabilities:

At December 31, 2019	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				-
- Investments in financial assets	28,653,074	6,149,610	5,975,650	40,778,334
- Loans and receivables	216,072	955,131	3,383,282	4,554,485
- Non-current receivables	-	5,444	-	5,444
- Trade and other receivables	3,220,634	-	-	3,220,634
- Bank balances, deposits and cash	3,474,638	-	-	3,474,638
	35,564,418	7,110,185	9,358,932	52,033,535
Liabilities				
- Technical Provisions:				
· Gross unearned premiums	1,478,114	-	-	1,478,114
· Outstanding claims and IBNR	974,575	-	-	974,575
- Lease liabilities	6,286	19,711	-	25,997
- Non-current payables	-	161,901	-	161,901
- Trade and other payables	1,238,078	-	-	1,238,078
	3,697,053	181,612	-	3,878,665

At December 31, 2018	< 1 year	1 to 5 years	> 5 years	Total
	Restated Rs'000	Restated Rs'000	Restated Rs'000	Restated Rs'000
Assets				
- Investments in financial assets	24,553,584	6,755,774	5,036,490	36,345,848
- Loans and receivables	548,827	386,888	3,693,516	4,629,231
- Non-current receivables	-	-	-	-
- Trade and other receivables	3,178,688	-	-	3,178,688
- Bank balances, deposits and cash	2,867,296	-	-	2,867,296
	31,148,395	7,142,662	8,730,006	47,021,063

Notes to the **Financial statements**

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.2.3 Liquidity risk (Cont'd)

THE GROUP

Maturities of financial assets and liabilities: (Cont'd)

At December 31, 2018	< 1 year	1 to 5 years	> 5 years	Total
	Restated Rs'000	Restated Rs'000	Restated Rs'000	Restated Rs'000
Liabilities				
- Technical Provisions:				
· Gross unearned premiums	1,422,934	-	-	1,422,934
· Outstanding claims and IBNR	1,211,785	-	-	1,211,785
- Borrowings	4,419	8,320	-	12,739
- Non-current payables	-	162,897	-	162,897
- Trade and other payables	921,804	-	-	921,804
	3,560,942	**171,217**	**-**	**3,732,159**

THE COMPANY

Maturities of financial assets and liabilities:

At December 31, 2019	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				-
- Investments in financial assets	1,497,190	50,166	167,133	1,714,489
- Loans and receivables	2,580	15,320	83,913	101,813
- Non-current receivables	-	47,036	-	47,036
- Trade and other receivables	2,493,209	-	-	2,493,209
- Bank balances, deposits and cash	516,703	-	-	516,703
	4,509,682	112,522	251,046	4,873,250
Liabilities				
- Technical Provisions:				
· Gross unearned premiums	1,313,557	-	-	1,313,557
· Outstanding claims and IBNR	643,863	-	-	643,863
- Borrowings	179,728	-	-	179,728
- Lease liabilities	2,772	10,721	-	13,493
- Non-current payables	-	108,234	-	108,234
- Trade and other payables	571,420	-	-	571,420
	2,711,340	118,955	-	2,830,295

Notes to the **Financial statements**

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.2.3 Liquidity risk (Cont'd)

THE COMPANY

Maturities of financial assets and liabilities: (Cont'd)

At December 31, 2018	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Investments in financial assets	1,263,481	74,043	170,530	1,508,054
- Loans and receivables	3,381	10,233	101,972	115,586
- Non-current receivables	-	79,174	-	79,174
- Trade and other receivables	2,334,988	-	-	2,334,988
- Bank balances, deposits and cash	359,438	-	-	359,438
	3,961,288	**163,450**	**272,502**	**4,397,240**

	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities				
- Technical Provisions:				
· Gross unearned premiums	1,230,389	-	-	1,230,389
· Outstanding claims and IBNR	864,007	-	-	864,007
- Borrowings	95,489	-	-	95,489
- Non-current payables	-	108,822	-	108,822
- Trade and other payables	388,202	-	-	388,202
	2,578,087	**108,822**	**-**	**2,686,909**

3.2.4 Capital Risks Management

The Group manages its capital to ensure that it will be able to continue as a going concern and also comply with applicable laws and regulations.

The Group and the Company have established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- to ensure that the Minimum Capital Requirement ratio of 150% (with a minimum of Rs.25m) as required by the Insurance Act 2005 be maintained at all times at Company level.

  This is a risk based capital method of measuring the minimum amount appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Company's assets, outstanding claims, unearned premium liability and assets above a certain concentration limit.

- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

Notes to the **Financial statements**

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.2.4 Capital Risks Management (Cont'd)

- to provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.
- to maintain the required level of stability of the Group thereby providing a degree of security to policyholders.
- to maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended December 31, 2019 and December 31, 2018.

The operations of the Group are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

Under the Insurance (General Insurance Business Solvency) Rules 2007, the minimum capital requirement for general business is the sum of capital required for the statement of financial position as per Rule 6, capital required for investment above concentration limit as per Rule 7, capital required for policy liabilities as per Rule 8, capital required for catastrophes as per Rule 9 and capital required for reinsurance ceded under Rule 10. Under the Insurance (Long-Term Insurance Business Solvency) Rules 2007, the minimum capital requirement for long-term business is determined by the actuary, which is the higher of:

(a) a stress test requirement determined in accordance with guidelines issued by the Financial Services Commission to ensure that the Company remains solvent; or

(b) the higher of:

(c) an amount of Rs. 25 million; or
an amount representing 13 weeks' operating financial services, with operating expenses as defined and reported in the annual statutory return submitted to the Financial Services Commission.

In reporting financial strength, capital and solvency are measured using the rules prescribed by the Financial Services Commission (FSC). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

The Group's capital management policy for its insurance is to hold sufficient capital to cover the statutory requirements based on the FSC directives, including any additional amounts required by the regulator.

Notes to the **Financial statements**

Year ended December 31, 2019

3. Management Of Insurance And Financial Risk (Cont'd)

3.2.4 Capital Risks Management (Cont'd)

For the years ended December 31, 2019 and December 31, 2018, the Group and Company have satisfied the minimum capital requirements.

Approach to capital management

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics. An important aspect of the Group's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Group is focused on the creation of value for shareholders.

3.2.5 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. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group and the Company use a variety of methods and make assumptions that are based on market conditions existing at each end of the reporting period.

Notes to the
Financial statements
Year ended December 31, 2019

4. Critical Accounting Estimates And Judgements In Applying Accounting Policies

Estimates and judgement 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.

Critical accounting estimates and assumptions

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Insurance contracts

The uncertainty inherent in the financial statements of the Group arises principally in respect of the technical provisions. The technical provisions of the Group include provision for unearned premiums and outstanding claims (including IBNR).

(i) Estimates of future claims payments - Short-term insurance

Outstanding claims provision is determined based upon knowledge of events, terms and conditions of relevant policies, on interpretation of circumstances as well as previous claims experience. Similar cases and historical claims payment trends are also relevant.

The Group employs a variety of techniques and a number of different bases to determine appropriate provisions.
These include:

- terms and conditions of the insurance contracts;
- knowledge of events;
- court judgement;
- economic conditions;
- previously settled claims;
- triangulation claim development analysis;
- estimates based upon a projection of claims numbers and average cost; and
- expected loss ratios.

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of the loss adjuster's recommendations or based on management's experience.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provision and having due regard to collectability.

(ii) Estimates of future liabilities - Long-term insurance

Long-term business technical provisions are computed using statistical or mathematical methods. The computations are made by the Group's Actuaries on the basis of recognised actuarial methods, with due regard to the actuarial principles laid down by the law and by actuarial best practices. The methodology takes into account the risks and uncertainties of the particular classes of long-term business written and the results are certified by the professionals undertaking the valuations.

4. Critical Accounting Estimates And Judgements In Applying Accounting Policies (Cont'd)

4.1 Insurance contracts (Cont'd)

(ii) Estimates of future liabilities - Long-term insurance (Cont'd)

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Group. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Group's own experience. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed to longevity risk.

For contracts without fixed terms, it is assumed that the Group will be able to increase mortality risk changes in future years in line with emerging mortality experience.

Under certain contracts, where the Group has offered guaranteed annuity options, estimates are made based on the percentage of contract holders that will exercise them. Changes in investment conditions could result in significantly more contract holders exercising their options than have been assumed.

Estimates are also made as to the future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

(iii) Sensitivity

The reasonableness of the estimation process is tested by an analysis of sensitivity around several different scenarios and the best estimate is used.

(iv) Uncertainties and judgement

The uncertainty arising under insurance contracts may be characterised under a number of specific headings, such as:

- uncertainty as to whether an event has occurred which would give rise to a policy holder suffering an insured loss;
- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring;
- uncertainty over the timing of a settlement to a policyholder for a loss suffered.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks. For certain classes of policy, the maximum value of the settlement of a claim may be specified under the policy terms while for other classes, the cost of a claim will be determined by an actual loss suffered by the policyholder.

Notes to the **Financial statements**

Year ended December 31, 2019

4. Critical Accounting Estimates And Judgements In Applying Accounting Policies (Cont'd)

4.1 Insurance contracts (Cont'd)

(iv) Uncertainties and judgement (Cont'd)

There may be some reporting lags between the occurrence of the insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. There are many factors that will determine the level of uncertainty such as judicial trends, unreported information etc.

4.2 Reinsurance

The Group and the Company are exposed to disputes on, and defects in, contract wordings and the possibility of default by its reinsurers. The Group monitors the financial strength of its Reinsurers. Allowance is made in the financial statements for non recoverability due to reinsurers default as required.

4.3 Held-to-maturity investments

The Group and the Company follow the guidance of International Accounting Standard (IAS) 39 - "Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity.

If the Group and the Company fail to keep these investments to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

4.4 Impairment of available-for-sale financial assets

The Group and the Company follow the guidance of IAS 39 on determining when a financial asset is other than temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

4.5 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.4(i).

The cash generating units of the Group are determined by the business operation and the geographical location/country of the business operations.

Notes to the **Financial statements**

Year ended December 31, 2019

4. Critical Accounting Estimates And Judgements In Applying Accounting Policies (Cont'd)

4. 6 Impairment of financial assets

At the end of each reporting period, management reviews and assesses the carrying amounts of the other assets and where relevant write them down to their recoverable amounts based on best estimates.

4.7 Pension obligations

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 pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligation.

The Group 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 Group and the Company consider 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 21.

The Group and the Company contribute to a defined benefit plan, the assets of which are held independently and administered by Swan Life Ltd.

4.8 Limitations of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

4.9 Fair value of security not quoted in an active market

The fair value of securities not quoted in an active market may be determined by the Group using valuation techniques including third party transactions values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Group would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Notes to the **Financial statements**

Year ended December 31, 2019

5. Property And Equipment

THE GROUP	Notes	Freehold land and buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST						
At January 1, 2018						
- As previously stated		**86,475**	**17,067**	**43,284**	**114,011**	**260,837**
- Effect of prior year adjustments	36(a)	312,160	14,757	91,194	42,846	460,957
- As restated		**398,635**	**31,824**	**134,478**	**156,857**	**721,794**
Effect on acquisition of subsidiary		56,095	6,344	2,605	3,033	68,077
Additions		-	6,071	2,643	38,728	47,442
Exchange differences		(8,061)	(912)	(1,484)	(433)	(10,890)
Disposals		-	(7,319)	(52)	-	(7,371)
Write off		-	-	(1,176)	-	(1,176)
At December 31, 2018 - restated		**446,669**	**36,008**	**137,014**	**198,185**	**817,876**
Additions		294	13,988	3,967	11,180	29,429
Exchange differences		(4,935)	(530)	(284)	(334)	(6,083)
Transfer to intangible assets	7	-	-	-	(1,231)	(1,231)
Disposals		-	(3,608)	-	-	(3,608)
Write off		-	-	-	(861)	(861)
At December 31, 2019		**442,028**	**45,858**	**140,697**	**206,939**	**835,522**
DEPRECIATION						
At January 1, 2018						
- As previously stated		**27,658**	**10,862**	**35,871**	**95,547**	**169,938**
- Effect of prior year adjustments	36(a)	69,206	10,614	69,591	36,042	185,453
- As restated		**96,864**	**21,476**	**105,462**	**131,589**	**355,391**
Effect on acquisition of subsidiary		(911)	6,271	2,605	2,737	10,702
Charge for the year		8,336	2,951	6,378	22,195	39,860
Exchange differences		65	(732)	(1,408)	(402)	(2,477)
Disposal adjustment		-	(6,550)	(47)	-	(6,597)
Write off		-	-	(800)	-	(800)
At December 31, 2018 - retstated		**104,354**	**23,416**	**112,190**	**156,119**	**396,079**
Charge for the year		8,683	3,769	6,396	18,639	37,487
Exchange differences		(64)	(370)	(244)	(261)	(939)
Transfer to intangible assets	7	-	-	-	(410)	(410)
Disposal adjustment		-	(2,706)	-	-	(2,706)
Write off		-	-	-	(53)	(53)
At December 31, 2019		**112,973**	**24,109**	**118,342**	**174,034**	**429,458**
NET BOOK VALUE						
At December 31, 2019		**329,055**	**21,749**	**22,355**	**32,905**	**406,064**
At December 31, 2018		**342,315**	**12,592**	**24,824**	**42,066**	**421,797**

Notes to the **Financial statements**

Year ended December 31, 2019

5. Property And Equipment (Cont'd)

THE COMPANY	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At December 31, 2017	86,475	17,067	37,854	113,349	254,745
Additions	-	1,650	83	21,370	23,103
Disposals	-	(4,524)	-	-	(4,524)
At December 31, 2018	**86,475**	**14,193**	**37,937**	**134,719**	**273,324**
Additions	-	-	277	5,029	5,306
Disposals	-	(1,993)	-	-	(1,993)
At December 31, 2019	**86,475**	**12,200**	**38,214**	**139,748**	**276,637**
DEPRECIATION					
At December 31, 2017	27,658	10,863	30,931	95,035	164,487
Charge for the year	1,729	1,308	1,583	12,710	17,330
Disposal adjustment	-	(3,611)	-	-	(3,611)
At December 31, 2018	**29,387**	**8,560**	**32,514**	**107,745**	**178,206**
Charge for the year	1,729	958	1,560	10,319	14,566
Disposal adjustment	-	(1,495)	-	-	(1,495)
At December 31, 2019	**31,116**	**8,023**	**34,074**	**118,064**	**191,277**
NET BOOK VALUE					
At December 31, 2019	**55,359**	**4,177**	**4,140**	**21,684**	**85,360**
At December 31, 2018	**57,088**	**5,633**	**5,423**	**26,974**	**95,118**

Notes to the **Financial statements**

Year ended December 31, 2019

5. A Right-Of-Use-Assets

	Note	THE GROUP Land and buildings	Plant machinery and motor vehicles	Total
		Rs'000	Rs'000	Rs'000
Effect of change in accounting policies	37	23,699	-	23,699
Additions		-	6,821	6,821
Amortisation		(4,963)	(289)	(5,252)
Exchange differences		(69)	-	(69)
At December 31, 2019		**18,667**	**6,532**	**25,199**

Lease Liabilities

	Note	Land and buildings	Plant machinery and motor vehicles	Total
		Rs'000	Rs'000	Rs'000
Effect of change in accounting policies	37	23,699	-	23,699
Additions		-	6,821	6,821
Interest expense		1,156	95	1,251
Lease payments		(5,775)	(358)	(6,133)
Exchange difference		150	209	359
At December 31, 2019		**19,230**	**6,767**	**25,997**
Current				6,286
Non current				19,711
				25,997

	Note	THE COMPANY Land and buildings	Plant machinery and motor vehicles	Total
		Rs'000	Rs'000	Rs'000
Effect of change in accounting policies	37	9,491	-	9,491
Additions		-	5,669	5,669
Amortisation		(1,690)	(190)	(1,880)
At December 31, 2019		**7,801**	**5,479**	**13,280**

Notes to the **Financial statements**

Year ended December 31, 2019

5. A Right-Of-Use-Assets (Cont'd)

Lease Liabilities

	Note	THE COMPANY Land and buildings	Plant machinery and motor vechicles	Total
		Rs'000	Rs'000	Rs'000
Effect of change in accounting policies	37	9,491	-	9,491
Additions		-	5,669	5,669
Interest expense		443	53	496
Lease payments		(1,945)	(218)	(2,163)
At December 31, 2019		**7,989**	**5,504**	**13,493**
Current				2,772
Non current				10,721
				13,493

(a) *Nature of leasing activities (in the capacity as lessee)*

The Group and the Company lease a number of properties in the jurisdictions from which they operate. In some jurisdictions, it is customary for lease contracts to provide for payments to increase each year by inflation or and in others to be reset periodically to market rental rates. In some jurisdictions, property leases the periodic rent is fixed over the lease term.

The Group and the Company also lease certain items of plant and equipment. In some contracts for services with distributors, those contracts contain a lease of vehicles. Leases of property, equipment and vehicles comprise only fixed payments over the lease terms.

(b) *Extension and termination options*

There are no extension and termination options included in property and equipment leases across the Group and the Company.

(c) *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 (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group and the Company are typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group and the Company are typically reasonably certain to extend (or not terminate).
- Otherwise, the Group and the Company consider other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

No extension options in offices and vehicles leases have been included in the lease liability, because the Group and the Company could replace the assets without significant cost or business disruption.

back to Contents

Notes to the **Financial statements**

Year ended December 31, 2019

5. A Right-Of-Use-Assets (Cont'd)

(d) Interest Expense

	THE GROUP	THE COMPANY
	2019	2019
	Rs'000	Rs'000
Interest expense (included in finance cost)	1,251	496

The total cash outflow for leases in 2019 was Rs. 6,133k for the Group and Rs. 2,163k for the Company.

6(a) Investment Properties

THE GROUP	Notes	Rs'000
COST		
At January 1, 2018		
- As previously stated		-
- Effect of prior year adjustments	36(a)	583,808
- As restated		583,808
Additions		9,493
At December 31, 2018		593,301
Additions		2,679
Disposals		(58,076)
At December 31, 2019		**537,904**
DEPRECIATION		
At January 1, 2018		
- As previously stated		-
- Effect of prior year adjustments	36(a)	104,333
- As restated		104,333
Charge for the year		10,072
At December 31, 2018		114,405
Charge for the year		9,015
Disposal adjustment		(18,707)
At December 31, 2019		**104,713**
NET BOOK VALUE		
At December 31, 2019		**433,191**
At December 31, 2018		478,896

Notes to the **Financial statements**

Year ended December 31, 2019

6(a) Investment Properties (Cont'd)

(i) The fair value of investment properties is estimated as follows:

	THE GROUP	
	2019	2018
		Restated
	Rs'000	Rs'000
At December 31,	1,454,050	1,565,400

The investment properties were revalued in January 2018 by Messrs Noor Dilmohamed & Associates, an independent professionally qualified valuer. The fair value was determined on an open market value basis by reference to market evidence of transaction prices for similar properties and the valuation is performed every 3 years. The directors have reassessed the fair values of the investment properties at December 31, 2019. On the basis of current economic and property environment and after consultation with the independent valuer, the directors are satisfied that the carrying value of the investment properties reflects their fair value at the reporting date.

(ii) The following have been recognised in the Statement of profit or loss and other comprehensive income.

	THE GROUP	
	2019	2018
		Restated
	Rs'000	Rs'000
Rental income	48,335	55,471
Direct operating expenses	43,883	41,415

6(b) Seized Properties

		THE GROUP	
		2019	2018
			Restated
	Note	Rs'000	Rs'000
At January 1,			
As previously stated		-	-
Effect of prior year adjustments	36(a)	55,338	51,867
As restated		55,338	51,867
Additions		698	3,471
Disposals		(547)	-
At December 31,		55,489	55,338

Seized properties are stated at acquisition cost and fair value subsequently.

Movement during the year for 2019 and 2018 relates to assets seized in the respective year and/or reclassified from loans and receivables.

Notes to the
Financial statements

Year ended December 31, 2019

7. Intangible Assets

THE GROUP

	Goodwill	Computer Software	VOBA	Customer List	Development & other costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST						
At January 1, 2018						
- As previously stated	50,552	22,923	-	-	14,990	88,465
- Effect of prior year adjustments (note 36 (a))	59,598	16,040	28,477	55,375	-	159,490
- As restated	**110,150**	**38,963**	**28,477**	**55,375**	**14,990**	**247,955**
Additions	38,756	27,777	-	-	-	66,533
Impairment loss (note 27(b))	(38,756)	-	-	-	-	(38,756)
At December 31, 2018	**110,150**	**66,740**	**28,477**	**55,375**	**14,990**	**275,732**
Addition through business combination (note 30)	3,841	-	-	-	-	3,841
Additions	-	26,357	-	-	-	26,357
Transfer from Property and Equipment	-	1,231	-	-	-	1,231
At December 31, 2019	**113,991**	**94,328**	**28,477**	**55,375**	**14,990**	**307,161**
AMORTISATION						
At January 1, 2018						
- As previously stated	35,790	19,331	-	-	14,990	70,111
- Effect of prior year adjustments (note 36 (a))	-	13,478	15,186	27,688	-	56,352
- As restated	**35,790**	**32,809**	**15,186**	**27,688**	**14,990**	**126,463**
Charge for the year	3,610	7,044	1,898	5,538	-	18,090
At December 31, 2018	**39,400**	**39,853**	**17,084**	**33,226**	**14,990**	**144,553**
Charge for the year	-	9,838	1,898	5,538	-	17,274
Transfer from Property and Equipment	-	410	-	-	-	410
At December 31, 2019	**39,400**	**50,101**	**18,982**	**38,764**	**14,990**	**162,237**
NET BOOK VALUES						
At December 31, 2019	**74,591**	**44,227**	**9,495**	**16,611**	**-**	**144,924**
At December 31, 2018	70,750	26,887	11,393	22,149	-	131,179

Notes to the
Financial statements

Year ended December 31, 2019

7. Intangible Assets (Cont'd)

THE COMPANY

	Other Intangibles	Computer Software	Development & other costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1, 2018	5,463	22,680	14,990	43,133
Additions	-	24,316	-	24,316
At December 31, 2018	**5,463**	**46,996**	**14,990**	**67,449**
Additions	-	25,468	-	25,468
At December 31, 2019	**5,463**	**72,464**	**14,990**	**92,917**
AMORTISATION				
At January 1, 2018	5,463	19,096	14,990	39,549
Charge for the year	-	4,083	-	4,083
At December 31, 2018	**5,463**	**23,179**	**14,990**	**43,632**
Charge for the year	-	7,538	-	7,538
At December 31, 2019	**5,463**	**30,717**	**14,990**	**51,170**
NET BOOK VALUES				
At December 31, 2019	**-**	**41,747**	**-**	**41,747**
At December 31, 2018	-	23,817	-	23,817

8. Investments in Subsidiary Companies

THE COMPANY	2019			2018
	Level 1	Level 3	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	**239,435**	**291,436**	**530,871**	536,371
Additions (note(ii))	-	28,750	28,750	17,534
Impairment losses (note(iii))	-	(2,534)	(2,534)	(23,034)
At December 31,	**239,435**	**317,652**	**557,087**	530,871

(i) Level 1: The market value of the subsidiary Company, Swan Life Ltd was based on the DEM bid price at December 31, 2019, amounting to Rs.2.5bn (2018: Rs.2.6bn).

(ii) This includes the acquisition of 25,000 additional ordinary shares in Swan Special Risks Company Limited for cash of Rs.25m while the other Rs.3.75m relates to the incorporation of Swan Wealth International Ltd on the 2nd of April 2019. This was still payable at year end.

(iii) During the year the Company impaired its investment in its subsidiary company, Swan Digital Ltd by Rs.2.5m.

Notes to the
Financial statements

Year ended December 31, 2019

8. Investments in Subsidiary Companies (Cont'd)

(b) The financial statements of the following subsidiaries have been included in the consolidated financial statements. The reporting date used for consolidation purposes is December 31, 2019 and December 31, 2018 except for Swan Actuarial Services Ltd (previously known as RCAS Actuarial Ltd) acquired by subsidiary company, Swan Life Ltd, during the year for a cash consideration of Rs. 8.5m.

Name	Class of shares held	Stated capital	Nominal value of investment		Proportion of ownership interest: Direct		Proportion of ownership interest: Indirect		Other Group Companies		Proportion of ownership held by non-controlling interests		Place of Business/ Country of incorporation	Main Business
		2019	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		
		Rs'000	Rs'000	Rs'000	%	% Restated	%	% Restated	%	% Restated	%	%		
· Swan Life Ltd	Ordinary	26,322	239,435	239,435	82.72	82.72	-	-	-	-	17.28	17.28	Mauritius	· Life insurance, pensions, actuarial and investment business
· Swan Corporate Affairs Ltd	Ordinary	1,000	500	500	50.00	50.00	-	-	41.36	41.36	8.64	8.64	Mauritius	· Provision of secretarial services to the Group
· Swan International Co Ltd	Ordinary	156	80	80	51.00	51.00	-	-	40.53	40.53	8.47	8.47	Mauritius	· Reinsurance Brokers and Consultants
· Swan Reinsurance PCC (c)	Core and Cellular	250,000	250,000	250,000	100.00	100.00	-	-	-	-	-	-	Mauritius	· Reinsurance of long term and short term business
· Société Brugassur S.A	Ordinary	346	-	-	100.00	100.00	-	-	-	-	-	-	Madagascar	· Insurance agency
· Dolberg Rental (Pty) Ltd	Ordinary	18,319	9,441	9,441	100.00	100.00	-	-	-	-	-	-	South Africa	· Leasing of office and other related equipments
· Swan Financial Solutions Ltd (d)	Ordinary	586,876	-	-	-	-	-	-	66.18	66.18	33.82	33.82	Mauritius	· Investment Company
· Manufacturers' Distributing Station Limited (d)	Ordinary	961	-	-	-	-	-	-	82.55	82.55	17.45	17.45	Mauritius	· Investment Company
· Swan Pensions Ltd (d)	Ordinary	4,100	-	-	-	-	-	-	82.72	82.72	17.28	17.28	Mauritius	· Pension fund administration
· Swan Wealth Managers Ltd (d)	Ordinary	1,000	-	-	-	-	-	-	66.18	66.18	33.82	33.82	Mauritius	· Fund management and investment
· Swan Securities Ltd (d)	Ordinary	1,000	-	-	-	-	-	-	66.18	66.18	33.82	33.82	Mauritius	· Stockbroking
· Swan Corporate Advisors Ltd (d)	Ordinary	1,000	-	-	-	-	-	-	66.18	66.18	33.82	33.82	Mauritius	· Advisory
· Société de La Croix (d)	Parts	2,500	-	-	-	-	-	-	82.55	82.55	17.45	17.45	Mauritius	· Investment entity
· Société de La Montagne (d)	Parts	45,654	-	-	-	-	-	-	82.55	82.55	17.45	17.45	Mauritius	· Investment entity
· Société de La Rivière (d)	Parts	2,500	-	-	-	-	-	-	82.55	82.55	17.45	17.45	Mauritius	· Investment entity
· Swan Pensions Rwanda(SPR) Ltd (d)	Ordinary	2,485	-	-	-	-	-	-	49.63	49.63	50.37	50.37	Mauritius	· Pension and fund administration
· Swan Foundation	Ordinary Limited by guarantee	1	-	-	50.00	50.00	-	-	50.00	50.00	-	-	Mauritius	· Management of Swan Group CSR fund (not consolidated)
· Swan Special Risks Company Limited	Ordinary	50,000	50,000	25,000	100.00	100.00	-	-	-	-	-	-	Mauritius	· Underwriter of short term and fronting business
· Aprica Investments Co Ltd	Ordinary	30	-	-	100.00	100.00	-	-	-	-	-	-	Mauritius	· Investment entity
· Swan Wealth Structured Products Ltd (h)	Ordinary	1	1	1	100.00	100.00	-	-	-	-	-	-	Mauritius	· Provider of structured solutions
· Swan Digital Ltd	Ordinary	100	-	2,534	60.00	60.00	-	-	-	-	40.00	40.00	Mauritius	· Software developer
· Swan Comoros SA	Ordinary	3,879	3,879	3,879	100.00	100.00	-	-	-	-	-	-	Comoros	· Underwriter of short term and fronting business
· Swan Smart Achiever Notes Ltd (h)	Ordinary	1	1	1	100.00	100.00	-	-	-	-	-	-	Mauritius	· Provider of structured solutions
· Swan General Insurance Company Zambia Limited (g)	Ordinary	37,073	-	-	47.96	47.96	49.51	49.51	-	-	2.53	2.53	Zambia	· Underwriter of short term business
· Swan Wealth International Ltd (f)	Ordinary	7,500	3,750	-	50.00	-	-	-	41.36	-	8.64	-	Mauritius	· Investment Company
· Swan Actuarial Services Ltd (d) & Note 30	Ordinary	1,126	-	-	-	-	-	-	82.72	-	17.28	-	Mauritius	· Actuarial services
			557,087	530,871										

Notes to the Financial statements

Year ended December 31, 2019

8. Investments in Subsidiary Companies (Cont'd)

(c) The company consolidates the activities of the Core cell only.

(d) These Sociétés are consolidated in the financial statements of Swan Life Ltd, by holding 99.80% of the three Sociétés through Manufacturers' Distributing Station Limited.

(e) The financial year end is 31st December for all companies.

(f) The company was incorporated during the year.

(g) The company has changed its name from Diamond General Insurance Limited to Swan General Insurance Company Zambia Limited.

(h) Interest in structured entities not consolidated

(I) Swan Wealth Structured Products Ltd

Swan Wealth Structured Products Ltd's (SWSPL) principal aim is to provide comprehensive structured financial solutions. Last year, the company launched the Smart Dynamic Notes through the issue of debentures which will be matched to its assets.

Held to Maturity investments consist of various fixed deposits with reputable bank and financial institutions. The respective terms and conditions of the investments have been disclosed to the noteholders who bear all the benefits and risks associated with the products. The financial liabilities of the notes issued by the company consist of two distinct obligations, the capital guarantee and the minimum guaranteed return. The financial liabilities have been measured at amortised cost using the effective interest rate methods.

	2019	2018
The financial position of SWSPL is as follows:	Rs'000	Rs'000
Financial assets at fair value through profit or loss	11,080	-
Financial assets at amortised cost	220,966	210,399
Other assets	218	478
Total assets	232,264	210,877
Other financial liabilities	233,211	210,333
Other liabilities	248	297
Equity	(1,195)	247
	232,264	210,877

Notes to the
Financial statements

Year ended December 31, 2019

8. Investments in Subsidiary Companies (Cont'd)

(h) Interest in structured entities not consolidated (Cont'd)

(II) Swan Smart Achiever Notes Ltd

Swan Smart Achiever Notes Ltd (SSANL) is a special purpose vehicle (SVP) with the principal aim of issuing and launching Smart Achiever Notes through the issue of debentures.

The proceeds being invested in Warrants from JP. Morgan Structured Products, 364 Days Treasury Bills, 10 Year Government Bonds and rights & benefits attributable to 20 Year Government Bonds from Swan Life Ltd and Swan General Ltd. Investors in Smart Achiever Notes will recover (i) at the first anniversary, an income of 6.0%, (ii) at the third anniversary, an income of 4.0% only if held until respective payments are made, and (iii) at maturity, 100% of their initial investment if held until maturity only. The investors benefit from the participation in the positive performance of Reference instruments from JP Morgan Structured Products (Namely: Yield Enhancer Mutual Fund Basket and STOXX Emerging Markets Select 100 Index) and as such do not participate in any negative performance in the Reference Instruments which is the case for this Financial Year where both reference instruments underperformed.

	2019	2018
The financial position of SSANL is as follows:	Rs'000	Rs'000
Financial assets at fair value through other comprehensive income	224,949	219,946
Financial assets at amortised cost	-	9,254
Trade and other receivables	3,377	-
Cash and cash equivalents	8,872	12,296
Total assets	237,198	241,496
Other financial liabilities	226,881	231,976
Other liabilities	8,778	8,807
Equity	1,539	713
	237,198	241,496

(i) Details for subsidiaries are as follows:

Name of subsidiary	Profit/(loss) allocated to non-controlling interests during the year Rs'000	Accumulated non-controlling interests at December 31, Rs'000
2019		
· Swan Life Ltd (Group)	94,540	409,331
· Swan Corporate Affairs Ltd	75	611
· Swan International Co Ltd (Group)	753	2,956
· Swan Digital Ltd	(189)	(148)
· Swan General Insurance Company Zambia Limited	(166)	2,305
· Swan Wealth International Ltd	(48)	600
	94,965	415,655
2018 (Restated)		
· Swan Life Ltd (Group)	100,865	358,985
· Swan Corporate Affairs Ltd	76	536
· Swan International Co Ltd (Group)	288	3,388
· Swan Digital Ltd	(115)	48
· Swan General Insurance Company Zambia Limited	167	655
	101,281	363,612

Notes to the
Financial statements

Year ended December 31, 2019

8. Investments in Subsidiary Companies - At Cost (Cont'd)

(j) Summarised financial information of subsidiaries

(a) The summarised statement of financial position and statement of profit or loss and other comprehensive income for the subsidiaries are shown below:

Name	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Gross Premium/ Revenue	Profit/ (loss) after tax	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non-controlling interests
2019	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Swan Life Ltd (Group)	**6,413,044**	**41,489,490**	**759,526**	**45,711,007**	**4,821,113**	**419,512**	**(3,700)**	**415,812**	**44,320**
Swan International Co Ltd	**11,924**	**102,124**	**2,733**	**46,361**	**12,166**	**8,893**	**-**	**8,893**	**210**
Swan Corporate Affairs Ltd	**9,375**	**1,944**	**4,241**	**-**	**4,447**	**866**	**-**	**866**	**-**
Swan Reinsurance PCC	**54,271**	**246,271**	**7,488**	**145**	**14,423**	**5,129**	**15,102**	**20,231**	**-**
Brugassur (Madagascar) SA	**2,517**	**739**	**5,704**	**-**	**-**	**(8)**	**-**	**(8)**	**-**
Dolberg Rental Pty Ltd	**26,968**	**13,036**	**28,015**	**11,207**	**-**	**(2,048)**	**-**	**(2,048)**	**-**
Aprica Investments Co Ltd	**39,654**	**-**	**56,961**	**-**	**-**	**(1,854)**	**-**	**(1,854)**	**-**
Swan Special Risks Company Limited	**199,253**	**19,055**	**68,091**	**76,022**	**143,967**	**6,711**	**1,698**	**8,409**	**-**
Swan Digital Ltd	**1,242**	**-**	**920**	**675**	**2,946**	**(472)**	**-**	**(472)**	**-**
Swan Comoros SA	**8,429**	**-**	**3,281**	**952**	**7,074**	**(429)**	**-**	**(429)**	**-**
Swan General Insurance Company Zambia Limited	**61,009**	**66,042**	**16,456**	**93,417**	**107,287**	**(6,557)**	**(466)**	**(7,023)**	**-**
Swan Wealth International Limited	**7,500**	**-**	**554**	**-**	**-**	**(554)**	**-**	**(554)**	**-**
2018 (Restated)									
Swan Life Ltd (Group)	5,149,590	38,138,708	468,170	41,630,283	4,394,991	464,641	(1,291)	463,350	38,321
Swan International Co Ltd	15,337	100,823	2,211	46,402	2,465	3,400	-	3,400	2,023
Swan Corporate Affairs Ltd	8,381	2,000	4,169	-	4,206	884	-	884	-
Swan Reinsurance PCC	28,896	229,606	1,720	-	5,761	6,374	(17,517)	(11,143)	-
Brugassur (Madagascar) SA	2,918	739	6,098	-	41	(279)	-	(279)	-
Dolberg Rental Pty Ltd	27,799	11,282	14,864	24,752	17,567	(2,081)	-	(2,081)	-
Aprica Investments Co Ltd	37,495	53,717	53,201	52,814	40,906	11,065	-	11,065	-
Swan Special Risks Company Limited	158,024	22,960	69,925	-	143,179	6,660	(1,230)	5,430	-
Swan Digital Ltd	968	590	239	1,200	2,259	(288)	-	(288)	-
Swan Comoros SA	16,998	-	12,246	-	5,349	225	-	225	-
Swan General Insurance Company Zambia Limited	42,258	86,228	25,556	8,341	105,580	1,209	-	1,209	-

Notes to the Financial statements

Year ended December 31, 2019

8. Investments in Subsidiary Companies - At Cost (Cont'd)

(j) Summarised financial information on subsidiaries (Cont'd)

(b) Summarised Cash flow information

Name	Operating activities	Investing activities	Financing activities	Net increase/ (decrease) in cash and cash equivalents
2019	Rs'000	Rs'000	Rs'000	Rs'000
Swan Life Ltd (Group)	2,082,379	(1,626,172)	(4,152)	452,055
Swan International Co Ltd	2,071	(1,463)	(2,476)	(1,868)
Swan Corporate Affairs Ltd	485	-	-	485
Swan Reinsurance PCC	66	9,027	-	9,093
Brugassur (Madagascar) SA	-	-	-	-
Dolberg Rental Pty Ltd	1,522	-	-	1,522
Aprica Investments Co Ltd	28,938	-	-	28,938
Swan Special Risks Company Limited	(30,610)	314	25,000	(5,296)
Swan Digital Ltd	282	(193)	-	89
Swan Comoros SA	(5,344)	-	-	(5,344)
Swan General Insurance Company Zambia Limited	(8,768)	1,095	6,940	(733)
Swan Wealth International Limited	-	-	-	-
2018 (Restated)				
Swan Life Ltd (Group)	2,108,899	(1,966,742)	(267,182)	(125,025)
Swan International Co Ltd	1,990	(42,524)	42,828	2,294
Swan Corporate Affairs Ltd	3,557	(2,000)	-	1,557
Swan Reinsurance PCC	(2,068)	7,676	-	5,608
Brugassur (Madagascar) SA	(255)	-	-	(255)
Dolberg Rental Pty Ltd	14,552	-	-	14,552
Aprica Investments Co Ltd	(11)	(10,320)	10,320	(11)
Swan Special Risks Company Limited	48,748	508	-	49,256
Swan Digital Ltd	(485)	(545)	1,200	170
Swan Comoros SA	3,876	-	-	3,876
Swan General Insurance Company Zambia Limited	(46,210)	325	48,986	3,101

The summarised financial information above is the amount before intra-group eliminations.

Notes to the Financial statements

Year ended December 31, 2019

9. Investments in Associated Companies

(a) Group's share of net assets in associated companies

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At January 1,	151,358	59,190
Additions	1,463	76,150
Share of results of associated companies	26,488	21,521
Dividends	(2,618)	(6,858)
Other movements	(15,805)	1,355
At December 31,	160,886	151,358

	THE COMPANY	
	2019	2018
	Rs'000	Rs'000
At January 1,	34,009	-
Additions	-	34,009
At December 31,	34,009	34,009

(b) Details of each of the associates at the end of the reporting period are as follows:

Name	Year end	Principal place of business/ country of incorporation	Proportion of ownership interest and voting rights (direct)	Proportion of ownership interest and voting rights (indirect)	Nature of business
2019			%	%	
SACOS Group Limited	Dec-31	Seychelles	0.05	26.67	Insurance activities
BK General Insurance Company Limited	Dec-31	Rwanda	30.00	-	Insurance activities
2018					
SACOS Group Limited	Dec-31	Seychelles	0.05	26.36	Insurance activities
BK General Insurance Company Limited	Dec-31	Rwanda	30.00	-	Insurance activities

Notes to the **Financial statements**

Year ended December 31, 2019

9. Investments in Associated Companies (Cont'd)

(i) The above associates are accounted for using the equity method.
(ii) SACOS Group Limited is held by the Group through its subsidiary, Swan International Co Ltd (SIL). The Directors of SIL consider that they exercise significant influence in SACOS Group Limited and thus is accounted for as an investment in associated company.
(iii) The carrying values of SACOS Group Limited at December 31, 2019, reflect the share of net assets at December 31, 2019. SACOS Group Limited is a public company listed on the Seychelles Stock Exchange. The market price at December 31, 2019, is Rs.297 (2018: Rs.279) and the market value of the associate is Rs.159m (2018: Rs.148m).

(c) Summarised financial information in respect of each of the associates is set out below:

Name	Current assets	Non-current assets	Technical provision	Current liabilities	Non-current liabilities	Revenue	Profit after tax	Dividend received during the year
2019	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
SACOS Group Limited	696,505	1,442,491	1,626,441	114,682	14,449	674,447	58,183	2,618
BK General Insurance Company Limited	362,166	90,589	189,779	68,193	-	267,753	47,592	-
2018								
SACOS Group Limited	425,481	1,674,306	1,560,642	214,488	13,381	584,007	24,390	6,858
BK General Insurance Company Limited	143,941	218,501	160,225	33,322	1,258	255,794	37,139	-

(d) Reconciliation of summarised financial information

Name	At January 1,	Additions	Profit for the year	Other compre-hensive income for the year	Divi-dend	Closing net assets	Owner-ship interest	Interest in associ-ates	Excess net assets acquired	Carrying value
2019	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	%	Rs'000	Rs'000	Rs'000
SACOS Group Limited	310,207	-	58,183	25,103	(10,069)	383,424	26.72	102,451	-	102,451
BK General Insurance Company Limited	167,635	-	47,592	(20,444)	-	194,783	30.00	58,435	-	58,435
2018										
SACOS Group Limited	317,543	-	24,390	-	(31,906)	310,207	26.41	81,878	19,189	101,067
BK General Insurance Company Limited	-	130,496	37,139	-	-	167,635	30.00	50,291	-	50,291

Notes to the **Financial statements**

Year ended December 31, 2019

10. Investments in Joint Venture

(a) Group's share of net assets in joint venture

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At January 1,	2,395	2,052
Share of results	512	343
At December 31,	2,907	2,395

(b) The Company

	THE COMPANY	
	2019	2018
	Rs'000	Rs'000
At January 1 and December 31	500	500

(c) Details of the joint venture at the end of the reporting period are as follows:

Name of joint venture	Country of incorporation and place of business	Proportion of interest and voting rights held	Principal Activity
Processure Compagnie Limitée	Mauritius	50.00	Insurance Back Office

Processure Compagnie Limitée is a jointly controlled entity by Swan General Ltd and Tessi S.A, a company incorporated in France.

(d) Summarised Financial information

Summarised financial information in respect of the Group's joint venture is set out below. The summarised information below represents the amount as shown in the joint venture's financial statements prepared in accordance with IFRS, adjusted for equity accounting purposes such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies.

Summarised financial information in respect of the joint venture is set out below:

Name	Current assets	Current liabilities	Profit after tax	Other Comprehensive income	Total comprehensive income for the year
2019	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Processure Compagnie Limitée	8,816	3,002	1,024	-	1,024
2018					
Processure Compagnie Limitée	7,679	2,889	685	-	685

(e) Reconciliation of summarised financial information

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the financial statements is shown below:

Name	Opening net assets	Profit for the year	Closing net assets	Unrecognised losses	Carrying value
2019	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Processure Compagnie Limitée	4,789	1,024	5,813	-	2,907
2018					
Processure Compagnie Limitée	4,104	685	4,789	-	2,395

Notes to the **Financial statements**

Year ended December 31, 2019

11. Investments in Financial Assets

(a) Local Securities

	THE GROUP				THE COMPANY			
	2019			2018	2019			2018
	Held-to-maturity	Available-for-sale	Total	Total	Held-to-maturity	Available-for-sale	Total	Total
At January 1,	Rs'000	Rs'000	Rs'000	Restated Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- As previously stated	**286,533**	**793,425**	**1,079,958**	1,088,296	**250,615**	**676,605**	**927,220**	941,753
- Effect of prior year adjustments (note 36(a))	**12,808,126**	**13,291,050**	**26,099,176**	23,310,920	-	-	-	-
- As restated	**13,094,659**	**14,084,475**	**27,179,134**	24,399,216	**250,615**	**676,605**	**927,220**	941,753
Additions	3,360,267	1,021,637	4,381,904	5,332,450	22,000	33,046	55,046	34,142
Reclassification from loans and receivables	-	-	-	100,000	-	-	-	-
(Decrease)/increase in fair value	-	(506,116)	(506,116)	101,165	-	(42,112)	(42,112)	(3,229)
Disposals	(20,000)	(798,602)	(818,602)	(342,579)	(20,000)	(33,593)	(53,593)	(23,639)
Maturity	(1,962,576)	-	(1,962,576)	(2,470,808)	(5,973)	-	(5,973)	(15,758)
Impairment loss (note 27(b))	-	-	-	(45,140)	-	-	-	(6,774)
Movement in accrued interest	83,554	-	83,554	90,683	338	-	338	725
Exchange differences	10,414	(20,966)	(10,552)	14,147	-	-	-	-
At December 31,	**14,566,318**	**13,780,428**	**28,346,746**	27,179,134	**246,980**	**633,946**	**880,926**	927,220

(b) Foreign Securities

At January 1,								
- As previously stated	**5,043**	**675,270**	**680,313**	804,496	-	**580,834**	**580,834**	705,451
- Effect of prior year adjustments (note 36(a))	-	**8,486,401**	**8,486,401**	9,439,761	-	-	-	-
- As restated	**5,043**	**9,161,671**	**9,166,714**	10,244,257	-	**580,834**	**580,834**	705,451
Effect of acquisition of subsidiary	-	-	-	15,176	-	-	-	-
Additions	807	1,470,326	1,471,133	1,578,774	-	353,697	353,697	162,227
Increase/(decrease) in fair value	-	2,891,143	2,891,143	(807,703)	-	208,114	208,114	(37,393)
Disposals	-	(1,127,814)	(1,127,814)	(1,865,131)	-	(309,082)	(309,082)	(249,451)
Exchange differences	(518)	30,930	30,412	1,341	-	-	-	-
At December 31,	**5,332**	**12,426,256**	**12,431,588**	9,166,714	-	**833,563**	**833,563**	580,834
Total	**14,571,650**	**26,206,684**	**40,778,334**	36,345,848	**246,980**	**1,467,509**	**1,714,489**	1,508,054

Notes to the **Financial statements**

Year ended December 31, 2019

11. Investments in Financial Assets (Cont'd)

Analysed as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Rs'000
Non-current	**38,331,944**	35,038,410	**1,684,808**	1,502,012
Current	**2,446,390**	1,307,438	**29,681**	6,042
	40,778,334	36,345,848	**1,714,489**	1,508,054
Cumulative accrued interests	**528,506**	444,952	**6,475**	6,137

	THE GROUP				THE COMPANY			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2019								
Available-for-sale	**25,014,398**	**92,744**	**1,099,542**	**26,206,684**	**1,368,854**	**19,975**	**78,680**	**1,467,509**
At December 31, 2018								
Available-for-sale	22,016,180	78,179	1,151,787	23,246,146	1,164,556	3,221	89,662	1,257,439

(c) Held-to-maturity investments comprise of Mauritius Government Securities, Listed and Unquoted Debenture Stocks, Notes, Treasury Bills, Corporate Bonds and Deposits with interest rates varying from 2.56% to 12.75% (2018: 3.27% to 12.75%).
(d) Available-for-sale financial assets comprise of listed, quoted and unquoted financial assets.
(e) None of the financial assets are past due.
(f) Currency analysis of financial assets is disclosed in note 3.2.1.(i).
(g) The maturity of financial assets is disclosed in note 3.2.3.
(h) The table below shows the changes in level 3 instruments for the year ended December 31, 2019:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
At January 1,	Rs'000	Restated Rs'000	Rs'000	Restated Rs'000
As previously stated	**75,458**	62,576	**89,662**	76,941
Effect of prior year adjustments	**1,076,329**	865,514	-	-
As restated	**1,151,787**	928,090	**89,662**	76,941
Additions	76,582	139,649	-	308
Disposals	(12,924)	(70,134)	-	-
(Decrease)/increase in fair value	(115,903)	154,182	(10,982)	12,413
At December 31,	**1,099,542**	1,151,787	**78,680**	89,662

Notes to the **Financial statements**

Year ended December 31, 2019

12. Loans and Receivables

	Notes	THE GROUP		THE COMPANY	
		2019	2018	2019	2018
		Rs'000	Restated Rs'000	Rs'000	Rs'000
At January 1,					
- As previously stated		115,586	130,742	115,586	130,742
- Effect of prior year adjustments	36(a)	4,497,395	4,830,769	-	-
- As restated		4,612,981	4,961,511	115,586	130,742
Loans granted		976,055	292,755	350	172
Loans recovered		(1,033,070)	(623,928)	(14,123)	(15,328)
Increase/(decrease) in accrued interest		5,110	(388)	-	-
Increase in provision for impairment	27(b))	(6,591)	(15,370)	-	-
Exchange difference		-	(1,599)	-	-
		4,554,485	4,612,981	101,813	115,586
Finance lease receivables (a)		16,250	16,250	-	-
Finance lease receivables accounted for as operating leases		(16,250)	-	-	-
At December 31,		4,554,485	4,629,231	101,813	115,586

Analysed as follows:

	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Non-Current	4,338,413	4,080,404	99,233	112,205
Current	216,072	548,827	2,580	3,381
	4,554,485	4,629,231	101,813	115,586

(a) Finance lease receivables relate to finance leases granted by Dolberg Rental (Pty) Ltd.

Dolberg Rental (Pty) Ltd leases office equipment to customers. During the previous financial year, it viewed and accounted for the leasing of office and related equipment in terms of a finance lease. This was changed in the 2019 financial year as the terms of the leases were reviewed. All lease agreements were seen as operating leases.

	2019	2018
Gross investment in finance leases:	Rs'000	Rs'000
Not later than 1 year	-	17,689
Later than 1 year and not later than 5 years	-	1,973
	-	19,662
Unearned future finance income on finance leases	-	(3,412)
Net investment in finance leases	-	16,250
The net investment in finance leases may be analysed as follows:		
Not later than 1 year	-	14,300
Later than 1 year and not later than 5 years	-	1,950
	-	16,250

Notes to the **Financial statements**

Year ended December 31, 2019

12. Loans and Receivables (Cont'd)

(b) The rates of interest on the above loans varied between 4.25% and 14.0% for 2019 (2018: 5.0% and 14.0%).

(c) There is no concentration of credit risk with respect to loans and receivables since exposures are widely dispersed.

(d) At December 31, 2019, and 2018, the loans and receivables are fully secured.

(e) Currency analysis of loans and receivables is disclosed in note 3.2.1.(i).

(f) The ageing of loans and receivables is disclosed in note 3.2.2.

(g) The maturity of loans and receivables is disclosed in note 3.2.3.

(h) The carrying value of loans and receivables approximate their amortised cost.

13. Non-current Receivables

	Note	THE GROUP		THE COMPANY	
		2019	2018	2019	2018
		Rs'000	Rs'000	Rs'000	Rs'000
Loans to group companies (i)		-	-	100,396	100,396
Loans to other related party (ii)		5,444	-	-	-
Impairment losses		-	-	(52,835)	(21,222)
		5,444	-	47,561	79,174
Less current portion :					
Loans to group companies	15	-	-	(525)	-
		5,444	-	47,036	79,174

(i) The interest rates on loans to group companies ranges from interest free to 2% (2018: interest free to 2%).
Included in loan to group companies is an amount granted for investment in Swan General Insurance Company Zambia Limited (formerly known as Diamond General Insurance Limited), a company incorporated in Zambia. The acquisition was concluded in February 2018. The initial loan granted amount to Rs. 52.8m which has been fully impaired during the years ended 2018 and 2019.

(ii) Loan to other related parties bears interest rate of 5.60% (2018: nil) and is repayable over six years.

Notes to the
Financial statements

Year ended December 31, 2019

14. Deferred Tax Assets

(a) Deferred taxes are calculated on all temporary differences under the liability method at 17% (2018: 17%). The movement on deferred tax account is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Restated Rs'000
At January 1,				
- As previously stated	**52,653**	25,722	**33,310**	33,474
- Effect of prior year adjustments (Note 36(a), (c))	**9,231**	7,908	**8,409**	7,213
- As restated	**61,884**	33,630	**41,719**	40,687
Effect of acquisition of subsidiary	-	27,727	-	-
Credited/(charged) to profit or loss (note 23)	4,086	(2,838)	3,231	(4,092)
Other comprehensive income (note 18)	(1,885)	682	(1,803)	662
Effect of change in deferred tax rate from 15% to 17% (note 23)	-	4,462	-	4,462
Exchange differences	**(6,803)**	(1,779)	-	-
At December 31,	**57,282**	61,884	**43,147**	41,719

(b) Deferred tax assets and liabilities are offset when the income taxes relate to the same fiscal authority on the same entity.

The following amounts are shown in the statements of financial position:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Rs'000
Deferred tax assets	**64,074**	66,992	**45,405**	41,719
Deferred tax liabilities	**(6,792)**	(5,108)	**(2,258)**	-

Notes to the
Financial statements

Year ended December 31, 2019

14. Deferred Tax Assets (Cont'd)

(c) Deferred tax assets and liabilities credited to the statement of profit or loss and other comprehensive income are attributable to the following:

	THE GROUP									
	At January 1, 2019 Previously Stated	Effect of prior year adjustments	As restated	Effect of adopting IFRS 16	Credited to profit or loss	Credited to other comprehensive income	Exchange differences	At December 31, 2019	Deferred tax assets	Deferred tax liabilities
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets										
Retirement benefit obligations	31,025	9,159	40,184	-	6,191	(1,885)	-	**44,490**	**44,490**	-
Assessed losses and provisions	5,019	-	5,019	-	(1,067)	-	(673)	**3,279**	**3,279**	-
Accumulated tax losses	24,451	-	24,451	-	(4,173)	-	(6,521)	**13,757**	**13,757**	-
Lease Liability	-	-	-	2,577	(431)	-	-	**2,146**	**2,146**	-
	60,495	9,159	69,654	2,577	520	(1,885)	(7,194)	**63,672**	**63,672**	-
Deferred tax liabilities										
Rights-of-use asset	-	-	-	(2,577)	468	-	-	**(2,109)**	-	**(2,109)**
Accelerated tax depreciation	2,285	72	2,357	-	(3,668)	-	(69)	**(1,380)**	**402**	**(1,782)**
Finance lease receivables	(4,788)	-	(4,788)	-	6,069	-	(1,281)	-	-	-
Intangible assets	(5,339)	-	(5,339)	-	697	-	1,741	**(2,901)**	-	**(2,901)**
	(7,842)	72	(7,770)	(2,577)	3,566	-	391	**(6,390)**	**402**	**(6,792)**
Deferred tax assets/ (liabilities)									**64,074**	**(6,792)**

Notes to the **Financial statements**

Year ended December 31, 2019

14. Deferred Tax Assets (Cont'd)

(c) Deferred tax assets and liabilities credited to the statement of profit or loss and other comprehensive income are attributable to the following:

	THE COMPANY						
	At January 1, 2019 Previously Stated	Effect of prior year adjustments	As restated	Effect of adopting IFRS 16	Credited to profit or loss	Credited to other comprehensive income	At December 31, 2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets							
Retirement benefit obligations	31,025	8,409	39,434	-	4,735	(1,803)	42,366
Accelerated tax depreciation	2,285	-	2,285	-	(1,540)	-	745
Lease Liability	-	-	-	2,577	(283)	-	2,294
	33,310	8,409	41,719	2,577	2,912	(1,803)	45,405
Deferred tax liability							
Rights of Use Asset	-	-	-	(2,577)	319	-	(2,258)

Notes to the **Financial statements**

Year ended December 31, 2019

15. Trade and Other Receivables

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Rs'000
Insurance receivables				
Due from contract holders	736,090	609,414	615,142	522,454
Due from brokers and agents	612,531	553,426	612,531	553,426
Due from schemes	416,703	477,848	-	-
	1,765,324	1,640,688	1,227,673	1,075,880
Receivable written off (b)	(2,965)	(8,486)	(2,965)	(8,486)
	1,762,359	1,632,202	1,224,708	1,067,394
Less provision for impairment (b)	(45,518)	(34,327)	(43,787)	(34,327)
	1,716,841	1,597,875	1,180,921	1,033,067
Due from reinsurers/reinsurance assets				
- Share of outstanding claims (Note 24/32(a))	240,691	454,869	214,111	435,378
- Share of unearned premiums (Note 24/32(b))	609,944	571,553	554,007	519,241
- Incurred but not reported (Note 24/32(a))	44,517	39,620	33,234	28,338
- Commission and other receivables	165,663	158,471	165,663	158,471
- Provision for impairment of reinsurance assets	(27,763)	(26,172)	(27,763)	(26,172)
Other receivables				
Receivable from related parties	-	-	27,114	46,549
Prepayments	71,737	71,392	18,140	14,985
Other receivables	470,741	382,472	345,397	140,116
	3,292,371	3,250,080	2,510,824	2,349,973
Add current portion of:				
- Loans to group companies (note 13)	-	-	525	-
	3,292,371	3,250,080	2,511,349	2,349,973

(a) The ageing of trade and other receivables is disclosed in note 3.2.2.

(b) Movements on the provision for impairment on insurance receivables are as follows :

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	34,327	31,676	34,327	31,676
Charge for the year	14,156	11,137	12,425	11,137
Written off	(2,965)	(8,486)	(2,965)	(8,486)
At December 31,	45,518	34,327	43,787	34,327

The other classes within trade and other receivables (excluding reinsurance assets) do not include impaired assets.

(c) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

(d) The Group does not hold any collateral as security for trade and other receivables.

(e) The carrying amounts of trade and other receivables approximate their fair values.

Notes to the **Financial statements**

Year ended December 31, 2019

16. Life Assurance Fund

	2019				
THE GROUP	Surplus	Fair value reserve	Other reserves	Actuarial gains/ (losses)	Total
At January 1,	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- As previously stated	32,804,341	7,964,319	(8,114)	(116,512)	40,644,034
- Effect of prior year adjustments (note 36 (b))	439,736	1,939	8,114	4,485	454,274
- As restated	33,244,077	7,966,258	-	(112,027)	41,098,308
Surplus on Life Assurance Fund for the year (page 75)	2,281,536	-	-	-	2,281,536
Change in value of available-for-sale financial assets (Note 18)	-	2,200,038	-	-	2,200,038
Release from fair value reserve (Note 18)	-	(411,860)	-	-	(411,860)
Remeasurements of defined benefit obligations (Note 18)	-	-	-	3,849	3,849
Transfer from retirement benefit obligations (Note 21)	27,933	-	-	-	27,933
At December 31,	35,553,546	9,754,436	-	(108,178)	45,199,804

	2018				
THE GROUP	Surplus	Fair value reserve	Other reserves	Actuarial gains/ (losses)	Total
At January 1,	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- As previously stated	31,059,796	8,955,033	(9,883)	(123,368)	39,881,578
- Effect of prior year adjustments (note 36 (b))	86,362	(412)	9,883	4,388	100,221
- As restated	31,146,158	8,954,621	-	(118,980)	39,981,799
Surplus on Life Assurance Fund for the year (page 75)	2,097,919	-	-	-	2,097,919
Change in value of available-for-sale financial assets (Note 18)	-	(644,658)	-	-	(644,658)
Release from fair value reserve (Note 18)	-	(343,705)	-	-	(343,705)
Remeasurements of defined benefit obligations (Note 18)	-	-	-	6,953	6,953
At December 31,	33,244,077	7,966,258	-	(112,027)	41,098,308

Notes to the **Financial statements**

Year ended December 31, 2019

17. Share Capital

	THE GROUP AND THE COMPANY	
	2019	2018
	Rs'000	Rs'000
At January 1 and December 31	41,379	41,379

The total authorised number of ordinary shares is 9,600,000 (2018: 9,600,000 shares) with a par value of Rs.5 per share (2018: Rs.5 per share). The number of shares issued is 8,275,769 (2018: 8,275,769 shares) which are fully paid.

18. Other Comprehensive Income

THE GROUP	Fair value reserve	Other reserves	Non - controlling interests	Actuarial gains/ (losses)	Total
2019	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- Change in value of available-for-sale financial assets	2,384,738	-	289	-	2,385,027
- Release on disposal of available-for-sale financial assets	(488,095)	-	-	-	(488,095)
- Movement for the year	-	2,025	(17)	14,077	16,085
- Deferred tax impact (note 14)	-	-	-	(1,885)	(1,885)
- Transfer to life assurance fund (note 16)	(1,788,178)	-	-	(3,849)	(1,792,027)
	108,465	2,025	272	8,343	119,105

	Fair value reserve	Other reserves	Non - controlling interests	Actuarial gains/ (losses)	Total
2018	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- Change in value of available-for-sale financial assets	(706,030)	-	(508)	-	(706,538)
- Release on disposal of available-for-sale financial assets	(440,154)	-	-	-	(440,154)
- Movement for the year	-	7,323	324	2,915	10,562
- Deferred tax impact (note 14)	-	-	-	682	682
- Transfer to life assurance fund (note 16)	988,363	-	-	(6,953)	981,410
	(157,821)	7,323	(184)	(3,356)	(154,038)

Fair value reserve

Fair value reserve comprises of the cumulative net change in the fair value of available-for-sale financial assets that has been recognised in other comprehensive income until the investments are derecognised or impaired.

Notes to the Financial statements

Year ended December 31, 2019

18. Other Comprehensive Income (Cont'd)

Other reserves

Other reserves comprise of all the movements arising in the reserves of associates and any translation reserves from translating the financial statements of foreign operations.

Actuarial gains/(losses)

The actuarial gains/(losses) reserve represents the cumulative remeasurement of the defined benefit obligation recognised.

Amalgamation reserve

The amalgamation reserves relates to the amalgamation of Cim Insurance Ltd (CIL) with and into the Company on June 30, 2012 whereby the Company issued 908,087 new ordinary shares of Rs. 5 each to Rogers and Company Limited (RCL) in consideration for the net assets of CIL.

THE COMPANY	Fair value reserve	Actuarial gains/ (losses)	Total
2019	Rs'000	Rs'000	Rs'000
- Change in value of available-for-sale financial assets	166,002	-	166,002
- Release on disposal of available-for-sale financial assets	(75,445)	-	(75,445)
- Remeasurement of defined benefit obligations (Note 21)	-	10,607	10,607
- Deferred tax impact (note 14)	-	(1,803)	(1,803)
	90,557	8,804	99,361
2018			
- Change in value of available-for-sale financial assets	(40,622)	-	(40,622)
- Release on disposal of available-for-sale financial assets	(96,345)	-	(96,345)
- Remeasurement of defined benefit obligations (Note 21)	-	(3,895)	(3,895)
- Deferred tax impact (note 14)	-	662	662
	(136,967)	(3,233)	(140,200)

19. Non-controlling Interests

	THE GROUP	
	2019	2018
		Restated
At January 1,	Rs'000	Rs'000
- As previously stated	470,795	352,569
- Effects of prior year adjustments (note 36 (a),(b))	(107,183)	(51,756)
- As restated	363,612	300,813
Effect on issue of shares	648	497
Share of profit (note 8(j))	94,965	101,281
Share of dividend	(44,530)	(39,283)
Movement in other comprehensive income	272	(184)
Other movement	688	-
Non-controlling interest arising on business combinations	-	488
At December 31,	415,655	363,612

Notes to the Financial statements

Year ended December 31, 2019

20. Borrowings

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
		Restated		
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current				
Mortgage Loan (b)	-	8,320	-	-
	-	8,320	-	-
Current				
Loans from related parties (a)	-	-	179,728	95,489
Mortgage Loan (b)	-	4,419	-	-
	-	4,419	179,728	95,489
Total Borrowings	-	12,739	179,728	95,489

(a) The loans from related parties are unsecured and bear interest rate of 2.9%.

(b) The mortgage loan relates to loan taken from Cavmont Bank Zambia Limited in 2012 by Swan General Insurance Company Zambia Limited (formerly known as Diamond General Insurance Limited) to purchase the Base Park building in Zambia. The loan was fully repaid during the year.

21. Retirement Benefit Obligations

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
		Restated		Restated
	Rs'000	Rs'000	Rs'000	Rs'000
Amounts recognised in the statements of financial position:				
- Defined pension benefits (a)(ii)	188,919	224,730	126,493	147,899
- Other post retirement benefits (b)(i)	88,609	49,467	52,801	49,467
	277,528	274,197	179,294	197,366
Analysed as follows:				
Non-current liabilities	277,528	274,197	179,294	197,366
Amounts recognised in the statements of profit or loss:				
- Defined pension benefits (a)(v)	34,655	33,398	16,140	18,032
- Other post retirement benefits (b)(iii)	42,474	5,582	6,285	5,582
	77,129	38,980	22,425	23,614
Amounts recognised in the statements of other comprehensive income:				
- Defined pension benefits (a)(vi)	(11,474)	(4,370)	(8,385)	2,440
- Other post retirement benefits (b)(iv)	(2,603)	1,455	(2,222)	1,455
	(14,077)	(2,915)	(10,607)	3,895

(a) Defined pension benefits

(i) The Group and the Company contribute to a defined benefit pension. The plan is a defined benefit arrangement, with benefits based on salary. It provides for a pension at retirement and a benefit on death or disablement in service before retirement. The assets of which are held independently and administered by Swan Life Ltd. The present value of the defined benefit obligations, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

Notes to the **Financial statements**

Year ended December 31, 2019

21. Retirement Benefit Obligations (Cont'd)

(a) Defined pension benefits (Cont'd)

(i) The Group and the Company also operate a final salary defined benefit pension plan for some employees. The assets are held separately from the Group under the control of the Management Committee of Rogers Money Purchase Retirement Fund (RMPRF). The Group contributes to the pension plan in respect of some employees who have a No Worse Off Guarantee (NWOG) so that their benefits would not be worse than what they would have earned under a previous defined benefit plan.

The retirement benefit obligation for Swan Life Ltd has been unfunded up to December 31, 2017, because the pension fund was set up under the Insurance Act and the assets would not therefore have been segregated from the Company. However, following the enactment of the Private Pension Scheme Act 2012, all pension funds now have to be set up under a Trust and the Company has created a master trust for all its corporate clients, one of which is Swan Life Ltd itself. Moreover, the law also requires that all pension funds meet the technical funding requirements and as a result Swan Life Ltd has to fund its obligations towards the Swan Life Ltd pension fund. Following the actuarial funding valuation at 31 December 2016, a contingency plan has been signed by the Company so that the remaining deficit is funded over the period recommended by the actuary.

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

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Rs'000
Present value of funded obligations	621,170	616,692	309,340	320,939
Fair value of plan assets	(432,251)	(391,962)	(182,847)	(173,040)
Liability in the statements of financial position	188,919	224,730	126,493	147,899

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

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Rs'000
At January 1,				
- As previously stated	147,899	187,032	147,899	187,032
- Effects of prior year adjustments (note 36 (a),(c))	76,831	70,340	-	-
- As restated	224,730	257,372	147,899	187,032
Charged to profit or loss	34,655	33,398	16,140	18,032
(Credited)/charged to other comprehensive income (note 18)	(11,474)	(4,370)	(8,385)	2,440
Transfer to Life Assurance Fund (note 16)	(27,933)	-	-	-
Contributions paid	(31,059)	(61,670)	(29,161)	(59,605)
Net defined obligation at December 31,	188,919	224,730	126,493	147,899

Notes to the **Financial statements**

Year ended December 31, 2019

21. Retirement Benefit Obligations (Cont'd)

(a) Defined pension benefits (Cont'd)

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

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Rs'000
At January 1,				
- As previously stated	320,939	296,894	320,939	296,894
- Effects of prior year adjustments	295,753	299,738	-	-
- As restated	616,692	596,632	320,939	296,894
Current service cost	22,605	19,584	7,768	7,817
Net interest cost	33,534	28,766	15,858	14,832
Actuarial (losses)/gains arising from:				
- financial assumptions	(10,908)	(5,550)	(6,041)	3,088
- experience adjustment	(2,674)	1,276	(2,674)	1,276
Benefits paid	(38,079)	(24,016)	(26,510)	(2,968)
Present value of defined obligation at December 31,	621,170	616,692	309,340	320,939

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

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Rs'000
At January 1,				
- As previously stated	173,040	109,862	173,040	109,862
- Effects of prior year adjustments	218,922	229,398	-	-
- As restated	391,962	339,260	173,040	109,862
Expected return on plan assets	24,033	17,327	8,858	6,909
Losses on pension scheme assets	(1,372)	-	(1,372)	-
Actuarial (losses)/gains	(2,108)	96	(330)	1,924
Transfer from Life Assurance Fund (Note 16)	27,933	-	-	-
Contributions by employer	27,231	59,216	25,333	57,151
Benefits paid	(34,251)	(21,562)	(22,682)	(514)
Scheme Expenses	(1,177)	(2,375)	-	(2,292)
Fair value of plan assets at December 31,	432,251	391,962	182,847	173,040
Actual return on plan assets	27,043	17,423	8,528	8,833

(v) The amounts recognised in the statement of profit or loss are as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Rs'000
Current service cost	22,605	19,584	7,768	7,817
Net interest cost	9,501	11,439	7,000	7,923
Scheme expenses	1,177	2,375	-	2,292
Losses on pension scheme assets	1,372	-	1,372	-
Total included in staff costs (note 27 (c))	34,655	33,398	16,140	18,032

Notes to the Financial statements

Year ended December 31, 2019

21. Retirement Benefit Obligations (Cont'd)

(a) Defined pension benefits (Cont'd)

(vi) The amounts recognised in the statements of other comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2019	2018 Restated	2019	2018
Actuarial (gains)/losses recognised during the year	Rs'000	Rs'000	Rs'000	Rs'000
Losses/(gains) on pension scheme assets	2,108	(96)	330	(1,924)
Liability experience (gains)/losses	(2,261)	(13,047)	388	(4,409)
Changes in assumption underlying the present value of the scheme	(7,548)	7,550	(7,548)	7,550
Liability (gains)/losses due to change in financial assumptions	(3,773)	1,223	(1,555)	1,223
	(11,474)	(4,370)	(8,385)	2,440

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 the 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% p.a.

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

	THE GROUP		THE COMPANY	
	2019	2018 Restated	2019	2018
	%	%	%	%
Discount rate	4.60 - 5.00	5.10 - 6.00	4.60	5.10
Expected return on plan assets	4.60 - 5.00	5.10 - 6.00	4.60	5.10
Future salary increases	4.00	5.00	4.00	5.00
Future guarantee pension increases	Upto 3.00	-	-	-
NPS ceiling increase	4.00	4.00	4.00	4.00
Post retirement annuity rates	Swan Life Ltd rates/ RMPRF Rates 2019	Swan Life Ltd rates/ RMPRF Rates 2018	Swan Life Ltd rates/ RMPRF Rates 2019	Swan Life Ltd rates/ RMPRF Rates 2018

(viii) Sensitivity analysis on defined benefit obligations to changes in the weighted principal assumptions is:

	THE GROUP		THE COMPANY	
December 31, 2019	Increase	Decrease	Increase	Decrease
	Rs'000	Rs'000	Rs'000	Rs'000
Future salary growth rate (1% increase)	56,436	-	20,216	-
Discount rate (1% increase)	-	48,246	-	18,522

Notes to the Financial statements

Year ended December 31, 2019

21. Retirement Benefit Obligations (Cont'd)

(a) Defined pension benefits (Cont'd)

(viii) Sensitivity analysis on defined benefit obligations to changes in the weighted principal assumptions is: (Cont'd)

	THE GROUP		THE COMPANY	
December 31, 2018	Increase	Decrease	Increase	Decrease
	Restated Rs'000	Restated Rs'000	Rs'000	Rs'000
Future salary growth rate (1% increase)	52,118	-	17,175	-
Discount rate (1% increase)	-	48,861	-	19,783

The sensitivity above has been determined based on a method that extrapolates the impact on net defined obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

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.

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.

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

(x) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xi) The Group and the Company expect to pay Rs.41.2m and Rs.25m contributions respectively to its post-employment benefit plans for the year ending December 31, 2020.

(xii) The weighted average duration of the defined benefit obligation is 5 - 17 years for the Group at end of the reporting period (2018: 5 - 20 years).

(b) Other post retirement benefits

Other post retirement benefits comprise of residual retirement gratuities. Under the Workers Rights Act, employees are entitled to a retirement gratuity from which a portion of equivalent amount of the pension from the define benefit and define contribution can be offset. It is possible to have a residual liability from the retirement gratuity and any residual liabilities have been recognised in the Retirement Benefit Obligations at 31 December 2019.

Notes to the **Financial statements**

Year ended December 31, 2019

21. Retirement Benefit Obligations (Cont'd)

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

(i) The reconciliation of the opening balances to the closing balances for the post retirement benefits is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Restated Rs'000
At January 1,				
- As previously reported	-	-	-	-
- Effects of prior year adjustments (note 36 (c))	49,467	42,430	49,467	42,430
- As restated	49,467	42,430	49,467	42,430
Charged to profit or loss	42,474	5,582	6,285	5,582
Amount recognised in other comprehensive income (note 18)	(2,603)	1,455	(2,222)	1,455
Employer contributions	(729)	-	(729)	-
At December 31,	88,609	49,467	52,801	49,467

It has been assumed that the rate of future salary increases will be equal to the discount rate.

(ii) The movement in the defined benefit obligations over the year is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Restated Rs'000
At January 1,				
- As previously reported	-	-	-	-
- Effect of prior year adjustments	49,467	42,430	49,467	42,430
- As restated	49,467	42,430	49,467	42,430
Current service cost	4,446	3,460	3,633	3,460
Interest expense	3,197	2,122	2,652	2,122
Past service cost	34,831	-	-	-
Benefits paid	(729)	-	(729)	-
Actuarial (gains)/losses	(2,603)	1,455	(2,222)	1,455
At December 31,	88,609	49,467	52,801	49,467

(iii) The amounts recognised in the statements of profit or loss are as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Restated Rs'000
Current service cost	4,446	3,460	3,633	3,460
Past service cost	34,831	-	-	-
Interest on net defined benefit liability	3,197	2,122	2,652	2,122
Total included in staff costs (note 27 (c))	42,474	5,582	6,285	5,582

Notes to the **Financial statements**

Year ended December 31, 2019

21. Retirement Benefit Obligations (Cont'd)

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

(iv) The amounts recognised in other comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Restated Rs'000
Liability experience (gain)/loss due to change in financial assumptions	(2,603)	1,455	(2,222)	1,455

(v) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	%	Restated %	%	Restated %
Discount rate	4.60 to 5.00 %	5.40 %	4.60 %	5.40 %
Rate of salary increases	4.00 %	5.0 %	4.00 %	5.0 %
Average retirement age	60 years	60 years	60 years	60 years
Post retirement annuity rates	Current Swan/ RMPRF Rates	Current Swan/ RMPRF Rates	Current Swan/ RMPRF Rates	Current Swan/ RMPRF Rates

(vi) Sensitivity analysis on defined benefit obligation at end of period

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Restated Rs'000
Increase due to 1% decrease in discount rate	13,600	6,569	7,012	6,569
Decrease due to 1% increase in discount rate	11,160	5,400	5,764	5,400

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 weighted average duration of the defined benefit obligation is 9 years for the Company (2018 : 9 years) and 9 - 18 years for the Group at end of the reporting period (2018: 9 - 18 years).

Notes to the Financial statements

Year ended December 31, 2019

22. Trade and other Payables

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
Insurance payables	Rs'000	Restated Rs'000	Rs'000	Rs'000
Reinsurance liabilities	494,981	356,642	443,386	288,634
Insurance contracts	144,714	99,351	-	-
Other payables				
Accrued expenses	60,351	51,545	57,665	52,511
Amount payable to subsidiary companies	-	-	23,760	17,173
Other payables	699,933	577,163	154,843	138,706
	1,399,979	1,084,701	679,654	497,024
Less non-current portion :				
Other payables	(161,901)	(162,897)	(108,234)	(108,822)
	1,238,078	921,804	571,420	388,202

(a) Currency analysis of trade and other payables is disclosed in note 3.2.1.(i).
(b) The carrying amounts of trade and other payables approximate their fair values.

23. Income Tax

Net current tax liabilities

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Rs'000
At January 1,				
- As previously stated	12,402	8,550	11,914	8,662
- Effects of prior year adjustments (note 36 (a),(c))	9,201	10,500	-	-
- As restated	21,603	19,050	11,914	8,662
Effect of acquisition of subsidiary (note 30)	319	(3,074)	-	-
Amount paid during the year	(21,757)	(21,422)	(8,486)	(7,865)
Current tax on the adjusted profit for the year at 15% (2018:15%)	54,891	52,766	21,453	21,413
Payment under Advance Payment System (APS)	(38,744)	(32,909)	(15,901)	(12,852)
Tax deducted at source	(56)	(55)	(56)	(55)
(Over)/under provision in prior year	(1,473)	480	(1,123)	253
Foreign tax credit	(277)	-	(277)	-
Corporate Social Responsibility tax expense	7,279	9,239	2,860	5,147
Corporate Social Responsibility tax paid	(2,434)	(2,789)	(2,304)	(2,789)
Exchange differences	(594)	317	-	-
Balance at December 31,	18,757	21,603	8,080	11,914
Current tax assets	(3,204)	(2,026)	-	-
Current tax liabilities	21,961	23,629	8,080	11,914
Profit or loss charge				
Current tax on the adjusted profit for the year at 15% (2018:15%)	54,891	52,766	21,453	21,413
Deferred tax (note 14)	(4,086)	(1,624)	(3,231)	(370)
(Over)/under provision in prior year	(1,473)	480	(1,123)	253
Corporate Social Responsibility tax	7,279	9,239	2,860	5,147
	56,611	60,861	19,959	26,443

Notes to the Financial statements

Year ended December 31, 2019

23. Income Tax (Cont'd)

The tax on the Group's and Company's profit before tax differs from the theoretical amount that arises using the basic tax rate of the Group and the Company as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Rs'000
Profit before taxation	728,773	773,458	327,379	297,870
Less: Surplus not taxable	(338,578)	(393,821)	-	-
Add: dividend income from related parties	180,023	167,217	-	-
Less share of results of associates and joint venture	(27,000)	(21,864)	-	-
	543,218	524,990	327,379	297,870
Tax calculated at rate of 15% (2018: 15%)	81,483	78,749	49,107	45,518
Effect of different tax rates in other countries	2,293	1,229	-	-
Income not subject to tax	(69,121)	(39,883)	(44,916)	(34,579)
Expenses not deductible for tax purposes	35,112	14,194	14,031	10,104
Foreign tax credits	-	(1,012)	-	-
Tax losses for which no deferred income tax asset was recognised	1,627	90	-	-
Utilisation of previously recognised tax losses	(589)	(2,225)	-	-
(Over)/under provision in prior year	(1,473)	480	(1,123)	253
Corporate Social Responsibility tax	7,279	9,239	2,860	5,147
Tax charge for the year	56,611	60,861	19,959	26,443

24. Insurance Liabilities and Reinsurance Assets

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
Gross	Rs'000	Restated Rs'000	Rs'000	Rs'000
- Claims reported and loss adjustment expenses (page 74, notes 3.1 (iv), 32(a))	865,527	1,113,563	548,060	779,728
- Unearned premiums (page 74, note 32(b))	1,478,114	1,422,934	1,313,557	1,230,389
- Claims incurred but not reported (IBNR) (page 74, note 32(b))	109,048	98,222	95,803	84,279
Total gross insurance liabilities	2,452,689	2,634,719	1,957,420	2,094,396

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
Recoverable from reinsurers	Rs'000	Restated Rs'000	Rs'000	Rs'000
- Claims reported and loss adjustment expenses (page 74, notes 3.1 (iv), 32(a))	240,691	454,869	214,111	435,378
- Unearned premiums (notes 15,32(b))	609,944	571,553	554,007	519,241
- Claims incurred but not reported (IBNR) (notes 15,32(a))	44,517	39,620	33,234	28,338
Total reinsurers' share of insurance liabilities	895,152	1,066,042	801,352	982,957

Notes to the **Financial statements**

Year ended December 31, 2019

24. Insurance Liabilities and Reinsurance Assets (Cont'd)

Net	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Rs'000
- Claims reported and loss adjustment expenses (notes 3.1 (iv), 32(a))	624,836	658,694	333,949	344,350
- Unearned premiums (note 32(b))	868,170	851,381	759,550	711,148
- Claims incurred but not reported (IBNR) (note 32(a))	64,531	58,602	62,569	55,941
	1,557,537	1,568,677	1,156,068	1,111,439
Total net insurance liabilities	1,557,537	1,568,677	1,156,068	1,111,439
Gross outstanding claims and IBNR (group excluding life)	713,479	932,877	643,863	864,007
Gross outstanding claims (life business)	261,096	278,908	-	-
	974,575	1,211,785	643,863	864,007

25. Investment Income

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Rs'000
Interest income	1,132,216	1,088,204	21,153	23,276
Dividend income	412,439	512,469	150,537	136,432
	1,544,655	1,600,673	171,690	159,708

26. Other Income

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Rs'000
Profit/(loss) on disposal of available-for-sale financial assets	206,730	(13,467)	3,529	(7,843)
Reclassification adjustment from fair value reserve	488,095	440,154	75,445	96,345
Profit on disposal of Investment Properties	50,496	-	-	-
Loss on disposal of property and equipment	(675)	(116)	(359)	(215)
Lease and rental income	12,283	19,742	1,124	1,121
Others	405	61,302	17,532	9,341
	757,334	507,615	97,271	98,749

Notes to the **Financial statements**

Year ended December 31, 2019

27. Administrative Expenses and Impairment Charges

(a) Marketing and administrative expenses include:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Restated Rs'000
- Internal audit fees	1,370	897	464	476
- Staff costs (c)	673,611	548,768	324,529	288,071
- Management fees	-	-	5,841	26,001
- Interest expenses	2,442	4,008	4,735	2,445

(b) Impairment Losses

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
Impairment	Rs'000	Restated Rs'000	Rs'000	Restated Rs'000
- Investment in subsidiary companies (note 8)	-	-	2,534	23,034
- Investment in financial assets (note 11)	-	45,140	-	6,774
- Other receivables	31,286	-	34,274	21,222
- Intangibles (note 7)	-	38,756	-	-
Provision for impairment of trade and other receivables:				
- Insurance receivables (note 15)	14,156	11,137	12,425	11,137
- Reinsurance assets (note 15)	1,591	6,411	1,591	6,411
- Loans and receivables (note 12)	6,591	15,370	-	-
	53,624	116,814	50,824	68,578

(c) Analysis of Staff costs

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Restated Rs'000
- Salaries and wages	439,682	386,508	239,525	216,260
Retirement benefit obligation costs :				
- Defined pension benefits (note 21)	77,129	38,980	22,425	23,614
- Defined contribution plan	12,912	9,365	4,837	4,778
- Other costs	143,888	113,915	57,742	43,419
	673,611	548,768	324,529	288,071

28. Dividends

	THE GROUP AND THE COMPANY	
	2019	2018
	Rs'000	Rs'000
Declared and payable (2018: paid)		
Final dividend of Rs. 14.40 payable per ordinary share (2018: Rs. 12 per share)	119,171	99,309

During the year, total dividend of Rs. 119,171,074 has been declared (2018: Rs. 99,309,228).

Notes to the **Financial statements**

Year ended December 31, 2019

29. Earnings per share

	THE GROUP		THE COMPANY	
	2019	2018 Restated	2019	2018 Restated
Earnings per share				
Profit attributable to equity holders of the Company (Rs'000)	577,197	611,316	307,420	271,427
Number of shares in issue	8,275,769	8,275,769	8,275,769	8,275,769
Earnings per share (Rs/cs)	69.75	73.87	37.15	32.80

30. Business Combination

Acquisition of subsidiary

On September 12, 2019, Swan Life Ltd acquired 100% of share capital of RCAS Actuarial Ltd (now known as Swan Actuarial Services Ltd) for Rs 8.5m. The following table summarises the consideration paid for RCAS and the fair value of the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

Consideration paid

	Rs'000
Cash and cash equivalents	8,500
Total consideration paid	8,500

Recognition amounts of identifiable assets acquired and liabilities assumed

	Rs'000
Trade and other receivables	3,327
Cash in hand and at banks	2,011
Trade and other payables	(360)
Current tax liabilities	(319)
Total identifiable net assets	4,659
Goodwill	3,841

Net cash outflow on acquisition of subsidiary

	Rs'000
Consideration paid in cash	8,500
Less: cash and cash equivalent balances acquired	(2,011)
Total consideration paid net of cash	6,489

Had Swan Actuarial Services Ltd been consolidated from January 1, 2019, group revenue would have been Rs 4m higher and group profit would have been Rs. 0.4m lower.

Notes to the **Financial statements**

Year ended December 31, 2019

31. Notes to the Statements of Cash Flows

(a) Cash generated from operation

	Notes	THE GROUP		THE COMPANY	
		2019	2018	2019	2018
		Rs'000	Restated Rs'000	Rs'000	Rs'000
Profit before taxation		728,773	773,458	327,379	297,870
Adjustments for:					
Transfer to Life Assurance Fund	16	2,281,536	2,097,919	-	-
Depreciation on property, plant, equipment and investment property	5/6	46,502	49,932	14,566	17,330
Amortisation of right-of-use assets	5A	5,252	-	1,880	-
Amortisation of intangible assets	7	17,274	18,090	7,538	4,083
Foreign exchange gains		(57,304)	(23,311)	(7,288)	(5,965)
Loss on sale of property and equipment	26	675	116	359	215
Write off of property and equipment	5	808	376	-	-
Profit on disposal of investment properties	26	(50,496)	-	-	-
Profit on sale of seized properties		(13)	-	-	-
Release from fair value reserve on disposal of financial assets	26	(488,095)	(440,154)	(75,445)	(96,345)
(Profit)/loss on disposal of financial assets	26	(206,730)	13,467	(3,529)	7,843
Investment income	25	(1,544,655)	(1,600,673)	(171,690)	(159,708)
Interest expense	27(a)	2,442	4,008	4,735	2,445
Retirement benefit obligations	21	45,341	(22,690)	(7,465)	(35,991)
Impairment of investment in financial assets	11	-	45,140	-	6,774
Provision for impairment - insurance receivables	15/27(b)	14,156	11,137	12,425	11,137
Provision for impairment - reinsurance assets	15/27(b)	1,591	6,411	1,591	6,411
Provision for impairment - Loans and receivable	27(b)	6,591	15,370	-	-
Impairment of intangibles	27(b)	-	38,756	-	-
Impairment of investment in subsidiary companies and joint venture	8/9	-	-	2,534	23,034
Impairment of non-current receivables	13/27(b)	-	-	31,613	21,222
Impairment of other receivables	27(b)	31,286	-	2,661	-
Change in gross unearned premiums	32(b)	55,180	95,564	83,168	111,805
Share of results of associated companies and joint venture	9/10	(27,000)	(21,864)	-	-
Changes in working capital:					
- Trade and other receivables		(97,765)	(234,036)	(45,315)	(271,854)
- Trade and other payables		272,314	165,857	177,670	214,621
- Outstanding claims and IBNR	24/32(a)	(226,493)	(26,639)	(220,144)	(38,823)
- Finance lease receivables	12	16,250	15,017	-	-
Cash generated from operating activities		827,420	981,251	137,243	116,104

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Restated Rs'000	Rs'000	Rs'000
Short term deposits	1,395,940	1,184,305	148,080	105,653
Bank balances and cash	2,078,698	1,682,991	368,623	253,785
Cash and cash equivalents	3,474,638	2,867,296	516,703	359,438

The interest rates on short-term local deposits ranges from nil to 4.50% (2018: nil to 0.60%).

Notes to the **Financial statements**

Year ended December 31, 2019

31. Notes to the Statements of Cash Flows (Cont'd)

(c) Non cash transactions

The principal non cash transactions are the acquisition of right-of-use assets (Note 5A).

(d) Reconciliation of liabilities arising from financing activities

THE GROUP	At January 1, 2019 As Previously Stated	Effect of prior year adjustments	As restated	Recognised on adoption of IFRS 16	Net Cash flows	Foreign exchange movement	Accrued interest	As at December 31, 2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Long term borrowings	33,113	138,104	171,217	19,711	(8,206)	(114)	(996)	**181,612**
Short term borrowings	107,367	(102,948)	4,419	6,286	(4,358)	(61)	-	**6,286**
Total liabilities from financing activities	140,480	35,156	175,636	25,997	(12,564)	(175)	(996)	**187,898**

THE GROUP	At January 1, 2018 As Previously Stated	Effect of prior year adjustments	As restated	Effect of acquisition of subsidiary	Net Cash flows	Foreign exchange movement	**As at December 31, 2018**
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Long term borrowings	19,467	(19,467)	-	15,174	157,856	(1,813)	171,217
Short term borrowings	142,305	(142,305)	-	-	4,419	-	4,419
Total liabilities from financing activities	161,772	(161,772)	-	15,174	162,275	(1,813)	175,636

Notes to the **Financial statements**

Year ended December 31, 2019

31. Notes to the Statements of Cash Flows (Cont'd)

(d) Reconciliation of liabilities arising from financing activities (Cont'd)

THE COMPANY	As at 1 January 2019	Recognised on adoption of IFRS 16	Net Cash flows	Accrued interest	As at December 31, 2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Long term borrowings	108,822	10,721	-	(588)	**118,955**
Short term borrowings	95,489	2,772	80,000	4,239	**182,500**
Total liabilities from financing activities	204,311	13,493	80,000	3,651	**301,455**

THE COMPANY	As at 1 January 2018	Net Cash flows	Accrued interest	**As at December 31, 2018**
	Rs'000	Rs'000	Rs'000	Rs'000
Long term borrowings	-	108,822	-	108,822
Short term borrowings	125,030	(31,977)	2,436	95,489
Total liabilities from financing activities	125,030	76,845	2,436	204,311

32. Movements in Insurance Liabilities and Reinsurance Assets

THE GROUP	2019			2018		
(a) Outstanding claims	Gross	Reinsurance	Net	Gross	Reinsurance	Net
				Restated	Restated	Restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,						
- Notified claims						
- As previously stated	**834,655**	**(453,906)**	**380,749**	826,711	(478,376)	348,335
- Effect of prior year adjustments (note 36(a))	**278,908**	**(963)**	**277,945**	214,252	(8,943)	205,309
- As restated	**1,113,563**	**(454,869)**	**658,694**	1,040,963	(487,319)	553,644
Effect of acquisition of subsidiary	**-**	**-**	**-**	133,010	(24,296)	108,714
Increase in liabilities	**5,484,671**	**(605,920)**	**4,878,751**	4,848,082	(567,764)	4,280,318
Cash paid for claims settled in the year (page 75)	**(5,732,707)**	**820,098**	**(4,912,609)**	(4,908,492)	624,510	(4,283,982)
	865,527	**(240,691)**	**624,836**	1,113,563	(454,869)	658,694
Incurred but not reported						
(IBNR) (note 24)	**109,048**	**(44,517)**	**64,531**	98,222	(39,620)	58,602
At December 31,	**974,575**	**(285,208)**	**689,367**	1,211,785	(494,489)	717,296

Notes to the **Financial statements**

Year ended December 31, 2019

32. Movements in Insurance Liabilities and Reinsurance Assets (Cont'd)

THE GROUP (Cont'd) (a) Outstanding claims (Cont'd)	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
				Restated	Restated	Restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash paid for claims settled in the year (page 75)			4,912,609			4,283,982
Movement in outstanding claims/IBNR	(226,493)	195,265	(31,228)	(26,639)	52,143	25,504
Movement in expected recovery	(16,966)	-	(16,966)	(7,500)	-	(7,500)
	(243,459)	195,265		(34,139)	52,143	
Net claims incurred (page 75)			4,864,415			4,301,986
Total claims and benefits paid						
Claims (group excluding life)			1,159,528			1,129,704
Claims and benefits (life)			3,704,887			3,172,282
			4,864,415			4,301,986

THE COMPANY Outstanding claims	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,						
Notified claims	779,728	(435,378)	344,350	818,551	(470,216)	348,335
Increase in liabilities	1,698,073	(564,736)	1,133,337	1,642,022	(527,280)	1,114,742
Cash paid for claims settled in the year (Page 75)	(1,929,741)	786,003	(1,143,738)	(1,680,845)	562,118	(1,118,727)
	548,060	(214,111)	333,949	779,728	(435,378)	344,350
Incurred but not reported (IBNR) (note 24)	95,803	(33,234)	62,569	84,279	(28,338)	55,941
At December 31,	643,863	(247,345)	396,518	864,007	(463,716)	400,291
Claims settled during the year (page 75)			1,143,738			1,118,727
Movement in outstanding claims/IBNR	(220,144)	216,371	(3,773)	(38,823)	34,836	(3,987)
Movement in expected recovery	(16,966)	-	(16,966)	(7,500)	-	(7,500)
	(237,110)	216,371		(46,323)	34,836	
Net claims incurred (page 75)			1,122,999			1,107,240

Expected recovery amounts to Rs.42.3m as at December 31, 2019 (2018: Rs.25.4m).

Notes to the **Financial statements**

Year ended December 31, 2019

32. Movements in Insurance Liabilities and Reinsurance Assets (Cont'd)

(b) Provision for unearned premiums

	THE GROUP					
	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
				Restated	Restated	Restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,						
- As previously stated	1,300,774	(571,553)	729,221	1,160,704	(490,723)	669,981
- Effect of prior year adjustments (note 36(a))	122,160	-	122,160	141,454	-	141,454
- As restated	1,422,934	(571,553)	851,381	1,302,158	(490,723)	811,435
Effect of acquisition of subsidiary	-	-	-	25,212	-	25,212
Net increase during the year	57,383	(45,292)	12,091	98,892	(80,830)	18,062
Exchange differences	(2,203)	6,901	4,698	(3,328)	-	(3,328)
At December 31, (note 24)	1,478,114	(609,944)	868,170	1,422,934	(571,553)	851,381

	THE COMPANY					
	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	1,230,389	(519,241)	711,148	1,118,584	(448,603)	669,981
Net increase during the year	83,168	(34,766)	48,402	111,805	(70,638)	41,167
At December 31, (note 24)	1,313,557	(554,007)	759,550	1,230,389	(519,241)	711,148

33. Commitments and Contingencies

(a) Financial Commitments

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
Outstanding commitments for the following:-	Rs'000	Rs'000	Rs'000	Rs'000
Investments in financial assets	540,000	-	-	-
Loans to be granted	130,240	67,941	-	-

(b) Contingent Liabilities

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Bank and other guarantees	23,100	25,100	8,000	8,000

Notes to the **Financial statements**

Year ended December 31, 2019

34. Segment Information - The Group

(a) Operating Segment

	Life	GENERAL Casualty	Property	2019 Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	4,792,389	2,452,028	804,179	8,048,596
Management fees	-	47,925	9,151	57,076
Total Gross Premiums	4,792,389	2,499,953	813,330	8,105,672
Net earned premiums	4,677,120	1,511,192	231,298	6,419,610
Underwriting surplus	1,038,564	425,955	236,118	1,700,637
Investment income				1,544,655
Operating profit				3,245,292
Other income				757,334
				4,002,626
Marketing and administrative expenses				(953,969)
Impairment and other charges				(53,624)
Depreciation and amortisation				(69,028)
Net gain on exchange				57,304
Share of results of associated companies and joint venture				27,000
Surplus transferred to Life Assurance Fund				(2,281,536)
Profit before taxation				728,773
Income tax expense				(56,611)
Profit for the year				672,162

	Life	GENERAL Casualty	Property	Unallocated	2019 Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets					
- Company	-	1,967,695	316,978	3,384,105	5,668,778
- Subsidiaries	47,889,248	427,593	218,308	(802,717)	47,732,432
- Group	47,889,248	2,395,288	535,286	2,581,388	53,401,210
Segment liabilities	(46,474,766)	(2,195,930)	(478,929)	(354,296)	(49,503,921)
Equity holders' interest					3,897,289
Capital expenditure	27,113	14,888	2,039	21,944	65,984
Depreciation and amortisation	42,211	11,082	1,342	14,393	69,028

(i) Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer.
(ii) The operating segments are strategic business units offering services under:
- Life: long term insurance undertaken by Swan Life Ltd.
- General: short term insurance undertaken by Swan General Ltd, Swan Reinsurance PCC and Swan Special Risks Company Ltd and Swan General Insurance Company Zambia Limited.

(iii) The types of products and services from which each reportable segment generates revenue are disclosed in note 2.16.
(iv) Other income includes revenue from leasing activity generated by Dolberg Rental (Pty) Ltd, the subsidiary incorporated South Africa. The revenue for the year amounts to nil (2018: Rs.18m).
(v) Unallocated includes retirement benefit obligations, deferred tax liabilities, current tax liabilities and dividend payable.

Notes to the **Financial statements**

Year ended December 31, 2019

34. Segment Information - The Group (Cont'd)

(a) Operating Segment

	Life	GENERAL Casualty	Property	2018 Total
	Restated Rs'000	Restated Rs'000	Restated Rs'000	Restated Rs'000
Gross premiums	4,351,840	2,344,287	815,435	7,511,562
Management fees	-	18,714	31,467	50,181
Total Gross Premiums	4,351,840	2,363,001	846,902	7,561,743
Net earned premiums	4,203,724	1,428,557	292,868	5,925,149
Underwriting surplus	1,098,418	404,308	245,817	1,748,543
Investment income				1,600,673
Operating profit				3,349,216
Other income				507,615
				3,856,831
Marketing and administrative expenses				(845,793)
Impairment and other charges				(116,814)
Depreciation and amortisation				(68,022)
Net gain on exchange				23,311
Share of results of associated companies and joint venture				21,864
Surplus transferred to Life Assurance Fund				(2,097,919)
Profit before taxation				773,458
Income tax expense				(60,861)
Profit for the year				712,597

	Life	GENERAL Casualty	Property	Unallocated	2018 Total
	Restated Rs'000	Restated Rs'000	Restated Rs'000	Restated Rs'000	Restated Rs'000
Segment assets					
- Company	-	1,916,537	365,729	2,855,993	5,138,259
- Subsidiaries	43,282,404	273,106	181,530	(472,863)	43,264,177
- Group	43,282,404	2,189,643	547,259	2,383,130	48,402,436
Segment liabilities	(42,110,990)	(2,071,996)	(526,314)	(424,101)	(45,133,401)
Equity holders' interest					3,269,035
Capital expenditure	34,005	18,025	3,388	29,294	84,712
Depreciation and amortisation	41,492	8,145	1,530	16,855	68,022

Notes to the **Financial statements**

Year ended December 31, 2019

35. Related Party Transactions

(a) THE GROUP

	Sale of products	Investment income	Claims paid	Financial assets	Amount receivable from related parties	Amount payable to related parties	Loans receivable	Claims outstanding
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2019								
Shareholders with significant influence	**267,229**	**155,634**	**65,297**	**2,412,253**	**123,674**	**17,300**	**1,601,734**	**21,512**
Enterprises on which the Group exerts significant influence	**1,018,142**	**-**	**-**	**34,509**	**82,688**	**34,073**	**-**	**-**
Directors and Key Management Personnel	**2,059**	**251**	**1,541**	**-**	**355**	**7**	**10,916**	**202**
	1,287,430	**155,885**	**66,838**	**2,446,762**	**206,717**	**51,380**	**1,612,650**	**21,714**
2018 - restated								
Shareholders with significant influence	264,934	146,685	63,702	3,136,843	118,989	-	842,550	31,968
Enterprises on which the Group exerts significant influence	778,950	-	-	34,780	87,692	25,995	-	-
Directors and Key Management Personnel	2,367	265	3,255	-	583	7	12,489	79
	1,046,251	146,950	66,957	3,171,623	207,264	26,002	855,039	32,047

Notes to the **Financial statements**

Year ended December 31, 2019

35. Related Party Transactions (Cont'd)

(b) THE COMPANY

	Sale of products/ services	Investment income	Management fees paid	Claims paid	Financial assets	Loans receivable	Loans payable	Claims outstanding	Amount receivable from related parties	Amount owed to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2019										
Subsidiary companies	**24,987**	**130,634**	**6,220**	**13,933**	**557,087**	**47,561**	**287,962**	**1,362**	**45,512**	**23,760**
Shareholders with significant influence	**184,395**	**2,594**	**-**	**65,297**	**95,800**	**-**	**-**	**21,512**	**107,366**	**-**
Enterprises on which the Company exerts significant influence	**-**	**-**	**-**	**-**	**34,509**	**-**	**-**	**-**	**-**	**-**
Directors and Key Management Personnel	**1,262**	**-**	**-**	**1,541**	**-**	**7,047**	**-**	**202**	**355**	**-**
	210,644	**133,228**	**6,220**	**80,771**	**687,396**	**54,608**	**287,962**	**23,076**	**153,233**	**23,760**
2018										
Subsidiary companies	23,494	109,885	27,465	11,896	530,871	79,174	204,311	1,299	70,346	21,872
Shareholders with significant influence	183,543	2,886	-	63,702	131,597	-	-	31,968	72,600	-
Enterprises on which the Company exerts significant influence	-	4	-	-	34,780	-	-	-	5	-
Directors and Key Management Personnel	1,311	-	-	3,255	-	7,830	-	79	228	-
	208,348	112,775	27,465	78,853	697,248	87,004	204,311	33,346	143,179	21,872

The related party transactions are within the normal course of the business.

(c) Key management personnel compensation

	THE GROUP		THE COMPANY	
	2019	**2018**	**2019**	**2018**
	Rs'000	Rs'000	**Rs'000**	Rs'000
Salaries and short-term employee benefits	**99,452**	79,183	**49,325**	38,134
Post-employment benefits	**3,089**	7,080	**1,560**	3,326
	102,541	86,263	**50,885**	41,460

(d) The terms and conditions in respect of receivables and payables have been disclosed under respective notes. For the year ended December 31, 2019, the Group and the Company have not recorded any impairment of receivables relating to amounts owed by related parties (2018: Nil). There have been no guarantees provided for any related party receivables or payables.

Notes to the **Financial statements**

Year ended December 31, 2019

36. Prior year adjustments

The prior year adjustments and their effects are as follows:

THE GROUP

	Notes	Deferred tax assets	Retirement benefit obligation	Life Assurance Fund	Other reserves	Proprietors fund	Retained earnings	Non-Controlling Interest
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2018								
- as previously reported		33,596	187,032	39,881,578	550,578	476,056	1,604,806	352,569
- effect of line-by-line consolidation	(a)	695	70,340	-	(201)	(122,261)	121,907	(34,438)
- restatement of subsidiary's financial statements:								
transfer of actuarial surplus to shareholders equity	(b)(i)	-	-	425,543	-	(353,795)	-	(71,748)
accounting of subsidiaries and associates	(b)(ii)	-	-	(325,322)	(11,464)	-	282,356	54,430
- restatement of residual gratuity	(c)	7,213	42,430	-	-	-	(35,217)	-
- as restated		**41,504**	**299,802**	**39,981,799**	**538,913**	**-**	**1,973,852**	**300,813**

	Notes	Deferred tax assets	Retirement benefit obligation	Life Assurance Fund	Other reserves	Proprietors fund	Retained earnings	Non-Controlling Interest
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2018								
- as previously reported		57,761	147,899	40,644,034	398,472	1,024,347	1,834,071	470,795
- effect of line-by-line consolidation	(a)	822	76,831	-	(2,122)	(342,037)	368,146	(28,684)
- restatement of subsidiary's financial statements:								
transfer of actuarial surplus to shareholders equity	(b)(i)	-	-	824,843	-	(682,310)	-	(142,533)
accounting of subsidiaries and associates	(b)(ii)	-	-	(370,569)	(12,026)	-	318,561	64,034
- restatement of residual gratuity	(c)	8,409	49,467	-	(1,208)	-	(39,850)	-
- as restated		**66,992**	**274,197**	**41,098,308**	**383,116**	**-**	**2,480,928**	**363,612**

Notes to the **Financial statements**

Year ended December 31, 2019

36. Prior year adjustments (Cont'd)

The effects on the statements of profit or loss and other comprehensive income to the Group are as follows:

	2018
	Rs'000
The effect on profit or loss is as follows:	
As previously reported:	352,444
- effect of line-by-line consolidation - note (a)	209,726
- restatement of subsidiary's financial statements	
Interest allocated - note (b) (iii)	68,699
Share of results from subsidiaries and associates - note (b) (ii)	45,926
- restatement of residual gratuity - note (c)	(4,633)
Net increase/(decrease) in profit for the year	319,718
As restated	672,162
Effect on earnings per share (Rs/cts)	38.63

	2018
	Rs'000
The effect on other comprehensive income is as follows:	
As previously reported:	113,191
- effect of line-by-line consolidation - note (a)	(264,730)
- restatement of subsidiary's financial statements note (b) (ii)	(1,291)
- restatement of residual gratuity - note (c)	(1,208)
Decrease in other comprehensive income	(267,229)
As restated	(154,038)

Notes to the **Financial statements**

Year ended December 31, 2019

36. Prior year adjustments (Cont'd)

THE COMPANY

	Notes	Deferred tax assets	Retirement benefit obligation	Other reserves	Retained earnings
		Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2018					
- as previously reported		33,474	187,032	473,373	1,730,617
- restatement of residual gratuity - note (c)	(c)	7,213	42,430	-	(35,217)
- as restated		**40,687**	**229,462**	**473,373**	**1,695,400**
At December 31, 2018					
- as previously reported		33,310	147,899	334,381	1,907,368
- restatement of residual gratuity - note (c)	(c)	8,409	49,467	(1,208)	(39,850)
- as restated		**41,719**	**197,366**	**333,173**	**1,867,518**

The effect on the statements of profit or loss and other comprehensive income is as follows:

	2018 Restated Rs'000
The effect on profit or loss is as follows:	
As previously reported:	276,060
- restatement of residual gratuity - note (c)	(4,633)
As restated	271,427
Effect on earnings per share (Rs/cts)	(0.56)
The effect on other comprehensive income is as follows:	
As previously reported:	(138,992)
- restatement of residual gratuity - note (c)	(1,208)
As restated	(140,200)

Notes to the **Financial statements**

Year ended December 31, 2019

36. Prior year adjustments (Cont'd)

(a) Consolidation line-by-line

In the prior years, the Group did not consolidate Swan Life Ltd (SLL) on line-by-line basis but as one line item in its consolidated financial statements as required by Paragraph B86 of the IFRS 10 – Consolidated Financial Statements. During the year ended December 31, 2019, the Group changed its accounting policy to adopt the line by line basis and consolidate 100% results of SLL as required under IFRS 10 – Consolidated Financial Statements. This change resulted in restating the Group consolidated financial statements for the year ended December 31, 2018, and December 31, 2017, and consolidating full set of audited financial statements of SLL for the year ended December 31, 2018, and December 31, 2017.

Impact of the consolidation is showed in note (i) to (iii).

(b) Restatement of subsidiary's financial statements - Swan Life Ltd

Prior year adjustments in respect of adjustment made to the following in subsidiary company, Swan Life Ltd are as follows:

(i) Transfer of actuarial surplus to shareholders equity. In prior years, 10% of the actuarial surplus was transferred from the Life Assurance Fund (LAF) to the shareholders equity and accounted as a non-distributable reserve (NDR). Consequently, each year, following actuarial valuation of the Company, a transfer was made to/from the NDR on a consistent basis and based on the corresponding amount of surplus. During the year, the Company has amended its accounting policy to allocate all the actuarial surplus to the LAF with no transfer to the shareholders equity.

(ii) Accounting of subsidiaries and associates. In prior years, the shareholders only have a right to the respective dividends of Swan Pensions Ltd and Swan Financial Solutions Ltd. The Directors have resolved that the subsidiaries and associates are owned by the shareholders and they have the right to the corresponding share of results and net assets of those subsidiaries and associates.

(iii) Accounting of interest allocated to shareholder's fund through the profit or loss previously accounted through equity.

(iv) Reclassification of gross outstanding claims and unearned premium from trade and other payables.

The adjustments and their corresponding impact have been recognised with retrospective effect and comparative figure have been restated accordingly.

(c) Retirement benefit obligation (Residual gratuity)

The Company did not accrue for retirement benefit obligations for the financial years ending December 31,2018 and December 31, 2017. These balances and the corresponding impact on deferred tax have now been recognised with retrospective effect and comparative figure have been restated accordingly.

Notes to the Financial statements

Year ended December 31, 2019

36. Prior year adjustments (Cont'd)

(i) Impact of line-by-line consolidation in respect of SLL figures into consolidated statements of financial position as at December 31, 2018 and December 31, 2017

	2018 Restated Rs'000	2017 Restated Rs'000
ASSETS		
Non-current assets		
Property and equipment	**275,483**	275,504
Investment properties	**478,896**	479,475
Intangible assets	**96,202**	103,138
Investments in associated companies	**36,945**	35,078
Investments in financial assets	**33,284,111**	31,810,041
Loans and receivables	**3,966,249**	4,510,844
Deferred tax assets	**822**	695
	38,138,708	37,214,775
Current assets		
Trade and other receivables	**796,153**	729,122
Investments in financial assets	**1,301,466**	940,640
Loans and receivables	**531,146**	319,925
Seized properties	**55,338**	51,867
Short term deposits	**1,174,142**	1,787,070
Cash and cash equivalents	**1,291,345**	794,631
	5,149,590	4,623,255
Total assets	**43,288,298**	41,838,030
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	**26,322**	26,322
Retained earnings	**926,516**	617,063
Other reserves	**46,676**	47,355
Owners' interest	**999,514**	690,740
Non-controlling interests	**190,331**	181,358
Total equity	**1,189,845**	872,098
Technical Provisions		
Life Assurance Fund	**41,098,308**	39,981,799
Gross outstanding claims	**278,908**	214,251
Gross unearned premium	**122,160**	141,454
	41,499,376	40,337,504
Non-current liabilities		
Retirement benefit obligations	**76,831**	70,340
Non-current payable	**54,076**	-
	130,907	70,340
Current liabilities		
Trade and other payables	**458,969**	426,506
Current tax liabilities	**9,201**	10,500
Dividend payable	-	121,082
	468,170	558,088
Total equity and liabilities	**43,288,298**	41,838,030

Notes to the Financial statements

Year ended December 31, 2019

36. Prior year adjustments (Cont'd)

(ii) Impact of line-by-line consolidation in respect of SLL figures into consolidated statements of Profit or Loss and Other Comprehensive income for the years ended December 31, 2018 and December 31, 2017

	2018 Restated Rs'000	2017 Restated Rs'000
Gross premiums	**4,394,991**	4,026,740
Ceded to reinsurers	**(162,061)**	(160,804)
Net premium earned	**4,232,930**	3,865,936
Fee income on insurance and investment contracts	**459,708**	464,313
Investment income	**1,548,516**	1,295,026
Other income	**338,527**	287,810
Gain on exchange	**21,610**	-
Other operating income - rent	**22,649**	22,589
	6,623,940	5,935,674
Gross death and disablement insurance claims	**164,082**	209,211
Recoverable from reinsurers	**(23,959)**	(24,832)
Net death and disablement insurance claims	**140,123**	184,379
Maturity claims	**1,948,976**	1,642,989
Surrenders	**469,432**	427,315
Annuities	**613,751**	567,227
Commissions payable to agents and brokers	**178,156**	236,313
Fees payable	**215,646**	206,856
Depreciation and amortisation	**41,492**	37,353
Bad debts and impairment	**56,688**	4,641
Marketing and administrative expenses	**365,125**	378,277
Loss on exchange	**2,520**	69,820
	4,031,909	3,755,170
Share of results of associated companies	**2,121**	(7,650)
Transfer to Life Assurance Fund	**(2,097,919)**	(1,795,612)
Profit for the year before taxation	**496,233**	377,242
Taxation	**(31,592)**	(34,586)
Profit for the year	**464,641**	342,656

Notes to the **Financial statements**

Year ended December 31, 2019

36. Prior year adjustments (Cont'd)

(ii) Impact of line-by-line consolidation in respect of SLL figures into consolidated statements of Profit or Loss and Other Comprehensive income for the years ended December 31, 2018 and December 31, 2017 (cont'd)

	2018	2017
	Restated	Restated
Other comprehensive income:	Rs'000	Rs'000
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit obligations	6,832	(1,358)
Items that may be reclassified subsequently to profit or loss:		
Change in value of available-for-sale financial assets	(647,391)	3,483,074
Release on disposal of available-for-sale financial assets	(343,911)	(230,435)
Net movement in other reserves	1,769	(4,906)
Transfer to Life Assurance Fund	981,410	(3,250,028)
Other comprehensive income for the year, net of tax	(1,291)	(3,653)
Total comprehensive income for the year	463,350	339,003
Profit for the year		
Attributable to:		
Owners of the parent	439,747	317,373
Non-controlling interests	24,894	25,283
	464,641	342,656
Total comprehensive income for the year		
Attributable to:		
Owners of the parent	439,068	313,470
Non-controlling interests	24,282	25,533
	463,350	339,003

Notes to the **Financial statements**

Year ended December 31, 2019

36. Prior year adjustments (Cont'd)

(iii) Impact of line-by-line consolidation in respect of SLL figures into consolidated statements of cash flows for years ended December 31, 2018 and December 31, 2017

	2018	2017
	Restated	Restated
	Rs'000	Rs'000
Cash flows from operating activities		
Cash generated from operations	861,911	871,055
Investment income received	1,279,985	1,235,418
Tax and corporate social responsibility tax paid	(32,997)	(28,360)
Net cash generated from operating activities	2,108,899	2,078,113
Cash flows from investing activities		
Purchase of property and equipment	(21,051)	(7,494)
Purchase of investment properties	(9,493)	(13,553)
Purchase of intangible assets	(3,461)	(928)
Purchase of financial assets	(6,048,363)	(5,412,860)
Loans granted	(292,584)	(337,391)
Proceeds from disposal/maturity of financial assets	3,848,857	2,143,425
Proceeds from sale of property and equipment	148	-
Proceeds from sale of right and benefits in financial assets	54,076	-
Loans recovered	505,129	683,456
Net cash used in investing activities	(1,966,742)	(2,945,345)
Cash flows from financing activities		
Dividends paid to Company's shareholders	(251,376)	(121,082)
Dividends paid to non-controlling interest	(15,806)	(15,205)
Net cash used in financing activities	(267,182)	(136,287)
Decrease in cash and cash equivalents	(125,025)	(1,003,519)
Movement in cash and cash equivalents		
At January 1,	2,581,701	3,602,170
Decrease during the year	(125,025)	(1,003,519)
Effects of exchange rate changes	8,811	(16,950)
At December 31,	2,465,487	2,581,701

Notes to the **Financial statements**

Year ended December 31, 2019

37. Changes in Accounting Policies

(a) Impact on the financial statements - IFRS 16

The Group and the Company adopted IFRS 16 with a transition date of January 1, 2019. The Group and the Company have 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 to be recognised in the opening equity balances. There is no adjustment at January 1, 2019.

Effective 1 January 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/Group does not have significant leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilised

The Group and 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 Group and 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 Group and the Company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(i) The Group and the Company have seventeen leases and five leases respectively and has used the current market prime lending rate as discount rate;

(ii) 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;

(iii) 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

(iv) 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 Group and 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 Group and the Company recognise right-of-use assets and lease liabilities for its leases.

Notes to the **Financial statements**

Year ended December 31, 2019

37. Changes in Accounting Policies (Cont'd)

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

On adoption of IFRS 16, the Group and 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 Group and the Company's incremental borrowing rate as at January 1, 2019. The Group and 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 As originally Presented	IFRS 16	January 1, 2019
		Rs'000	Rs'000	Rs'000
THE GROUP				
Assets				
Right-of-use assets	(i)	-	23,699	**23,699**
Deferred tax liabilities	(ii)	-	(1,789)	**(1,789)**
Liabilities				
Lease liabilities	(iii)	-	23,699	**23,699**
Deferred tax assets	(ii)	-	1,789	**1,789**

	Adjustments	December 31, 2018 As originally Presented	IFRS 16	January 1, 2019
		Rs'000	Rs'000	Rs'000
THE COMPANY				
Assets				
Right-of-use assets	(i)	-	9,491	**9,491**
Deferred tax liabilities	(ii)	-	(1,613)	**(1,613)**

Notes to the **Financial statements**

Year ended December 31, 2019

37. Changes in Accounting Policies (Cont'd)

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

	Adjustments	December 31, 2018 As originally Presented	IFRS 16	January 1, 2019
		Rs'000	Rs'000	Rs'000
THE COMPANY				
Liabilities				
Lease liabilities	(iii)	-	9,491	9,491
Deferred tax assets	(ii)	-	1,613	1,613

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

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
Operating type leases	23,699	9,491
Right-of-use assets	23,699	9,491

(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 Group and the Company's December 31, 2018, annual financial statements to the amount of lease liabilities recognised on January 1, 2019:

	THE GROUP	THE COMPANY
	January 1, 2019	January 1, 2019
	Rs'000	Rs'000
Minimum operating lease commitment at December 31, 2018	27,851	10,932
Undiscounted lease payments	27,851	10,932
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(4,152)	(1,441)
Lease liabilities for leases classified as operating type under IAS 17	23,699	9,491
Plus: leases previously classified as finance type under IAS 17	-	-
Lease liability as at January 1, 2019	23,699	9,491
Of which are:		
Current lease liabilities	5,723	1,890
Non-current lease liabilities	17,976	7,601
	23,699	9,491

38. Events After Reporting Period

(a) Dealing in shares of SACOS Group Limited

Subsequent to year end, following an agreement between Swan General Ltd (SGL) and Swan Pension Fund (SPF), being the shareholders of Opportunity Investment Ltd (OIL), 371,164 shares of SACOS Group Limited (representing 18.56%) held by OIL were transferred to SGL. As a result, the direct shareholding of the Company in SACOS Group Limited increased from 0.05% to 18.61% and increase in the effective shareholding from 22.78% to 26.46%. There has been no impact on control of SGL group over SACOS Group Limited.

Notes to the **Financial statements**

Year ended December 31, 2019

38. Events After Reporting Period (Cont'd)

(b) Dealing in shares of Dolberg Rentals (Pty) Ltd

Swan Wealth Managers Ltd has expressed its interest to invest in Dolberg Rentals (Pty) Ltd, a subsidiary of Swan General Ltd based in South Africa. The transaction has already obtained board approval but is subject to all regulatory approval being obtained.

(c) COVID-19 pandemic

Nature of the event

COVID-19 outbreak poses a serious public health threat worldwide and has caused a record number of countries to restrict the free movement of people and transactions in goods and services. The consequences constitute a major challenge to doing business and will likely weigh on the ability of many companies to operate normally.

Effect of COVID-19

Although COVID-19 is not the first pandemic that the world has seen, it certainly is having an unprecedented impact on the global economy and on business operations outside war times. This poses major economic issues, as intra and inter-country, and cross-continental trade slows down, adversely affecting global economic growth. Small, open economies like Mauritius, despite their sector diversification, are especially vulnerable as they are highly dependent on international markets. Consequently, it is expected that countries like Mauritius will be severely impacted by the slowing global activity, if no solution is found quickly. In addition, while we take note of the government's efforts to provide support to the Mauritian economy, there is no visibility on how long COVID-19 will last and what will be its full impact on society, businesses, and the economy.

The anticipatory falls in equity markets over the last few weeks testify to how worried investors are of the virus in the short term. Whether our economy can weather this storm will depend heavily on how well the public and the private sectors navigate its waters and how fast a remedy is found to the disease. Nonetheless, while we acknowledge this state of affairs, we believe that equity markets will recover as they have always done in the past, especially given the co-ordinated and massive funds being injected in the global economy and, very importantly, in research.

The Company does not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak, however, it is anticipated that the fair value of the financial instruments asset which the group holds and the underlying transactions, in which the group currently operates, would be adversely affected as a result of market volatility and the deteriorating economic environment.
The impact of this outbreak on the assets and exposures as well as on the macroeconomic forecasts will be incorporated in the estimates on impairment assessment provisions in 2020 and the fair value models for financial assets and collaterals will similarly be reassessed.

The capital and solvency margins have always been above the minimums required by the Insurance Act 2005. The Group does not foresee any pressure on its solvency ratio in the near term based on the different stress tests carried out. The Group 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

39. Three Year Summary

(a) THE GROUP

	2019 Rs'000	2018 Restated Rs'000	2017 Restated Rs'000
Statements of profit or loss			
Gross premiums	8,105,672	7,561,743	6,813,857
Net earned premiums	6,419,610	5,925,149	5,314,230
Underwriting surplus	1,700,637	1,748,543	1,562,089
Operating profit	3,245,292	3,349,216	2,906,876
Profit before taxation	728,773	773,458	490,456
Income tax expense	56,611	60,861	51,961
Profit for the year	672,162	712,597	438,495
Statements of profit or loss and other comprehensive income			
Profit for the year	672,162	712,597	438,495
Other comprehensive income for the year	119,105	(154,038)	110,223
Total comprehensive income	791,267	558,559	548,718
Attributable to:			
Owners of the parent	696,030	457,462	481,583
Non-controlling interest	95,237	101,097	67,135
	791,267	558,559	548,718

	2019 Rs'000	2018 Restated Rs'000	2017 Restated Rs'000
Statements of financial position			
Non-current assets	43,913,046	40,371,431	39,313,113
Current assets	9,488,164	8,031,005	7,010,897
	53,401,210	48,402,436	46,324,010
Owners' interest	3,481,634	2,905,423	2,554,144
Non-controlling interest	415,655	363,612	300,813
Life Assurance Fund	45,199,804	41,098,308	39,981,799
Gross unearned premiums	1,478,114	1,422,934	1,302,158
Outstanding claims & IBNR	974,575	1,211,785	1,135,918
Non-current liabilities	465,932	450,522	307,676
Current liabilities	1,385,496	949,852	741,502
	53,401,210	48,402,436	46,324,010
Dividends per share (rupees and cents)	14.40	12.00	12.00
Earnings per share (rupees and cents)	69.75	73.87	44.29
Net assets value per share (rupees and cents)	420.70	351.08	308.63
Number of shares used in calculation	8,275,769	8,275,769	8,275,769

Notes to the **Financial statements**

Year ended December 31, 2019

39. Three Year Summary (Cont'd)

(b) THE COMPANY

	2019 Rs'000	2018 Restated Rs'000	2017 Restated Rs'000
Statements of profit or loss			
Gross premiums	3,060,119	2,931,938	2,652,735
Net earned premiums	1,667,034	1,631,724	1,448,295
Underwriting surplus	602,575	560,936	484,971
Operating profit	774,265	720,644	633,619
Profit before taxation	327,379	297,870	253,621
Income tax expense	19,959	26,443	16,982
Profit for the year	307,420	271,427	236,639
Statements of profit or loss and other comprehensive income			
Profit for the year	307,420	271,427	236,639
Other comprehensive income for the year	99,361	(140,200)	93,930
Total comprehensive income	406,781	131,227	330,569

	2019 Rs'000	2018 Restated Rs'000	2017 Restated Rs'000
Statements of financial position			
Non-current assets	2,608,465	2,419,425	2,488,025
Current assets	3,060,313	2,718,834	2,378,332
	5,668,778	5,138,259	4,866,357
Owners' interest	2,529,680	2,242,070	2,210,152
Gross unearned premiums	1,313,557	1,230,389	1,118,584
Outstanding claims and IBNR	643,863	864,007	902,830
Non-current liabilities	300,507	306,188	229,462
Current liabilities	881,171	495,605	405,329
	5,668,778	5,138,259	4,866,357
Dividends per share (rupees and cents)	14.40	12.00	12.00
Earnings per share (rupees and cents)	37.15	32.80	28.59
Net assets value per share (rupees and cents)	305.67	270.92	267.06
Number of shares used in calculation	8,275,769	8,275,769	8,275,769

Other
Statutory disclosures

Year ended December 31, 2019

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company and of the Subsidiary Companies have service contracts that need to be disclosed under Section 221 of the Companies Act 2001.

DIRECTORS' REMUNERATION AND BENEFITS

The total remuneration and benefits received, due and receivable:

(i) by each Director of Swan General Ltd from the Company and its subsidiaries are as follows;

	FROM THE COMPANY		FROM THE SUBSIDIARIES	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Executive Directors				
Louis Rivalland	5,682	4,986	13,249	12,789
Michel Thomas	10,456	8,397	546	530
Non-executive Directors				
Nicolas Maigrot	175	175	175	175
Sebastien Mamet	90	90	90	90
Arif Fakhruddin Currimjee	140	105	140	105
Henri Harel	120	120	120	120
Gopallen Mooroogen	160	160	240	240
Victor Seeyave	140	140	180	180
Rene Leclezio	90	90	90	90
Philippe Espitalier Noel	90	90	90	90
Hector Espitalier Noel	90	90	90	90
	17,233	14,443	15,010	14,499

(ii) by the Directors of Subsidiaries who are not Directors of the Company are provided below:

	FROM THE SUBSIDIARIES	
	2019	2018
	Rs'000	Rs'000
Swan International Ltd		
Directors fees - Non-Executive Director		
Jaiyansing Soobah	20	20
Swan Corporate Affairs Ltd		
Directors fees - Non-Executive Director		
Jaiyansing Soobah	20	20

Other
Statutory disclosures

Year ended December 31, 2019

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS' REMUNERATION AND BENEFITS (Cont'd)

	FROM THE SUBSIDIARIES	
	2019	2018
Swan Special Risks Company Limited	Rs'000	Rs'000
Directors fees - Non-Executive Director		
Pierre Dinan	20	20
Swan Reinsurance PCC		
Directors fees - Non-Executive Director		
Pierre Dinan	20	20
Swan Pensions Ltd		
Directors fees - Non-Executive Director		
Alan Goder	20	20
Swan Wealth Managers Ltd		
Directors fees - Non-Executive Director		
Nitish Beni Madhu	20	20
Swan Securities Ltd		
Directors fees - Non-Executive Directors		
Veenaye Busgeeth	5	20
Karine Morel	15	-
Jaiyansing Soobah	20	20
	40	40
Swan Financial Solutions Ltd		
Directors fees - Non-Executive Directors		
Nitish Beni Madhu	10	10
Ashley Coomar Ruhee	10	10
	20	20
Manufacturer's Distributing Station Limited		
Directors fees - Non-Executive Director		
Jaiyansing Soobah	20	20

Other
Statutory disclosures

Year ended December 31, 2019
(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS' REMUNERATION AND BENEFITS (Cont'd)

	FROM THE SUBSIDIARIES	
	2019	2018
Swan Actuarial Services Ltd	Rs'000	Rs'000
Directors fees - Non-Executive Directors		
Richard Li Ting Chung	30	-
Jaiyansing Soobah	30	-
	60	-

DONATIONS

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Political donations	3,200	-	350	-
Charitable donations	341	92	-	-
	3,541	92	350	-

AUDITORS' FEES AND FEES FOR OTHER SERVICES

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees paid to:				
- BDO & Co	4,664	4,326	1,600	1,530
- Other firms	1,344	1,698	-	-
	6,008	6,024	1,600	1,530
Fees paid for other services provided by:				
- BDO & Co	1,966	1,643	1,045	625
- Other firms	6	-	-	-
	1,972	1,643	1,045	625

CONTRACT OF SIGNIFICANCE

During the year under review, there was no contract of significance to which the Company or one of its subsidiaries was a party and in which a Director of the Company was materially interested either directly or indirectly.

Other
Statutory disclosures

Year ended December 31, 2019
(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE COMPANY

Mr. M.E. Nicolas MAIGROT - Chairperson
Mr. J.M. Louis RIVALLAND - Group Chief Executive
Mr. A. Michel THOMAS - Chief Operations Officer
Mr. M.D. Henri HAREL
Mr. J. Sébastien MAMET
Mr. M.M. Hector ESPITALIER-NOËL
Mr. M.H. Philippe ESPITALIER-NOËL
Mr. J.M. René LECLÉZIO
Mr. Peroomal Gopallen MOOROOGEN
Mr. Victor C. SEEYAVE
Mr. Arif CURRIMJEE

DIRECTORS OF THE SUBSIDIARY COMPANY

Swan Life Ltd	Mr. M.E. Nicolas MAIGROT - Chairperson
	Mr. J.M. Louis RIVALLAND - Group Chief Executive
	Mr. M.D. Henri HAREL
	Mr. J. Sébastien MAMET
	Mr. M.M. Hector ESPITALIER-NOËL
	Mr. M.H. Philippe ESPITALIER-NOËL
	Mr. J.M. René LECLÉZIO
	Mr. Peroomal Gopallen MOOROOGEN
	Mr. Victor C. SEEYAVE
	Mr. Arif CURRIMJEE
Swan International Co. Ltd.	Mr. J.M. Louis RIVALLAND
	Mr. Jaiyansing SOOBAH
Manufacturers' Distributing Station Limited	Mr. J.M. Louis RIVALLAND
	Mr. Jaiyansing SOOBAH
Swan Pensions Ltd	Mr. J.M. Louis RIVALLAND
	Mr. Peroomal Gopallen MOOROOGEN
	Mr. J.M. Alan GODER
Processure Compagnie Ltée	Mr. Olivier JOLLAND
	Mr. Olivier Jean Albert DEVIN
	Mr. J.M. Louis RIVALLAND
	Mr. J.M. Alan GODER
Swan Reinsurance PCC	Mr. J.M. Louis RIVALLAND
	Mr. A. Michel THOMAS
	Mr. Peroomal Gopallen MOOROOGEN
	Mr. M.D. Pierre DINAN, G.O.S.K.
	Mr. Victor C. SEEYAVE
	Mr. T.K. Philippe LO FAN HIN
	Mr. Neelkamal RAGOO

Other
Statutory disclosures

Year ended December 31, 2019
(pursuant to Section 221 of the Companies Act 2001)

Swan Corporate Affairs Ltd	Mr. J.M. Louis RIVALLAND
	Mr. Jaiyansing SOOBAH
Swan Foundation	Mr. J.M. Louis RIVALLAND
	Mr. Jaiyansing SOOBAH
Swan Wealth Managers Ltd	Mr. J.M. Louis RIVALLAND
	Mr. Peroomal Gopallen MOOROOGEN
	Mr. Nitish BENI MADHU
Swan Securities Ltd	Mr. Jaiyansing SOOBAH
	Mr. Veenaye BUSGEETH (resigned on March 18, 2019)
	Mrs. Karine MOREL (appointed on March 15, 2019)
Swan Financial Solutions Ltd	Mr. J.M. Louis RIVALLAND
	Mr. Nitish BENI MADHU
	Mr. Ashley Coomar RUHEE
Dolberg Rental (Pty) Ltd	Mr. J.M. Louis RIVALLAND
	Mr. Nitish BENI MADHU
Societé Brugassur (SA)	Mr. Jaiyansing SOOBAH
	Mr. M.G.M Patrice BASTIDE
Aprica Investment Co Ltd	Mr. J.M. Louis RIVALLAND
	Mr. M.G.M. Patrice BASTIDE
	Mr. Andrew S. LEE
	Mr. M.H. Philippe ESPITALIER-NOËL
	Mr. J.M. René LECLÉZIO
	Mr. M.E. Nicolas MAIGROT
Swan Special Risks Company Limited	Mr. J.M. Louis RIVALLAND
	Mr. T.K. Philippe LO FAN HIN
	Mr. Peroomal Gopallen MOOROOGEN
	Mr. M.D. Pierre DINAN, G.O.S.K
	Mr. Victor C. SEEYAVE
	Mr. A. Michel THOMAS
	Mrs. Karine MOREL (appointed on 20 February 2019)
Swan Wealth Structured Products Ltd	Mr. J.M. Louis RIVALLAND
	Mr. Nitish BENI MADHU
Swan Digital Ltd	Mr. J.M. Louis RIVALLAND
	Mr. Nitish BENI MADHU
	Mr. J.M. Alan GODER
	Mr. Amal Leckraj BHOLAH
	Mr. Kemley BEHAREE

Other
Statutory disclosures

Year ended December 31, 2019
(pursuant to Section 221 of the Companies Act 2001)

Swan Corporate Advisors Ltd	Mr. Jaiyansing SOOBAH
	Mr. Gianduth JEEAWOCK
Swan Wealth International Ltd	Mr. J.M. Louis RIVALLAND
	Mrs. Karine MOREL
	Mr. Nitish BENI MADHU
	Mr. Gianduth JEEAWOCK
Swan Actuarial Services Ltd	Mr. Richard LI TING CHUNG (appointed on 20 June 2016)
	Mr. Jaiyansing SOOBAH (appointed on 20 September 2019)
Swan Pensions Rwanda (SPR) Ltd	Mr. Jean Pierre Mubiigi KANAMUGIRE
	Mrs. Charisma ROOPUN
	Mr. J.M. Louis RIVALLAND
	Mr. Alan GODER
Swan General Insurance Company Limited *previously Diamond General Insurance Limited*	Mr. Larry Feston KALALA
	Mr. William Paul SAUNDERS
	Mr. Miyanda Kahari MAIMBO
	Mr. Ewan WHEELER
	Mr. Andrew LEE
	Mr. Patrice BASTIDE
Swan Smart Achiever Notes Ltd	Mr. Jaiyansing SOOBAH
	Mr. Gianduth JEEAWOCK
BK General Insurance Company Ltd	Mr. Patrice BASTIDE
	Mrs. Sandra RWAMUSHAIJA
	Mr. Lawson NAIBO
	Mrs. Flora NSINGA
	Ms. Nathalie MPAKA
Swan Comoros SA	Mr. Patrice BASTIDE
	Mr. Bernard KISHTOO

Notice of Annual **Meeting of Shareholders**

Notice is hereby given that the Annual Meeting of Shareholders (the "Meeting") of Swan General Ltd (the "Company") will be held on August 28, 2020, at 2.00 p.m. at Swan Centre, 10, Intendance Street, Port Louis, to transact the following business in the manner required for the passing of ORDINARY RESOLUTIONS:

AGENDA

1. To consider the 2019 Annual Report of the Company.
2. To receive the report of Messrs. BDO & Co, the external auditors of the Company.
3. To consider and adopt the audited financial statements of the Company and the Group for the year ended December 31, 2019.
4. To appoint, on recommendation of the Board, Messrs. KPMG, Mauritius as auditors of the Company in replacement of BDO, Mauritius and to authorise the Board of Directors to fix their remuneration.
5. To ratify the remuneration paid to the auditors for the financial year ended December 31, 2019.

BY ORDER OF THE BOARD

Jaiyansing Soobah
for Swan Corporate Affairs Ltd
Company Secretary

July 21, 2020

NOTES:

1. *A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.*
2. *The instrument appointing a proxy or any general power of attorney shall be deposited at the Registered Office of the Company, not less than twenty-four (24) hours before the start of the meeting and in default, the instrument of proxy shall not be treated as valid.*
3. *A proxy form is included in this Annual Report and is also available at the registered office of the Company.*
4. *For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting shall be those shareholders whose names are registered in the share register of the Company as at July 30, 2020.*

Proxy **Form**

I/We

of

being a member/members of Swan General Ltd ("the Company), do hereby appoint:

of

or failing him/her,

of

or failing him/her, the Chairman of the Meeting, as my/our proxy to represent me/us and vote for me/us and on my/our behalf at the Annual Meeting of the Company to be held at Swan Centre, 10, Intendance Street, Port Louis, on August 28, 2020, at 2.00 p.m. and at any adjournment thereof.

I/We direct my/our proxy to vote in the following manner (please vote with a tick):

RESOLUTIONS	FOR	AGAINST	ABSTAIN
1. To consider the 2019 Annual Report of the Company.			
2. To receive the report of Messrs. BDO & Co, the auditors of the Company.			
3. To consider and adopt the audited financial statements of the Company and the Group for the year ended December 31, 2019.			
4. To appoint, on recommendation of the Board, Messrs. KPMG, Mauritius as auditors of the Company in replacement of BDO, Mauritius and to authorise the Board of Directors to fix their remuneration.			
5. To ratify the remuneration paid to the auditors for the financial year ended December 31, 2019.			

Signed this...........day of..2020

Signature(s)..

Notes:
1. *A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.*
2. *If the instrument appointing a proxy or any general power of attorney is returned without an indication as to how the proxy shall vote on any particular resolution, the proxy will exercise his/her discretion as to whether, and if so, how he/ she votes.*
3. *To be valid, the instrument appointing a proxy or any general power of attorney, duly signed, shall be deposited at the Registered Office of the Company, Swan Centre, 10, Intendance Street, Port-Louis, 24 hours before the time fixed for holding the Annual Meeting.*

SWAN

Swan General Ltd

Swan Centre
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Port Louis, Mauritius
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