

**SWAN INTERNATIONAL CO LTD**

**ANNUAL REPORT - YEAR ENDED**

**DECEMBER 31, 2019**

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DIRECTORATE AND ADMINISTRATION

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**DIRECTORS**

Mr. J.M. Louis RIVALLAND

Mr . J. SOOBAH

**REGISTERED OFFICE**

IQ EQ Corporate Services (Mauritius) Ltd

33 Edith Cavell Street,

Port Louis, Mauritius

**AUDITOR**

BDO & Co

Chartered Accountants

10 Frère Félix de Valois Street,

Champ de Mars,

Port Louis, Mauritius

**BANKER**

Banque des Mascareignes

SBM Bank (Mauritius) Ltd

**SECRETARY**

IQ EQ Corporate Services (Mauritius) Ltd

33 Edith Cavell Street,

Port Louis, Mauritius

**SWAN INTERNATIONAL CO LTD** (the 'Company') is a Public Interest Entity as defined by the Financial Reporting Act 2004.

## **1. GOVERNANCE STRUCTURE**

The Company 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. There is a code of ethics which explains the Company's and Swan Group's policies on how we conduct business in Mauritius and beyond. The Board of Directors commits to understanding the code and abiding by its principles. The principles support full compliance with applicable laws. They also represent the practical ways that we put our values to work every day. Our corporate values, Passion, People and Performance, serve as the foundation for the code. The Code also contains provisions on whistle blowing and provides, inter alia, for anonymous reporting of unethical conducts.

The day to day operations are entrusted to management under the responsibility of the Group Chief Executive. Members of Senior Management at Group Level have clearly defined job descriptions. Being a Global Business Company, the Company is under legal obligation to appoint a management company ("MC") for all its dealing with the Financial Services Commission. IQ EQ Corporate Services (Mauritius) Ltd is the appointed MC and Company Secretary. The MC also look after certain areas of compliance. Swan Corporate Affairs Ltd has been appointed as the joint company secretary.

The code of ethics and constitution have been published on the website of Swan Group. The originals are available for review at the registered address of the Company, at the MC's office.

## **2. STRUCTURE OF THE BOARD AND ITS COMMITTEES**

The Company is headed by a unitary Board. The Board consists of non-executive directors. Members of the Board have a diverse set of skills, knowledge and come from different sphere of the business community. There is currently no female gender on the Board, as the Board was constituted before such requirement. The Company does not have a designated Chairperson. Collectively, the Board is well structured and of sufficient size to discharge its duties, having regard to the activities and size of the Company.

All the directors are ordinarily resident in Mauritius. The Directors of the Company were as follows:  
Louis Rivalland (Non Executive) (Group Chief Executive)  
Jaiyansing Soobah (Non Executive)

**2. STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)****Profiles of the directors****Louis Rivalland**

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

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

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

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

List of other directorships:

<b>Name of Company</b>	<b>Particulars of directorship</b>
Aprica Investments Co Ltd	Director
Manufacturers' Distributing Station Limited	Director
New Mauritius Hotels Limited	Director
Proccure Compagnie Limitee	Director
Swan Corporate Affairs Ltd	Director
Swan Digital Ltd	Director
Swan Financial Solutions Ltd	Director
Swan Foundation	Director
Swan General Ltd	Director
Swan Life Ltd	Director
Swan Pensions Ltd	Director
Swan Reinsurance PCC	Director
Swan Special Risks Company Ltd	Director
Swan Wealth International Ltd	Director
Swan Wealth Managers Ltd	Director
Swan Wealth Structured Product Ltd	Director

## 2. STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

### Profiles of the directors (cont'd)

#### Jaiyansing (Shailen) Soobah FCCA, MBA, Dip CII

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 Group. He is the Non-Executive Chairman of The Stock Exchange of Mauritius Ltd and a Non-Executive Director of Central Depository & Settlement Co. Ltd.

List of other directorships:

Name of Company	Particulars of directorship
Swan Corporate Affairs Ltd	Director
Swan Corporate Advisors Ltd	Director
Swan Foundation	Director
Manufacturers Distributing Station Ltd	Director
Swan Securities Ltd	Director
Swan Global Funds Ltd	Director
Swan Smart Achiever Notes Ltd	Director
The Stock Exchange of Mauritius	Director
Central Depository & Settlement Co. Ltd	Director
Swan Actuarial Services Ltd	Director

The Company Secretary plays a key role in the application of Corporate Governance. All directors have access to the advice and services of the Company Secretary, who provides guidance to the Directors on their statutory responsibilities, ethics and good governance. The Company Secretary acts as a vital bridge between the board and the executive management and ensures that the management, in a timely manner, provides its board and its committees with all relevant information. The Company Secretary discharged his duties as per the statutory requirements. Mr. Jaiyansing Soobah acts as the Group Company Secretary.

#### **Board Committees**

Currently, there are two committees which are established at Group Level, the Audit & Risks Committee and the Corporate Governance Committee. The terms of reference for each committee were approved at Group Level. The terms of reference of the committee are on the website of SWAN Group.

## 2. STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

### Profiles of the directors (cont'd)

#### Audit & Risks Committee

The primary function of the Group's 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; and
- 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 Members of the Group Audit & Risks Committee consist of four non-executive directors, three of whom are independent, including the Chairperson. The members are:

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

Mr Jaiyansing Soobah, acts as Secretary of the Committee.

During the year, the Committee met five times. 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 at Group level, the external auditors and the internal auditors regularly attend meetings of the Group Audit & Risks Committee, as are relevant.

#### Corporate Governance Committee

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

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



## 2. STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

The Members of the Group Corporate Governance Committee are the following non-executive directors:

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

The Group Chief Executive is in attendance. The Company Secretary, Mr Jayansing 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:

### At Board Meetings:

Directors	Board Meeting
Number of meetings held	2
Louis Rivalland	2
Jayansing Soobah	2

### At Committee Meetings

Committee Members	Audit & Risks Committee	Corporate Governance Committee
Number of meetings held	5	1
Arif Currimjee	5	1
Henri Harel	5	N/A
Nicolas Malgrot	N/A	1
Gopallen Moorooogen	4	1
Louis Rivalland (not a member)	2	N/A
Victor Seeyave	5	1
Jayansing Soobah (Secretary)	5	1

## 3. DIRECTOR APPOINTMENT PROCEDURES

Appointment of new directors is subject to a pre-determined process. Potential candidates are identified by the Group Corporate Governance Committee. The selection is made based on, inter alia, skills, business acumen, industry knowledge, experience and independence (where relevant). The Group Corporate Governance Committee then makes recommendation to the Board of Directors and/or shareholders (as relevant). Director's appointment is also subject to the approval of the Financial Services Commission, under Section 24 of the Financial Services Act. The law provides that a director (Officer) must be a fit and proper person.



### 3. DIRECTOR APPOINTMENT PROCEDURES (CONT'D)

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 Group 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 at Group level has been delegated by the Board to the Group Chief Executive. A brief write-up of directors and the Company Secretary, details of the nomination & appointment process and summary of constitution have been published on the website of SWAN Group.

### 4. DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

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

SWAN Group has a Code of Ethics, which is applicable to the directors of the Company. Monitoring day-to-day compliance with the code rests with the Senior Management of SWAN Group. Important issues, if any, are escalated to the Board. The code explains SWAN Group's policies for how business is conducted in Mauritius and beyond. The principles of the code support full compliance with applicable laws. They also represent the practical ways that SWAN put its values to work every day. Our Corporate Values, Passion, People & Performance, serve as the foundation for this Code. Our values guide our actions in conducting business in a socially responsible and ethical manner. Directors are expected to:

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

In accordance with the Companies Act 2001, the Company Secretary maintains an interests register. As soon as a Director/Officer becomes aware that he is interested in a transaction, or that his holdings or that of his associates have changed, the interest should be reported to the Company Secretary in writing. The register of Directors' and Officers' Interests is updated with every transaction notified by the Directors/Officers and their associates. All new Directors/Officers are required to notify in writing to the Company Secretary their holdings in the Company's shares. According to the Company's Constitution, a Director is not required to hold shares in the Company. No directors hold shares in the Company for the period under review.

#### 4. DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

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. The executive management team at Group Level ensure that Directors receive adequate, timely and accurate information to be able to discharge their duties. The Board is under the obligations to keep all information confidential. Where necessary in the discharge of their duties, all directors may seek independent professional advice at the Company's expense. The Company has adequate Directors & Officers insurance.

Day-to-day IT governance and security issues are delegated to the Senior Management of SWAN Group. IT expenses are monitored through the budgeting process. SWAN Group has in place a number of IT policies, the purposes of which are to:

- a) 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; and
- 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 the website of SWAN Group

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 evaluation was conducted in 2018.

The remuneration policy is considered at Group Level 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 SWAN Group's strategy, whilst ensuring adherence to the SWAN's risk appetite;
- b) To ensure remuneration is competitive for our markets to enable SWAN Group to 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; and
- f) To ensure fair outcomes for our human resources, shareholders and customers.

**4. DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)**

Executive directors' remuneration package consists of basic salary, annual performance bonus, pension provision, 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.

The remuneration policy for executive directors approaching retirement is determined by the Group Corporate Governance Committee on a case-to-case basis.

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. Currently, the Company does not have executive directors. The remuneration of the directors for the period under review was as follows:

Name of Director	Director Fee
Louis Rivalland	MUR 20,000
Jaiyansing Soobah	MUR 20,000

**5. RISK GOVERNANCE AND INTERNAL CONTROL**

The risks of the Company are monitored at SWAN Group's level. 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; and
- f) Defining the roles and responsibilities of management.

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

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 of SWAN Group 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 at SWAN Group's Level are as follows:

- a) A clear organisation structure, including the delegation of appropriate responsibilities to the Board committees, the Group Chief Executive, the 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;

**5. RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)**

- 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; and
- f) Management has put in place appropriate financial and operational controls by way of segregation of duties and financial/monetary limits.

At SWAN Group's level, internal control covers all material functions of the Company. The Board, through the Audit & Risks Committee and the 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.

**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) 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, the structure and the financial statements. The annual report for the year ended 31 December 2019 will be published on the website of SWAN Group.

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.

For the year ended 31 December 2019, as director only Louis Rivalland was common to both the Company Swan General Ltd and Swan Life Ltd.

**Dividend Policy**

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

**Shareholders' Agreement**

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

**Environmental Issues**

The Company has an obligation to protect and preserve the environment. It respects the environment and the business of the Company ensures that there is little impact on the environment. The Company complies 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.



## 6. REPORTING WITH INTEGRITY (CONT'D)

### Health and Safety

SWAN Group 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 responsibility of the Directors 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.

## 7. AUDIT

### Internal Audit

At SWAN Group level, 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 Group 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 Group Audit and Risks Committee. Internal audit of the Group is outsourced to Ernst & Young. The Internal Auditors are responsible for providing assurance to the Board, through the Group Audit & Risk Committee, regarding the implementation, operation and effectiveness of internal control and risks management.

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

The Internal Auditors have a direct reporting line to the Group Audit & Risks Committee and maintain an open and constructive communication with executive management. They also have direct access to the Chairperson of the Committees established at Group level and of the Board. This reporting structure allows the Internal Auditors to remain independent and report all items of significance to the Board/ Group Audit and Risks Committee. They have unrestricted access to the records, management and employees. They act as a source of constructive advice and best practice, assisting the Group Audit and Risks Committee in its responsibility to improve the processes by which risks are identified and managed. Internal audit reports are sent to the Group Audit & Risks Committee

### External Audit

Our external auditors are BDO & Co. External auditors are appointed/re-appointed by shareholders. Auditors remuneration is fixed by the Board, following recommendation from the Group Audit & Risks Committee. External auditors have unrestricted access to the Audit & Risks Committee. The Company is satisfied with the external audit process. The Group Audit & Risks Committee has not met with external auditor without the presence of the Management.

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

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

For audit services	USD 4,900
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**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, regulators & government authorities, the public and investors, among others.

As at 31 December 2019, the shareholders of the Company were as follows:

Swan General Ltd	51%
Swan Life Ltd	49%

The Company will hold an Annual Meeting by way of written resolution.



**Joint Company Secretary  
Swan Corporate Affairs Ltd**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - DECEMBER 31, 2019

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**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 as at the end of the financial year and the results of its operations and cash flows for that year and which comply with International Financial Reporting Standards (IFRS);
- (iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

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

The directors report that:

- (i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iii) International Financial Reporting Standards have been adhered to;
- (iv) the Code of Corporate Governance has been adhered to.

Signed on behalf of the Board of Directors on: 09 October 2020

  
.....  
Director

  
.....  
Director



**SWAN INTERNATIONAL CO LTD  
CERTIFICATE FROM THE SECRETARY**

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We certify that, to the best of our knowledge and belief, SWAN INTERNATIONAL CO LTD ("the Company") has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001 in terms of Section 166 (d) for the year ended 31 December 2019.



**IQ EQ Corporate Services (Mauritius) Ltd.  
Corporate Secretary**

Date:



**STATEMENT OF COMPLIANCE****SECTION 75(3) OF THE FINANCIAL REPORTING ACT****NAME OF PIE: Swan International Co Ltd (the 'Company')**

Throughout the year ended 31st December 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.

**SIGNED BY:**

Names:

  
.....  
**CHAIRPERSON**  
.....  
**DIRECTOR**DATE: 09 October 2020  
.....DATE: 09 October 2020  
.....

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWAN INTERNATIONAL CO LTD**

### **Report on the audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Swan International Co Ltd (the "Company"), on pages 8 to 31 which comprise the statement of financial position as at December 31, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 8 to 31 give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

#### **Basis for Opinion**

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

#### **Other information**

##### *Corporate Governance Report - GBL*

Our responsibility under the Financial Services Act Circular Letter CL280218 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 Company has 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWAN INTERNATIONAL CO LTD (CONT'D)****Responsibilities of Directors and Those Charged with Governance for the Financial Statements (cont'd)**

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWAN INTERNATIONAL CO LTD (CONT'D)****Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

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

**Report on Other Legal and Regulatory Requirements***Companies Act 2001*

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

We have obtained all information and explanations we have required;

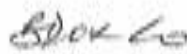
In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

*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 International Co 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 the members in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinions we have formed.

  
**BDO & Co**  
*Chartered Accountants*



**Ameenah Ramdin, FCCA, ACA**  
Licensed by FRC

Port Louis,  
Mauritius.

07 OCT 2020

## STATEMENT OF FINANCIAL POSITION - AS AT 31 DECEMBER 2019

ASSETS	Notes	2019 USD	2018 USD
<b>Non-current asset</b>			
Investment in associate	6	2,798,339	2,851,080
		<u>2,798,339</u>	<u>2,851,080</u>
<b>Current assets</b>			
Other receivables	7	3,273	2,219
Financial assets at amortised cost	8	123,497	196,011
Current tax Assets	13	4,271	-
Cash and cash equivalents	18(a)	201,268	247,630
		<u>332,309</u>	<u>445,860</u>
<b>Total assets</b>		<u><b>3,130,648</b></u>	<u><b>3,296,940</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	9	7,000	7,000
Retained earnings		1,891,697	1,566,030
Other reserves		(972,108)	(540,884)
Shareholders' loans	10	852,824	852,824
Total equity		<u>1,779,413</u>	<u>1,884,970</u>
<b>Non-current liability</b>			
Borrowings	11	1,276,564	1,348,928
<b>Current liabilities</b>			
Trade and other payables	12	74,671	59,959
Current tax Liabilities	13	-	3,083
		<u>74,671</u>	<u>63,042</u>
<b>Total equity and liabilities</b>		<u><b>3,130,648</b></u>	<u><b>3,296,940</b></u>

These financial statements have been approved for issue by the Board of Directors on 07 October 2020

  
Director

  
Director

The notes on pages 12 to 31 form an integral part of these financial statements.  
Auditor's report on pages 7 to 7(b).

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

	Notes	2019 USD	2018 USD
Revenue	2.10	-	-
Other income	14	-	72,319
Foreign exchange gain	15	67,458	18,627
Administrative expenses	16	(82,764)	(61,484)
Share of profit of associate	6	411,005	75,591
Profit before tax		395,699	105,053
Taxation	13	(32)	(9,804)
<b>Profit for the year</b>		<b>395,667</b>	<b>95,249</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
- Share of other comprehensive income of associate		53,673	-
- Net unrealised depreciation/appreciation on foreign currency in respect of investment in associate	6	(484,897)	29,900
<b>Other comprehensive income for the year</b>		<b>(431,224)</b>	<b>29,900</b>
<b>Total comprehensive income for the year</b>		<b>(35,557)</b>	<b>125,149</b>

The notes on pages 12 to 31 form an integral part of these financial statements.  
Auditor's report on pages 7 to 7(b).



## STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2019

	Notes	2019	2018
		USD	USD
<b>Cash generated from operations</b>			
Profit before taxation		395,699	105,053
Adjustments for:			
Share of profit of associate net of dividend		(337,126)	125,576
Exchange gain on borrowings		(72,364)	(16,072)
Changes in working capital:			
- other receivables		(1,054)	1,500
- financial assets at amortised cost		72,514	(196,011)
- trade and other payables		14,712	37,799
Cash generated from operations		72,381	57,845
Tax paid		(7,386)	-
<b>Net cash generated from operating activities</b>		64,995	57,845
<b>Cash flows from investing activity</b>			
Purchase of investment in associate		(41,357)	(1,236,170)
<b>Net cash generated used in investing activity</b>		(41,357)	(1,236,170)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	1,365,000
Dividend paid		(70,000)	(120,000)
<b>Net cash (used in)/generated from financing activities</b>		(70,000)	1,245,000
<b>Net (decrease)/increase in cash and cash equivalents</b>		(46,362)	66,675
<b>Movement in cash and cash equivalents</b>			
At January 1,		247,630	180,955
(Decrease)/Increase		(46,362)	66,675
<b>At December 31,</b>	18(a)	<b>201,268</b>	<b>247,630</b>

The notes on pages 12 to 31 form an integral part of these financial statements.  
Auditor's report on pages 7 to 7(b).

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

	Note	Share	Retained	Other	Shareholders'	Total
		Capital	Earnings	Reserves	Loan	Equity
		USD	USD	USD	USD	USD
Balance at January 1, 2019		7,000	1,566,030	(540,884)	852,824	1,884,970
Profit for the year		-	395,667	-	-	395,667
Other comprehensive income for the year		-	-	(431,224)	-	(431,224)
Dividends	17	-	(70,000)	-	-	(70,000)
<b>Balance at December 31, 2019</b>		<b>7,000</b>	<b>1,891,697</b>	<b>(972,108)</b>	<b>852,824</b>	<b>1,779,413</b>
Balance at January 1, 2018		7,000	1,590,781	(570,784)	852,824	1,879,821
Profit for the year		-	95,249	-	-	95,249
Other comprehensive income for the year		-	-	29,900	-	29,900
Dividends	17	-	(120,000)	-	-	(120,000)
<b>Balance at December 31, 2018</b>		<b>7,000</b>	<b>1,566,030</b>	<b>(540,884)</b>	<b>852,824</b>	<b>1,884,970</b>

The notes on pages 12 to 31 form an integral part of these financial statements.  
Auditor's report on pages 7 to 7(b).

## 1. GENERAL INFORMATION

Swan International Co Ltd is a Category 1 Global Business Licence company incorporated and domiciled in Mauritius. Its main activities are to act as brokers and consultants in all classes of insurance and re-insurance business on the overseas market. Its registered address is C/o IQ EQ Corporate Services (Mauritius) Ltd, 33 Edith Cavell Street, Port Louis.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of shareholders of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

The financial statements of Swan International Co Ltd comply with the Companies Act 2001 and Financial Services Act 2007 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are that of an individual entity. The financial statements are presented in United States Dollar (USD). Where necessary, comparatives figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that relevant financial assets and financial liabilities are recognised at their fair values and subsequently 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 standard has no impact on the Company's financial statements.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of preparation (cont'd)

#### *Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)*

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

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

#### Annual Improvements to IFRSs 2015–2017 Cycle

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

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

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

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of preparation (cont'd)

#### *Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)*

##### Annual Improvements to IFRSs 2015–2017 Cycle (cont'd)

- 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 Company'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 1 January 2020 or later periods, but which the Company has not early adopted.

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

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

IFRS 17 Insurance Contracts

Definition of a Business (Amendments to IFRS 3)

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Investment in associate

An associate is an entity over which the Company 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 Company'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 Company's share of the 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 Company'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 Company's share of the associate's profit or loss.

When the Company's share of losses exceeds its interest in an associate, the Company 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 Company'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 Company.

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



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

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.3 Financial assets**

Other than financial assets in a qualifying hedging relationship, the Company classifies its financial assets into the category discussed as follows:

*(i) Amortised cost*

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

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

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

From time to time, the Company elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of profit or loss and other comprehensive income (operating profit).

The Company's financial assets measured at amortised cost comprise financial assets at amortised cost and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes deposits held at call with banks. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Financial liabilities

The Company classifies its financial liabilities as follows:

Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

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

### 2.5 Share capital

Ordinary shares are classified as equity.

### 2.6 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 and other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

### 2.7 Trade and other payables

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

### 2.8 Current and deferred income tax

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.8 Current and deferred income tax (cont'd)

#### *Current Tax*

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

#### *Deferred Tax*

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

Deferred income tax is determined using tax rates that have been enacted 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 amounts will be available against which deductible temporary differences can be utilised.

### 2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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).

### 2.10 Revenue recognition

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

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

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

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.11 Provisions**

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

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

**2.12 Foreign currencies****(i) Functional and presentation currency**

Items included in the financial statements are measured using United States Dollars (USD), the currency of the primary economic environment in which the entities operate ("functional currency"). The financial statements are presented in United States Dollars, which is 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 profit or loss, except when deferred in equity as qualifying cashflow hedges and qualifying net investment hedges.

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 are included in other reserves in equity.

**(iii) Associate**

The results and financial position of the associate (which do not have 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 (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (c) the resulting exchange differences are recognised in the other comprehensive income.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.12 Foreign currencies (cont'd)**

(iii) *Associate (cont'd)*

In the event of disposal of the associate, such translation differences are recognised in the profit or loss as part of the gain or loss on sale.

**2.13 Dividend distribution**

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

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

## 3. FINANCIAL RISK MANAGEMENT

## 3.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risk: currency risk, credit risk, liquidity risk and cash flow and fair value interest risk.

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

(a) Market risk(i) Currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro (EUR), Seychelles Rupee (SCR) and the Mauritian Rupees (MUR). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. The Company's financial assets and financial liabilities by currency is detailed below:

<u>2019</u>	<u>USD</u>	<u>EUR</u>	<u>SCR</u>	<u>MUR</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
<u>Financial assets</u>					
Financial assets at amortised cost	-	-	123,497	-	123,497
Cash and cash equivalents	201,268	-	-	-	201,268
	<u>201,268</u>	<u>-</u>	<u>123,497</u>	<u>-</u>	<u>324,765</u>
<u>Financial liabilities</u>					
Borrowings	-	-	-	1,276,564	1,276,564
Trade and other payables	6,405	-	-	68,266	74,671
	<u>6,405</u>	<u>-</u>	<u>-</u>	<u>1,344,830</u>	<u>1,351,235</u>
<u>2018</u>	<u>USD</u>	<u>EUR</u>	<u>SCR</u>	<u>MUR</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
<u>Financial assets</u>					
Financial assets at amortised cost	32,319	-	163,692	-	196,011
Cash and cash equivalents	247,569	61	-	-	247,630
	<u>279,888</u>	<u>61</u>	<u>163,692</u>	<u>-</u>	<u>443,641</u>
<u>Financial liabilities</u>					
Borrowings	-	-	-	1,348,928	1,348,928
Trade and other payables	5,947	-	-	54,012	59,959
	<u>5,947</u>	<u>-</u>	<u>-</u>	<u>1,402,940</u>	<u>1,408,887</u>

At December 31, 2019, if the USD had weakened/strengthened by 5% against the EUR, SCR and MUR with all other variables held constant, post tax loss and would have changed by USD 51,907 (2018: USD 52,665) respectively.

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

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## 3.1 Financial Risk Factors (cont'd)

(b) Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposure to customers including outstanding receivables.

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

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

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by the delivery of cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims at maintaining flexibility in funding by keeping committed credit lines available. Management does not foresee any liquidity risk problems in the future. The loans from the shareholders and borrowings are unsecured, interest free with no fixed repayment terms.

The maturity profile of financial instruments is set out below:

<u>2019</u>	<u>&lt; 1 year</u>	<u>&gt; 1 year</u>	<u>No maturity</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
<u>Financial assets</u>				
Financial assets at amortised cost	123,497	-	-	123,497
Cash and cash equivalents	201,268	-	-	201,268
	<u>324,765</u>	<u>-</u>	<u>-</u>	<u>324,765</u>
<u>Financial liabilities</u>				
Borrowings	-	-	1,276,564	1,276,564
Trade and other payables	74,671	-	-	74,671
	<u>74,671</u>	<u>-</u>	<u>1,276,564</u>	<u>1,351,235</u>



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

**3. FINANCIAL RISK MANAGEMENT (CONT'D)****3.1 Financial Risk Factors (cont'd)****(c) Liquidity risk (cont'd)**

<b>2018</b>	<u>&lt; 1 year</u>	<u>&gt; 1 year</u>	<u>No maturity</u>	<u>Total</u>
	USD	USD	USD	USD
<u>Financial assets</u>				
Financial assets at amortised cost	196,011	-	-	196,011
Cash and cash equivalents	247,630	-	-	247,630
	<u>443,641</u>	<u>-</u>	<u>-</u>	<u>443,641</u>
<u>Financial liabilities</u>				
Borrowings	-	-	1,348,928	1,348,928
Trade and other payables	59,959	-	-	59,959
	<u>59,959</u>	<u>-</u>	<u>1,348,928</u>	<u>1,408,887</u>

**(d) Cash flow and fair value interest rate risk**

The Company is exposed to interest rate risks for its bank accounts which earn floating interest rates. However, interest income is not significant to the Company.

**3.2 Fair value estimation**

Except where otherwise stated, the carrying amounts of the Company's financial assets and liabilities approximate their fair value.

**3.3 Capital risk management**

The Company's objectives when managing capital are:

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

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

The shareholders' loans and borrowings were mainly to finance the investment in associate. The loans are all unsecured, interest free with no fixed repayment terms.



#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

There are no significant assumptions made concerning the future or other sources of estimation uncertainty that have been identified as giving rise to a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

#### 5. REGIONAL DEVELOPMENT

An international tender was conducted in 2005 in the context of the privatisation of the State Assurance Corporation of Seychelles (SACOS) and whereby the Government of Seychelles was offering for sale shares of a newly incorporated Company in Seychelles, namely SACOS Group Ltd (SGL) to take over the activities of SACOS. The said offer was targeting a prospective and reputable strategic investor with satisfactory experience in insurance activities outside Seychelles. SGL is the market leader in Seychelles both in the long term and short term insurances.

The Swan Group decided to prevail itself of this regional expansion opportunity and made a successful offer jointly with the Seychelles Pension Fund (SPF) for the acquisition of 30% of the issued share capital of SGL.

The Swan Group's investment in SGL in association with SPF, was made through a newly incorporated company in Seychelles namely Opportunity Investment Co. Ltd (OIL). Its shareholding is as follows: SPF 51% and Swan International Co. Ltd 49%.

OIL's investment has been further consolidated through an additional purchase of 7% of SGL shares, in accordance with the share sale agreement with the Government of Seychelles, whereby it has been offered shares not subscribed by the employees during the privatisation offer process. OIL now holds a total of 37.83% of SACL shares.

Swan International Co Ltd, "SIL" and Seychelles Pension Fund, "SPF" entered into an investment agreement, where SIL has provided SPF with a loan of MUR 33,564,484 for investment on the Mauritian Stock Exchange and in return, SPF would make a similar loan of SCR 6,370,539 to SIL for the acquisition of shares in SGL via OIL.



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

7. OTHER RECEIVABLES	2019	2018
	USD	USD
Prepayments	3,273	2,219
<b>8. FINANCIAL ASSETS AT AMORTISED COST</b>	<b>2019</b>	<b>2018</b>
	<b>USD</b>	<b>USD</b>
Receivable from associated company	-	48,663
Other receivables	123,497	147,348
	<b>123,497</b>	<b>196,011</b>

- (a) Other receivables  
These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.
- (b) The fair values are not significantly different to their carrying value.
- (c) There is no loss allowance on the financial assets at amortised cost as at December 31, 2019 (2018: nil).
- (d) The carrying amounts of the Company's financial assets at amortised cost are denominated as follows:

	2019	2018
	USD	USD
- USD	-	32,319
- SCR	123,497	163,692
	<b>123,497</b>	<b>196,011</b>

9. SHARE CAPITAL	2019 & 2018
	USD
<u>Authorised</u> 1,000,000 ordinary shares of USD 1.00 each	<b>1,000,000</b>
<u>Issued and fully paid</u> 7,000 ordinary shares of USD 1.00 each	<b>7,000</b>
<b>10. SHAREHOLDERS' LOANS</b>	<b>2019</b>
	<b>USD</b>
At January 1 and December 31,	<b>852,824</b>

The loans are unsecured, interest free with no fixed repayment terms.

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

11. BORROWINGS	2019	2018
	USD	USD
At January 1,	1,348,928	-
Additions	-	1,365,000
Exchange gain	(72,364)	(16,072)
At December 31,	<u>1,276,564</u>	<u>1,348,928</u>

The loan from holding company is unsecured, interest free with no fixed repayment terms.

12. TRADE AND OTHER PAYABLES	2019	2018
	USD	USD
Amount due to holding company	1,202	616
Amount due to fellow subsidiary	67,065	53,396
Other payables	6,404	5,947
	<u>74,671</u>	<u>59,959</u>

- (a) The carrying amounts of trade and other payables approximate their fair value.
- (b) The currencies in which the Company's trade and other payables are denominated are disclosed in note 3.1(a)(i).

13. INCOME TAX	2019	2018
	USD	USD
Current tax on the adjusted profit for the year at 15% (2018: 15%)	-	6,197
Underprovision of tax in prior year	32	-
Deferred tax	-	3,607
	<u>32</u>	<u>9,804</u>

The tax on the Company's result before taxation differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2019	2018
	USD	USD
Profit before tax	395,699	105,053
Less share of result of associate	(411,005)	(75,591)
Add dividend income from associate	73,879	201,167
	<u>58,573</u>	<u>230,629</u>
Tax calculated at the rate of 15% (2018: 15%)	8,786	34,594
Underlying/foreign tax credit	-	(24,790)
Income not subject to tax	(10,855)	-
Expenses not deductible for tax purpose	461	-
Underprovision of tax in prior year	32	-
Tax losses for which no deferred income taxes were recognised	1,608	-
	<u>32</u>	<u>9,804</u>

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

13. INCOME TAX (CONT'D)	2019	2018
	USD	USD
<i>Current tax (asset) / liability:</i>		
At January 1	3,083	(3,114)
Charge for the year	32	6,197
(Paid)/Refund during the year	(4,672)	3,114
Payment under Advance Payment System (APS)	(2,714)	(3,114)
At December 31	<u>(4,271)</u>	<u>3,083</u>
14. OTHER INCOME	2019	2018
	USD	USD
Consultancy fee income	-	72,319
15. FOREIGN EXCHANGE GAIN	2019	2018
	USD	USD
Exchange gain on borrowings	72,364	16,072
Others	(4,906)	2,555
	<u>67,458</u>	<u>18,627</u>
16. ADMINISTRATIVE EXPENSES	2019	2018
	USD	USD
Licence fee FSC	4,573	3,496
Secretarial fee	2,478	4,313
Taxation fee	1,080	600
Audit fee	8,382	5,347
Bank charges	1,339	2,213
Insurance broker licence fees	-	-
Rebilling expenses	51,201	37,532
Other expenses	13,711	7,983
	<u>82,764</u>	<u>61,484</u>
17. DIVIDEND PER SHARE	2019	2018
	USD	USD
Final dividend paid for the year ended December 31, 2019 of USD 10 (2018: USD 17.1) per ordinary share	<u>70,000</u>	<u>120,000</u>
	<u>70,000</u>	<u>120,000</u>

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

## 18. NOTES TO THE STATEMENT OF CASH FLOWS

## (a) Cash and cash equivalents

	<u>2019</u>	<u>2018</u>
	USD	USD
Cash at bank	<u>201,268</u>	<u>247,630</u>
Cash and cash equivalents	<u>201,268</u>	<u>247,630</u>

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

## (b) Reconciliation of liabilities arising from financing activities

	<u>2018</u>	<u>Cash flows</u>	<u>Foreign</u>	<u>2019</u>
	USD	USD	exchange	USD
			movement	
			USD	
Borrowings	<u>1,348,928</u>	<u>-</u>	<u>(72,364)</u>	<u>1,276,564</u>



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

## 19. RELATED PARTY TRANSACTIONS

(a) The Company	Rebilling Expenses		Dividend Income		Management fee income		Shareholders' loans		Borrowings		Amount owed by related parties		Amount owed to related parties	
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
<u>2019</u>														
Holding Company	-	-	-	-	434,940	-	1,276,564	-	-	-	-	-	-	1,202
Fellow subsidiaries	51,201	-	-	-	417,884	-	-	-	-	-	-	-	-	67,065
Associated Company	-	73,879	-	-	-	-	-	-	-	-	-	-	-	-
	<u>51,201</u>	<u>73,879</u>	-	-	<u>852,824</u>	-	<u>1,276,564</u>	-	-	-	-	-	-	<u>68,267</u>
<u>2018</u>														
Holding Company	-	-	-	-	434,940	-	1,348,928	-	-	-	-	-	-	616
Fellow subsidiaries	37,532	-	-	-	417,884	-	-	-	-	-	-	-	-	53,396
Associated Company	-	201,167	-	72,319	-	-	-	-	-	-	-	-	-	48,663
	<u>37,532</u>	<u>201,167</u>	-	<u>72,319</u>	<u>852,824</u>	-	<u>1,348,928</u>	-	-	-	-	-	-	<u>54,012</u>

(b) The above transactions have been made on normal commercial terms and in the normal course of business.

(c) Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. The Company has not recorded any impairment of receivable relating to amounts owed by the related parties (2018: nil).

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

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**20. EVENTS AFTER THE REPORTING PERIOD****(a) Disposal of indirect investment****Scope of transaction**

As at 31<sup>st</sup> December, Swan International Ltd (SIL) holds 49% of Opportunity Investments Co. Ltd (OIL). SIL has decided to dispose its 49% stake in OIL to Seychelles Pension Fund (SPF) who will after the transaction own OIL at 100%.

OIL, has on the other hand, transferred 371,164 shares of Sacos Group Ltd (Sacos) to Swan General Ltd (SGL) in a capacity of nominee of SIL for the said shares. The 371,164 shares represent 49% of 757,477 being total shares held in Sacos Group Ltd by OIL. The total percentage holding of OIL in Sacos being 37.87%.

**Shareholding of SIL in Sacos prior to transaction**

Prior to the deal, SIL owned direct holding of 8.08% in Sacos and indirect holding of 18.59% (49% of 37.95%) through OIL. Effective shareholding of SIL in Sacos is 26.67%.

**Movement in shareholding in Sacos post transaction**

Percentage of holding by OIL in Sacos was 37.95% prior the transfer and post transaction will fall to 19.36% thus leaving a direct stake of 18.59% in Sacos to Swan General Ltd.

**Impact on SIL**

Post implementation of the transactions, shareholding of SIL in Sacos Group Ltd will shift from an effective holding of 26.67% to a direct holding of 8.08%. If the transactions had happened as at 31<sup>st</sup> December 2019, the net assets of SIL would have been USD 1.5m lower reducing its equity from USD 1.8m to USD 0.3m.

- (b) COVID-19 outbreak poses a serious public health threat worldwide. Like many other countries, it is expected that the economy in Mauritius will be adversely impacted by the slowing global activity. There is barely any visibility on how long COVID-19 will last and what will be its full impact on society, businesses, and the economy. While we acknowledge this state of affairs, we believe that markets will recover as they have always done in the past. The Company also believes that its liquidity position is adequate to ensure any future commitments and obligations that may arise are settled. As such, the financial statements as presented have been prepared on a going concern basis.

**21. HOLDING COMPANY**

The holding company of the Company is Swan General Ltd and is incorporated in Mauritius.