SWAN PENSIONS LTD

ANNUAL REPORT - YEAR ENDED

DECEMBER 31, 2019

Dear Shareholder,

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

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This report was approved by the Board of Directors on: 14 May 2020

Director

Director

PRINCIPAL ACTIVITIES

The principal activity of the Company is unchanged since last year and is the administration and management of pension fund portfolios.

DIRECTORS

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

Mr. J. M. Louis RIVALLAND
Mr. Peroomal Gopallen MOOROOGEN
Mr. J. M. Alan GODER

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits received from the Company were as follows:	**2019**	2018
	Rs.	Rs.
Executive Directors		
Mr. J. M. Louis RIVALLAND	**20,000**	20,000
Mr. J. M. Alan GODER	**20,000**	20,000
Non-executive Director		
Mr. Peroomal Gopallen MOOROOGEN	**20,000**	20,000
	60,000	60,000

AUDITORS' FEES

The fees paid to the auditors, for audit and other services were:	**2019**	2018
	Rs.	Rs.
Audit fees paid to :		
BDO & Co	**126,500**	110,000

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

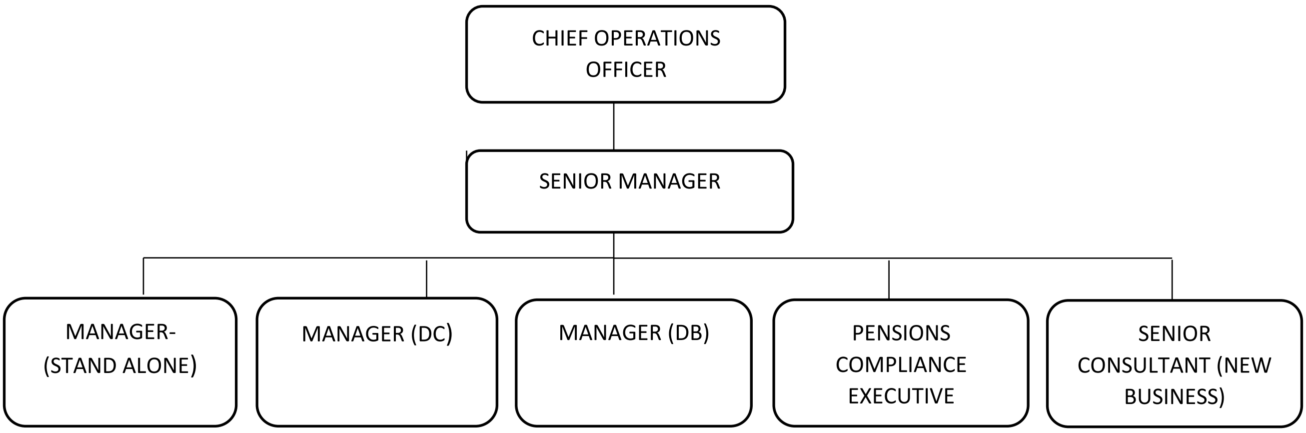
Swan Pensions Ltd (the 'Company') is a Public Interest Entity as defined by the Financial Reporting Act 2004.

1. GOVERNANCE STRUCTURE

Swan Pensions 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, the sole Shareholder and stakeholders.

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

The day to day operations are entrusted to management under the responsibility of the Group Chief Executive. Members of senior management have clearly defined job descriptions. Senior management report to the Group Chief Executive. Succession planning of key officeholders has been delegated by the Board to the Group Chief Executive. A high level organization chart is provided below:



The Corporate Governance Committee and the Audit & Risks Committee are established at the level of the Group and oversee the governance, audit and risk issues of all the subsidiaries, including the Company.

The code of ethics, main clauses of the constitution, and profile of senior management for the Company have been published on Swan group website. Original documents can be consulted at the registered office address of the Company.

2. STRUCTURE OF THE BOARD AND ITS COMMITTEES

Swan Pensions Ltd is headed by a unitary Board which consists of two executives and one independent non-executive director. Members of the Board have a diverse set of skills, knowledge and come from different sphere of the business community. There is currently no female gender on the Board, as the Board was constituted before such requirement. Collectively, the Board is well structured and of sufficient size to discharge its duties. The Company believes that the composition of the Board is adequate for the Company's operations for the time being, having regard to the activities and size of the Company and it being part of a group where certain functions are established at group level.

The functions and responsibilities of the Chairperson and Group Chief Executive are separate.

The independent non-executive director brings a range of experience and skills to the Board. The independent non-executive director is free from any business or other relationships which could materially affect his ability to exercise independent judgement, constructively dissent and is a critical by-stander.
The Board is composed of the following directors as at 31 December 2019:

- Alan Goder (executive)
- Gopallen Mooroogen (independent non-executive)
- Louis Rivalland (executive)

The Company believes that the composition of the Board is adequate for the Company's operations for the time being. Going forward, an independent non-executive director will be appointed as chairperson of the Board.

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 discharged his duties as per the statutory requirements. Mr Jaiyansing Soobah acts as Company Secretary.

Directors' Profiles

All the Directors are residents of Mauritius

Louis RIVALLAND

Louis Rivalland, born in 1971, holds a Bachelor's degree in Actuarial Science and Statistics, a Post Graduate Diploma in Strategy and Innovation from SAID Business School, University of Oxford and is a qualified Actuary from the Faculty and Institute of Actuaries. He was part of the management team of Commercial Union in South Africa from 1994 to January 1997 and conducted several assignments for Commercial Union in Europe. From February 1997 to July 1999 he worked as Actuary and Consultant at Watson Wyatt Worldwide developing the investment function as well as enhancing the healthcare function. In August 1999, he joined Swan as Consultant to Group Chief Executive. He was involved in the review and setting up of processes and systems for the pensions, investments and life insurance operations and was responsible for the actuarial and consultancy work for the pension schemes. From January 2002 to December 2004, he acted as Executive Manager of The Anglo-Mauritius Assurance, now Swan Life Ltd. In January 2005 he has been appointed Group Chief Operations Officer responsible for the operations of Swan Insurance, now Swan General Ltd and The Anglo-Mauritius Assurance, now Swan Life Ltd, and member of the Executive Management Committee of Swan. He has been the President of the Joint Economic Council, now Business Mauritius and of the Insurers' Association of Mauritius. He has played an active role in the development of risk management, investments, insurance and pensions in Mauritius having chaired or been part of various technical committees in these fields

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

List of other directorships:

Companies	Position
Aprica Investments Co Ltd	Director
Manufacturers' Distributing Station Limited	Director
New Mauritius Hotels Limited	Director
Processure 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 International Co Ltd	Director
Swan Life Ltd	Director
Swan Pensions Ltd	Director
Swan Reinsurance PCC	Director
Swan Special Risks Co Ltd	Director
Swan Wealth International Ltd	Director
Swan Wealth Managers Ltd	Director
Swan Wealth Structured Product Ltd	Director

Gopallen MOOROOGEN

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.

List of other directorships:

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

Alan GODER

Born in 1967, worked in the Actuarial Department of The Anglo Mauritius Assurance Society Limited (now known as Swan Life Ltd) as Actuarial Clerk from February 1988 to April 1989. From May 1989 to December 1995, he was employed as Technical Supervisor in the Life Department of The Albatross Insurance Company Ltd.

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

List of other directorships (cont'd):

Alan GODER (CONT'D)

From August 1996 to June 2001, he was Executive Director of Actuarial & Capital Management Services Ltd, now the AXYS GROUP.

From July 2001 to October 2004, he was the Chief Executive Officer of Pension Consultants & Administrators Limited (now known as Swan Pensions Ltd).

He joined The Anglo Mauritius Assurance Society Limited (now known as Swan Life Ltd) as Senior Manager in November 2004 where he oversees the Claims and Fund Administration departments. He is also responsible for managing Swan Pensions Ltd. Since August 2009, Alan has been appointed to oversee the pension department of Swan Life Ltd.

Alan was also Senior Manager to the Group Systems & Processes department until December 2017. Since January 2018, he has been appointed as Chief Operations Officer of Swan Life Ltd. His key areas of specialisation are pensions administration and consulting.

Companies	Position
Swan Digital Ltd	Director
Swan Pensions Rwanda (SPR) Ltd	Director
Processure Cie Ltée	Director

Board Committees

The Audit and Risks Committee

The Audit & Risks Committee is established at Group level. The Committee consists of four non-executive directors three of whom were independent including the Chairperson.

The current members are:
Mr. Peroomal Gopallen Mooroogen (Chairperson) (independent)
Mr. Arif Currimjee (independent)
Mr. Victor Seeyave (independent)
Mr. Henri Harel (non-executive)

Mr Jaiyansing Soobah acts as Secretary of the Committee.

The Committee meets at least four times a year. The Group Chief Executive attends unless a conflict of interest is likely to arise. Members of the Committee have adequate financial awareness.

Members of the Senior Management, the External Auditors and the Internal Auditors regularly attend meetings of the Audit and Risks Committee. The Audit Committee has not met external auditor without management presence.

The Committee may secure the attendance of external professional advisers at its meetings in order to perform its duties.

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

Board Committees (cont'd)

The Audit and Risks Committee (cont'd)

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 is satisfied that it has discharged its responsibilities for the year in compliance with its terms of reference.

The Corporate Governance Committee

The Corporate Governance Committee is established at Group level.

The Committee consisted of four non-executive directors, three of whom were independent.

Mr. Arif Currimjee (independent)
Mr. Nicolas Maigrot (Chairperson) (non-executive)
Mr. Peroomal Gopallen Mooroogen (*independent*)
Mr. Victor Seeyave (*independent*)

The Group Chief Executive is in attendance.

Mr Jaiyansing Soobah acts as Secretary of the Committee.

The Corporate Governance Committee's terms of reference (which comprise areas covered by a Nomination and Remuneration Committee) include but are not limited to:

a. determining agreeing and developing the general policy on corporate governance in accordance with the Code of Corporate Governance, legal compliance and ethical policies;

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

The Corporate Governance Committee (cont'd)

b. assisting the Board on establishing a formal and transparent procedure for developing a remuneration policy for executive and senior management;
c. putting in place plans for succession, in particular the Chairperson and the Group Chief Executive;
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 is authorised to seek any information it requires from any employee of the Group in order to perform its duties and shall set the appropriate procedures accordingly. The Committee is also authorised to obtain, at the Group's expense, such outside legal or other independent professional advice as it considers necessary to perform its duties.

During the year 2019, the Corporate Governance Committee took certain decisions through written resolutions.

Board and Committee Attendance

	Board	**Audit & Risks Committee**	**Corporate Governance Committee**
Number of meetings held	**1**	**5**	**1**
Members			
Louis Rivalland	1	2	n/a
Gopallen Mooroogen	1	4	1
Alan Goder	1	n/a	n/a
Arif Currimjee	n/a	5	1
Victor Seeyave	n/a	5	1
Henri Harel	n/a	5	n/a
Nicolas Maigrot	n/a	n/a	1
Jaiyansing Soobah (Company Secretary)	1*	5*	1*

* In attendance (not a member)

3. DIRECTOR APPOINTMENT PROCEDURES

Appointment of new directors is subject to a pre-determined process. Potential candidates are identified by the 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 recommendation to the Board of Directors and/or shareholders (as relevant). Director appointment is also subject to the approval of the Financial Services Commission, under section 24 of the Financial Services Act. The law provides that a director (Officer) must be a fit and proper person.

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

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

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. A brief write-up of directors and details of the nomination & appointment process have been published on the Company's website.

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

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

In accordance with the Companies Act 2001, the Company Secretary maintains an interests register. As soon as a Director/Officer becomes aware that he is interested in a transaction, or that his holdings or that of his associates have changed, the interest should be reported to the Company Secretary in writing. The register of Directors' and Officers' Interests is updated with every transaction notified by the Directors/Officers and their associates. All new Directors/Officers are required to notify in writing to the Company Secretary their holdings in the Company's shares. According to the Company's Constitution, a Director is not required to hold shares in the Company.

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

<u>Information, information technology and information security governance</u>

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

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

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

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

Board evaluation – It was agreed by the Corporate Governance committee that Board evaluation would be conducted every three years. The last Board evaluation conducted was for the year 2018.

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

The Remuneration policy has the following aims:

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

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.

Non-executive directors receive an annual fee for their knowledge, experience and insight given to the Board and Committees.

The remuneration policy for executive directors approaching retirement is determined by the 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.

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

The fees paid to the Directors of the Company are as follows:

Directors	Designation	Fixed portion (MUR)
Louis Rivalland	Executive	20,000
Alan Goder	Executive	20,000
Gopallen Mooroogen	Non-executive	20,000

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.

A risk identification process was conducted as part of its parent company's process of risk management, and a risk register for the management of risks was established. The key risks are compliance risk, regulatory/legal risk and data loss risk.
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. Directors derive assurance that the risk management processes are in place and effective through internal audits.

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, the external auditors and from the regulator;
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;

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

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 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, an overview/structure and history of the company and group and the financial statements

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

The Annual Report of the Company will be published on the website

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 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 for the group. 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. No internal audit plan of Swan Pensions Ltd were reviewed during the year 2019.

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.

6. REPORTING WITH INTEGRITY (CONT'D)

External Audit

Our external auditors are BDO & Co. External auditors are appointed/re-appointed by shareholders. Auditors remuneration is fixed by the Directors, 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.

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

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

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

For audit services	Rs 110,000

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, among others. The Company's website provides meaningful information on the Company's products & services.

The Company holds an annual meeting of its sole shareholder namely Swan Life Ltd by way of written resolution of shareholder.

8.1 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.

8.2 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.

8.3 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.

8.4 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.

8.5 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.

Shailen J. Soobah
for **Swan Corporate Affairs Ltd**
Company Secretary
14 May 2020

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. Any departure in the fair presentation has been disclosed, explained and quantified.
(iv) the Code of Corporate Governance has been adhered to. Reasons have been provided in the Statement of Compliance in case of non-compliance with any requirement.

Signed on behalf of the Board of Directors on: 14 May 2020

Director

Director

SECRETARY'S CERTIFICATE - YEAR ENDED DECEMBER 31, 2019

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

J. Soobah
for **Swan Corporate Affairs Ltd**
Company Secretary

Date: 14 May 2020

STATEMENT OF COMPLIANCE
(Pursuant to Section 75 (3) of the Financial Reporting Act)

Name of Public Interest Entity (PIE): Swan Pensions Ltd

Reporting Period: December 31, 2019

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: 14 May 2020

DATE: 14 May 2020

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SWAN PENSIONS LTD

INDEPENDENT AUDITOR'S REPORT
To the Shareholder of Swan Pensions Ltd

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Swan Pensions Ltd (the "Company"), on pages 6 to 38 which comprise the statement of financial position as at December 31, 2019, the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 6 to 38 give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Corporate Governance Report

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

BDO & Co, a firm of Chartered Accountants in Mauritius, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
To the Shareholder of Swan Pensions Ltd

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

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of 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.

SWAN PENSIONS LTD

INDEPENDENT AUDITOR'S REPORT (CONT'D)
To the Shareholder of Swan Pensions Ltd

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.

Other Matter

This report is made solely to the member of Swan Pensions 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 member those matters we are required to state to the member 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.

BDO & Co
Chartered Accountants

Port Louis,
Mauritius.

14 May 2020

Ameenah Ramdin, FCCA, ACA
Licensed by FRC

SWAN PENSIONS LTD

STATEMENT OF FINANCIAL POSITION - AS AT DECEMBER 31, 2019

	Notes	2019	2018	As at January 1, 2018
ASSETS		**Rs.**	Rs.	Rs.
			Restated	Restated
Non-current assets				
Equipment	5	**175,439**	25,292	64,568
Right-of-use asset	5A	**2,892,512**	-	-
Investment in subsidiary company	6	**1,988,100**	1,988,100	-
Deferred tax assets	7	**670,101**	551,813	519,846
		5,726,152	2,565,205	584,414
Current assets				
Trade receivables	8	**39,049,032**	34,160,834	33,610,836
Other assets	9	**1,682,682**	100,081	-
Cash and cash equivalents	17(d)	**35,448,042**	32,746,624	23,687,060
		76,179,756	67,007,539	57,297,896
Total assets		**81,905,908**	69,572,744	57,882,310
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	10	**4,100,000**	4,100,000	4,100,000
Retained earnings		**47,937,818**	39,821,027	25,400,066
Actuarial reserve		**217,460**	171,810	-
Total equity		**52,255,278**	44,092,837	29,500,066
Non-current liabilities				
Lease liability	5A	**2,238,690**	-	-
Retirement benefit obligations	11	**3,386,000**	3,045,000	2,901,000
		5,624,690	3,045,000	2,901,000
Current liabilities				
Trade and other payables	12	**22,535,024**	20,088,771	16,293,146
Dividend payable		**-**	-	7,000,000
Current tax liability	15(c)	**758,436**	2,346,136	2,188,098
Lease liability	5A	**732,480**	-	-
		24,025,940	22,434,907	25,481,244
Total liabilities		**29,650,630**	25,479,907	28,382,244
Total equity and liabilities		**81,905,908**	69,572,744	57,882,310

These financial statements have been approved for issue by the Board of Directors on: 14 May 2020

Name:
Director

Name:
Director

The notes on pages 10 to 38 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

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

	Notes	2019	2018
		Rs.	Rs.
			Restated
Revenue		**62,709,568**	61,900,652
Administrative expenses		**(39,681,507)**	(33,468,005)
Profit before finance costs		**23,028,061**	28,432,647
Finance costs	13	**(344,476)**	-
Profit before taxation	14	**22,683,585**	28,432,647
Income tax expense	15(a)	**(4,566,794)**	(5,011,686)
Profit for the year		**18,116,791**	23,420,961
Other Comprehensive income :			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	11(a)	**55,000**	207,000
Tax effect of remeasurements of post employment benefit obligation	7(b)	**(9,350)**	(35,190)
Other comprehensive income for the year, net of tax		**45,650**	171,810
Total comprehensive income for the year		**18,162,441**	23,592,771

The notes on pages 10 to 38 form an integral part of these financial statements.

Auditor's report on pages 5 to 5(b).

STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2019

	Notes	2019	2018
		Rs.	Rs.
			Restated
Cash flows from operating activities			
Cash generated from operations	17(a)	**20,229,604**	29,980,369
Interest paid		**(187,576)**	-
Tax paid		**(6,282,132)**	(4,920,805)
Net cash generated from operating activities		**13,759,896**	25,059,564
Cash flows from investing activity			
Purchase of equipment	5	**(208,899)**	-
Net cash used in investing activity		**(208,899)**	-
Cash flows from financing activities			
Dividends paid		**(10,000,000)**	(16,000,000)
Principal paid on lease liability	5A	**(692,679)**	-
Interest paid on lease liability	5A	**(187,576)**	
Net cash used in financing activity		**(10,692,679)**	(16,000,000)
Net increase in cash and cash equivalents		**2,858,318**	9,059,564
Movement in cash and cash equivalents			
At January 1,		**32,746,624**	23,687,060
Increase		**2,858,318**	9,059,564
Effect of foreign exchange rate changes		**(156,900)**	-
At December 31,	17(d)	**35,448,042**	32,746,624

The notes on pages 10 to 38 form an integral part of these financial statements.

Auditor's report on pages 5 to 5(b).

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

	Notes	Share capital	Actuarial reserve	Retained earnings	Total
		Rs.	Rs.	Rs.	Rs.
At January 1, 2019					
- As previously reported		4,100,000	-	42,520,187	46,620,187
- Correction of prior period errors	21	-	171,810	(2,699,160)	(2,527,350)
- As restated		4,100,000	171,810	39,821,027	44,092,837
Profit for the year		-	-	18,116,791	18,116,791
Other comprehensive income for the year		-	45,650	-	45,650
Dividends	16	-	-	(10,000,000)	(10,000,000)
Balance at December 31, 2019		**4,100,000**	**217,460**	**47,937,818**	**52,255,278**
At January 1, 2018					
- As previously reported		4,100,000	-	27,807,896	31,907,896
- Correction of prior period errors	21	-	-	(2,407,830)	(2,407,830)
- As restated		4,100,000	-	25,400,066	29,500,066
Profit for the year - Restated		-	-	23,420,961	23,420,961
Other comprehensive income for the year - Restated		-	171,810	-	171,810
Dividends	16	-	-	(9,000,000)	(9,000,000)
Balance at December 31, 2018		**4,100,000**	**171,810**	**39,821,027**	**44,092,837**

The notes on pages 10 to 38 form an integral part of these financial statements.

Auditor's report on pages 5 to 5(b).

1. GENERAL INFORMATION

Swan Pensions Ltd is a limited liability company incorporated and domiciled in Mauritius. Its main activities are the administration and management of pension funds portfolios. Its registered address and place of business is at 9th Floor, Swan Group Centre, 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. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Swan Pension Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are that of an individual entity. The financial statements are presented in Mauritian Rupees, except when otherwise indicated. The financial statements are prepared under the historical cost convention, except that relevant financial assets and relevant financial liabilities are stated at their fair value and on initial recognition 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 Company has adopted IFRS 16 from January 1, 2019, but has not restated comparatives for 2018, as permitted under the specific transition provisions. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on January 1, 2019. The new accounting policies are disclosed in note 2.9.

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

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)

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.

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)

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must: (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 January 1, 2020 or later periods, but which the Company has not early adopted.

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

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 17 Insurance Contracts
Definition of a Business (Amendments to IFRS 3)
Definition of Material (Amendments to IAS 1 and IAS 8)
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Revenue recognition

The Company does not derive revenue that falls under the scope of IFRS 15 and hence will not be applying the standard.

(a) Revenue from contracts with customers

Performance obligations and timing of revenue recognition
The majority of the revenue is derived from pension administration, consultancy and website fees with revenue recognised at a point in time when service are provided to the customer.

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

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

2.3 Equipment

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

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

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

Office equipment	20 - 33.33%
Furniture & fittings	10%

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Investment in subsidiary

Separate financial statements of the investor

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

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. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.6 Financial assets

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

(i) Amortised cost

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial assets (cont'd)

(i) Amortised cost (cont'd)

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 financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

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

2.7 Financial liabilities

The Company classifies its financial liabilities as follows:

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

2.8 Current and deferred income tax

The tax expense for the year comprises of current and deferred tax and corporate social responsibility 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 profit will be available against which deductible temporary differences can be utilised.

Corporate Social Responsibility (CSR)

Every Mauritian Company is required to set up a CSR fund equivalent to 2% of its chargeable income of the preceding year and the Company should remit 75% of the fund respectively to the Mauritian Tax Authorities. This practice is being interpreted and classified as taxation.

2.9 Leases

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leases (cont'd)

Identifying Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:
(a) There is an identified asset;
(b) The Company obtains substantially all the economic benefits from use of the asset; and
(c) The Company has the right to direct use of the asset.

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leases (cont'd)

Identifying Leases (cont'd)

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leases (cont'd)

Identifying Leases (cont'd)

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

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

2.10 Share capital

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

2.11 Retirement benefit obligations

(a) *Defined contribution plan*
A defined contribution plan is a pension scheme whereby the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

The Company operates a defined contribution retirement plan for all qualifying employees. Payments to deferred contribution retirement plans are charged as an expense as they fall due.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.13 Trade and other payables

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

2.14 Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Mauritian rupees, 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.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

2.15 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.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

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

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

(a) **Credit risk**

Credit risk arises from cash and cash equivalents 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.

(b) **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 delivery of cash or another financial asset.

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

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

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

At December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
	Rs.	Rs.	Rs.
Financial assets			
Trade receivables	**39,049,032**	-	-
Other assets	**1,588,492**	-	-
Cash and cash equivalents	**35,448,042**	-	-
	76,085,566	-	-
Financial liabilities			
Trade and other payables	**22,535,024**	-	-
Lease liability	**732,480**	774,568	1,464,122
Current tax liability	**758,436**	-	-
	24,025,940	774,568.00	1,464,122.00

At December 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
	Rs.	Rs.	Rs.
Financial assets			
Trade receivables	34,160,834	-	-
Cash and cash equivalents	32,746,624	-	-
	66,907,458	-	-
Financial liabilities			
Trade and other payables	20,088,771	-	-
Current tax liability	2,346,136	-	-
	22,434,907	-	-

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

The Company is not exposed to interest rate risks for its savings accounts which earn floating interest rates as at December 31, 2019 and 2018.

3.2 Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the Company for similar financial instruments.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

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's gearing ratio is insignificant.

There were no changes in the Company's approach to capital risk management during the year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

4.1 Critical accounting estimates and assumptions

The Company makes 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.

(a) Impairment of financial assets

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1 Critical accounting estimates and assumptions (cont'd)

(b) Asset lives and residual values

Equipment items are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing assets lives factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Considerations is also given to the extend of current profits and losses on the disposal of similar assets.

(c) Depreciation policies

Equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Company would currently obtain from disposal of the asset if the asset was already of the age and in the condition expected at the end of its useful life.

The directors therefore make estimates based in historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

(d) Pension benefits

The present value of pension obligations depends on a number of factors that are determined on an acturial 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 obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligations.

Other key assumption for pension obligations are based in part on the current market conditions. Additional information is disclosed in note 11.

5. EQUIPMENT

	Office Furniture	Office Equipment	Total
	Rs.	Rs.	Rs.
COST			
At January 1 & December, 2018	438,205	1,456,882	1,895,087
Additions	-	208,899	208,899
At December 31, 2019	**438,205**	**1,665,781**	**2,103,986**
DEPRECIATION			
At January 1, 2018	435,879	1,394,640	1,830,519
Charge for the year	526	38,750	39,276
At December 31, 2018	436,405	1,433,390	1,869,795
Charge for the year	449	58,303	58,752
At December 31, 2019	**436,854**	**1,491,693**	**1,928,547**
NET BOOK VALUES			
At December 31, 2019	**1,351**	**174,088**	**175,439**
At December 31, 2018	1,800	23,492	25,292

5A. RIGHT-OF-USE ASSET

	Building
	Rs.
Additions	3,663,849
Depreciation	(771,337)
At December 31, 2019	**2,892,512**

5A. LEASE LIABILITY

	Building
	Rs.
Additions	3,663,849
Interest expense	187,576
Lease payments	(880,255)
At December 31, 2019	**2,971,170**
Current	732,480
Non current	2,238,690
	2,971,170

The Company leases the property in the juridictions from which it operates. There are no variable lease payments, extension and termination options included in the lease agreement.

5A. LEASE LIABILITY (CONT'D)

(a) **Lease term**

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

(b)

	2019
	Rs.
Interest expense (included in finance cost)	187,576

The total cash outflow for leases in 2019 was Rs.880,255.

6. INVESTMENTS IN SUBSIDIARY COMPANY

	2019	2018
	Rs.	Rs.
At January 1,	**1,988,100**	-
Additions	**-**	1,988,100
At December 31,	**1,988,100**	1,988,100

(a) Details of the subsidiary company are as follows:

	Class of shares	Year end	Nominal value of investment	Proportion of ownership interest (direct)	Proportion of ownership interest by non-controlling interests	Country of operation	Country of incorporation	Main business
			Rs'000					
Swan Pensions Rwanda (SPR) Ltd	Ordinary shares	December 31,	1,988,100	60%	40%	Rwanda	Rwanda	Pension Administration

These separate financial statements contain information about Swan Pensions Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under IFRS 10, 'Consolidated Financial Statements,' from the requirement to prepare consolidated financial statements as it and its subsidiary are included by full consolidation in the consolidated financial statements of its holding company, Swan Life Limited that comply with IFRS. A copy of the consolidated financial statements is available at the head office of Swan Life Limited found at 10, Swan Group Centre, Intendance Street, Port-Louis.

7. DEFERRED TAX ASSETS

Deferred income tax is calculated on all temporary differences under the liability method at 17% (2018: 17%).

(a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity.

	2019	2018
	Rs.	Rs. Restated
Deferred tax assets	**1,161,828**	551,813
Deferred tax liabilities	**(491,727)**	-
	670,101	551,813

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

	2019	2018
	Rs.	Rs. Restated
At January 1,		
- As previously reported	**34,163**	26,676
- Effect of adopting IFRS 16 (note 20)	**-**	-
- Effect of prior year adjustments (note 21)	**517,650**	493,170
- As restated	**551,813**	519,846
Credited to profit or loss (note 15)	**127,638**	67,157
Charged to other comprehensive income (note 15)	**(9,350)**	(35,190)
At December 31,	**670,101**	551,813

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

(i) Deferred tax liabilities:

	Right-of-use asset
	Rs.
At December 31, 2018 & January 1, 2019	-
Effect of adopting IFRS 16	622,854
At January 1, 2019 (as restated)(note20)	622,854
Credited to profit loss	(131,127)
At December 31, 2019	491,727

7. DEFERRED TAX ASSETS (CONT'D)

(ii) Deferred tax assets:

	Accelerated tax depreciation	Retirement benefit obligations	Lease liabilities	Total
	Rs.	Rs.	Rs.	Rs.
- As previously reported	26,676	-	-	26,676
- Prior year adjustment (note 21)	-	493,170	-	493,170
- As restated	26,676	493,170	-	519,846
Credited to profit or loss (restated)	7,487	59,670	-	67,157
Credited to other comprehensive income (restated)	-	(35,190)	-	(35,190)
At December 31, 2018 & January 1, 2019	34,163	517,650	-	551,813
- Effect of adopting IFRS 16 (note 20)	-	-	622,854	622,854
At January 1, 2019 (as restated)	34,163	517,650	622,854	1,174,667
Credited/(charged) to profit or loss	46,946	67,320	(117,755)	(3,489)
Charged to other comprehensive income	-	(9,350)	-	(9,350)
At December 31, 2019	81,109	575,620	505,099	1,161,828

8. TRADE RECEIVABLES

	2019	2018
	Rs.	Rs.
Trade receivables	**39,049,032**	34,160,834

(i) *Impairment of trade receivables*

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Company did not acount for any loss allowances as at December 31, 2019 and in the previous year.

(ii) The carrying amounts of the Company's trade and other receivables are denominated in Mauritian rupee.

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

9. OTHER ASSETS

	2019	2018
	Rs.	Rs.
Prepayments	**94,190**	100,081
Other receivables	**1,588,492**	-
	1,682,682	100,081

10. SHARE CAPITAL

	Authorised, Issued and Fully paid	
	2019	2018
	Rs.	Rs.
410,000 ordinary shares of Rs.10 each	**4,100,000**	4,100,000

11. RETIREMENT BENEFIT OBLIGATIONS

	2019	2018
	Rs.	Rs. Restated
Amount recognised in the statement of financial position:		
Other post retirement benefits (note (a))	**3,386,000**	3,045,000
Analysed as follows:		
Non-current liabilities	**3,386,000**	3,045,000
Amount charged to profit or loss:		
Other post retirement benefits (note (a))	**396,000**	351,000
Amount credited to other comprehensive income:		
Other post retirement benefits (note (a))	**(55,000)**	(207,000)

(a) Other post retirement benefits

Other post retirement benefits comprise mainly of gratuity on retirement payable under the Workers' Rights Act 2019 (2018- Employment Rights Act 2008) and other benefits.

(i) Movement in the liability recognised in the statement of financial position:

	2019	2018
	Rs.	Rs. Restated
At January 1,		
- As previously reported	**-**	-
- Correction of prior period errors (note 21)	**3,045,000**	2,901,000
- As restated	**3,045,000**	2,901,000
Amount recognised in profit or loss	**396,000**	351,000
Amount recognised in other comprehensive income	**(55,000)**	(207,000)
At December 31,	**3,386,000**	3,045,000

11. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	2019	2018
	Rs.	Rs.
		Restated
Current service cost	**229,000**	206,000
Interest on net defined benefit liability	**167,000**	145,000
Net benefit expense	**396,000**	351,000

(iii) The amounts recognised in the statement of other comprehensive income are as follows:

	2019	2018
	Rs.	Rs.
		Restated
Liability experience gain due to change in financial assumptions	**(55,000)**	(207,000)
	(55,000)	(207,000)

(iv) Reconciliation of the present value of defined benefit obligation:

	2019	2018
	Rs.	Rs.
Present value of obligation at January 1,		Restated
- As previously reported	**-**	-
- Correction of prior period errors (note 21)	**3,045,000**	2,901,000
- As restated	**3,045,000**	2,901,000
Current service cost	**229,000**	206,000
Interest cost	**167,000**	145,000
Actuarial gains	**(55,000)**	(207,000)
Present value of obligation at December 31,	**3,386,000**	3,045,000

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

	2019	2018
		Restated
Discount rate	**4.80%**	5.50%
Salary increase	**4.00%**	5.00%
Average retirement age	**60**	60
Post retirement annuity rates	**Current Swan/RMPRF Rates**	Current Swan/RMPRF Rates

11. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(vii) Sensitivity analysis on defined benefits obligations at end of the reporting period

	2019	2018
	Rs.	Rs. Restated
Impact on present value of defined benefit obligation:		
Increase due to 1% decrease in discount rate	**556,000**	500,000
Decrease due to 1% increase in discount rate	**474,000**	426,000

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.

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

(ix) The weighted average duration of the defined benefit obligation is 9 years at the end of the reporting period (2018: 9 years)

12. TRADE AND OTHER PAYABLES

	2019	2018
	Rs.	Rs.
Amount due to ultimate holding company (note 18)	**-**	3,476
Amount due to holding company (note 18)	**21,730,861**	17,651,190
Amount due to fellow subsidiary (note 18)	**120,000**	120,000
Amount due to subsidiary company (note 18)	**-**	1,988,100
Other payables	**684,163**	326,005
	22,535,024	20,088,771

The carrying amounts of trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

13. FINANCE COST

	2019	2018
	Rs.	Rs.
Interest expense:		
- Exchange loss	**156,900**	-
- Lease liabilty	**187,576**	-
	344,476	-

14. PROFIT BEFORE TAXATION

	2019	2018
	Rs.	Rs.
		Restated
Profit before tax is arrived at after:		
Charging:		
Employee benefit expenses (note 14(a))	**12,908,580**	11,551,555
Depreciation on equipment (note 5)	**58,752**	39,276
Depreciation on right-of-use asset (note 5A)	**771,337**	-

(a) **Employee benefit expenses**

	2019	2018
	Rs.	Rs.
		Restated
Salaries and wages	**10,250,713**	9,076,957
Social security costs	**487,999**	423,910
Other costs	**1,110,357**	1,075,984
Pension costs - defined contribution plans	**1,059,511**	974,704
	12,908,580	11,551,555

15. INCOME TAX

		2019	2018
		Rs.	Rs.
			Restated
(a)	Current tax liability at 15% (2018: 15%)	**3,471,572**	4,397,117
	Deferred income tax (note 7)	**(127,638)**	(67,157)
	Under provision in prior year	**175,889**	83,970
	Corporate Social Responsibility liability	**1,046,971**	597,756
		4,566,794	5,011,686

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

	2019	2018
	Rs.	Rs.
		Restated
Profit before tax	**22,683,585**	28,432,647
Tax calculated at 15% (2018: 15%)	**3,402,538**	4,264,897
Expenses not deductible for tax purposes	**14,839**	69,082
Income not subject to tax	**(73,443)**	-
Effect of changes in deferred tax rate	**-**	(4,019)
Corporate Social Responsibility liability	**1,046,971**	597,756
Under provision in prior year	**175,889**	83,970
Tax charge	**4,566,794**	5,011,686

15. INCOME TAX (CONT'D)

(c) Current tax (asset)/liability:

	2019	2018
	Rs.	Rs.
At January 1,	**2,346,136**	2,188,098
Charge for the year	**3,471,572**	4,397,117
Paid during the year	**(2,023,142)**	(2,272,068)
Payment under Advance Payment System (APS)	**(3,285,534)**	(2,648,737)
Under provision	**175,889**	83,970
Corporate Social Responsibility:		
- paid	**(973,456)**	-
- charge for the year	**1,046,971**	597,756
At December 31,	**758,436**	2,346,136

16. DIVIDENDS

	2019	2018
	Rs.	Rs.
Amounts recognised as distributions to equity holders in the year :		
Final dividend paid of Rs. 24.39 (2018 : Rs. 21.95) per share	**10,000,000**	9,000,000

17. NOTES TO THE STATEMENT OF CASH FLOWS

(a) **Cash generated from operations**

	2019	2018
	Rs.	Rs. Restated
Profit before taxation	**22,683,585**	28,432,647
Adjustments for:		
Depreciation on equipment	**58,752**	39,276
Depreciation on right-of-use asset	**771,337**	-
Foreign exchange loss	**156,900**	-
Interest expense	**187,576**	-
Increase in provision for retirement benefit obligation	**396,000**	351,000
Changes in working capital:		
- trade receivables	**(4,888,198)**	(549,998)
- other assets	**(1,582,601)**	(100,081)
- trade and other payables	**2,446,253**	1,807,525
Cash generated from operations	**20,229,604**	29,980,369

(b) **Non cash transactions**

The principal non cash transaction is the acquisition of right-of-use assets (note 5A).

(c) **Reconciliation of liability arising from financing activities**

	2018	Recognised on adoption of IFRS 16	Cash flows	2019
	Rs.	Rs.	Rs.	Rs.
Lease liability	-	3,663,849	(692,679)	2,971,170

17. NOTES TO THE STATEMENT OF CASH FLOWS (CONT'D)

(d) **Cash and cash equivalents**	**2019**	2018
	Rs.	Rs.
Cash in hand and at bank	**35,448,042**	32,746,624

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

18. RELATED PARTY TRANSACTIONS

	2019	2018
	Rs.	Rs.
Rebilling expenses		
- Ultimate holding company	**-**	3,476
- Holding company	**21,558,738**	17,651,190
Other expenses		
- Ultimate holding company: Insurance expense	**182,272**	175,676
- Holding company: Rental expenses	**-**	882,552
- Holding company: Finance costs	**187,576**	-
- Entity with common director: Secretarial fees expenses	**120,000**	120,000
Consultancy fees income		
- Holding company	**392,569**	306,597
Website fees income		
- Holding company	**872,314**	679,110
Amount payable to:		
- Ultimate holding company	**-**	3,476
- Holding company - rebilling expenses	**21,730,861**	17,651,190
- Holding company - lease liability	**2,971,170**	-
- Entity with common director - secretarial fees	**120,000**	120,000
- Subsidiary company - investment	**-**	1,988,100

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

For the year ended December 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

18. RELATED PARTY TRANSACTIONS (CONT'D)

The company does not hold any collateral against the receivables from related parties.

Key management personnel compensation	**2019**	2018
	Rs.	Rs.
Salaries and short term employee benefits	**4,144,634**	3,496,859
Post employment benefits	**113,440**	346,358
	4,258,074	3,843,217

19. HOLDING AND ULTIMATE HOLDING COMPANIES

Swan Life Ltd owns 100% of the Company's share capital and is the holding company. The ultimate holding company is Swan General Ltd. All companies are incorporated in Mauritius and their registered offices are situated at Swan Centre, 10 Intendance Street, Port Louis.

20. CHANGES IN ACCOUNTING POLICIES

(a) Impact on the financial statements - IFRS 16

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

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

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

Transition Method and Practical Expedients Utilised

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

20. CHANGES IN ACCOUNTING POLICIES (CONT'D)

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

Transition Method and Practical Expedients Utilised (cont'd)

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

(a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;

(c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and

(d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Company previously classified leases as operating leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use asset and lease liability for its lease. However, the Company has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

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

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

20. CHANGES IN ACCOUNTING POLICIES (CONT'D)

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

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.	Rs.	Rs.
Assets				
Right-of-use asset	(i)	-	3,663,849	3,663,849
Deferred tax liability	(ii)	-	(622,854)	(622,854)
Liability				
Lease liability	(iii)	-	3,663,849	3,663,849
Deferred tax asset	(ii)	-	622,854	622,854

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

	Rs.
Operating type lease	3,663,849
Right-of-use asset	3,663,849

(ii) Deferred tax assets were adjusted to reflect the tax effect of the other adjustments recorded.

(iii) The following table reconciles the minimum lease commitments disclosed in the Company's December 31, 2018 annual financial statements to the amount of lease liabilities recognised on January 1, 2019:

	January 1, 2019
	Rs.
Minimum operating lease commmitment at December 31, 2018	4,181,210
Undiscounted lease payments	4,181,210
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(517,361)
Lease liabilities for leases classified as operating type under IAS 17	3,663,849
Plus lease previously calssified as finance type under IAS 17	-
Lease liability as at January 1, 2019	3,663,849
Of which are:	
Current lease liabilities	692,679
Non-current lease liabilities	2,971,170
	3,663,849

21. CORRECTION OF PRIOR PERIOD ERRORS

The Company has one retirement benefit plan, as mentioned in note 11, and 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.

The effect on the statement of financial position are as follows:

	Retirement benefit obligations	Deferred tax assets	Retained earnings	Actuarial gains
Balance as reported at January 01, 2018	Rs.	Rs.	Rs.	Rs.
- as previously reported	-	26,676	27,807,896	-
- correction of prior period errors	2,901,000	493,170	(2,407,830)	-
- as restated	2,901,000	519,846	25,400,066	-

	Retirement benefit obligations	Administrative expenses	Deferred tax assets	Retained earnings	Actuarial gains
Balance as reported at December 31, 2018	Rs.	Rs.	Rs.	Rs.	Rs.
- as previously reported	-	33,117,005	34,163	42,520,187	-
- correction of prior period errors	3,045,000	351,000	517,650	(2,699,160)	171,810
- as restated	3,045,000	33,468,005	551,813	39,821,027	171,810

The effect on the statement of profit or loss and other comprehensive income is as follows:

	2018
	Rs.
Increase in administrative expenses	351,000
Decrease in income tax expense	(59,670)
Decrease in profit for the year	291,330
Effect on earnings per share	(0.29)

22. EVENTS AFTER REPORTING DATE

The 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 the 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.