ANNUAL REPORT 2020

SWAN

Swan Life Ltd

A Slice of Life

SWAN

· ANNUAL REPORT 2020 ·

SWAN

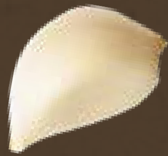
Life is equal to crafting your own masterpiece recipe...

Getting the spices right, infusing unique flavours, finding that perfect balance and, above all, applying Grandma's tips to concoct a delightful life...

For every step we take along this exceptional sensory journey of hues and flavours, we need to be daring, to spice things up and take things with a dash of persistence, positivity and open-mindedness.

As unpredictable and unique as it may seem, life is in essence just as colourful as Mauritian cuisine. A cuisine of sharing, of diversity and adaptiveness, teaching us the lessons of resilience.

For more than 160 years, SWAN has been this richly experienced Mauritian chef: one that uplifts you and assists you in creating your own unique recipe. With our local touch, we have heartened many to go out there: to progress & prosper, to be provided for when needed the most and to be protected in times of need.



Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Swan Life Ltd for the year ended 31 December 2020.

This report was approved by the Board of Directors on 29 June 2021.

Nicolas Maigrot
Chairperson

Louis Rivalland
Director and
Group Chief Executive

Ingredients

SWAN

For the past 160 years, we have been present in the lives of our clients and fellow Mauritians, offering them insurance and protection. As a progressive company, we have reorganised ourselves as a people needs-driven enterprise and we are guided by our Vision, Mission and Values.

The Recipe of Success

Our mission
is to be your preferred financial solutions partner for life.

Our vision
is to partner with you to secure a better future.

Our values
are Passion, People and Performance

SINCE 1855

Chairperson's & Group Chief Executive's Report

LOUIS RIVALLAND
DIRECTOR & GROUP CHIEF EXECUTIVE

On behalf of the Board of Directors, we are pleased to present the Annual Report and Audited Financial Statements of Swan Life Ltd and the Group for the year ended 31 December 2020.

2020 has been a very challenging year full of learnings and has tested SWAN's capability to adapt in times of struggle. The year was marked by the COVID-19 pandemic which has created worldwide, unprecedented economic, business and regulatory disruptions in a condensed period. With a country-wide lockdown announced overnight, SWAN immediately triggered its business continuity plan and actioned its work-from-home mode. Our priority was the safety of our employees and continuing to offer a desirable level of service to our customers, despite the confinement. The economic impact of the pandemic was severely felt in Mauritius. The latest statistics estimate that the local economy would have contracted by roughly 15% in 2020. Although vaccines have raised hopes of a turnaround, renewed waves of virus spread and new variants of the virus, as well as the scarcity of vaccines, pose concerns for the near future outlook.

In 2020, SWAN continued on its journey of transformation and digitisation, impacted by the effects of COVID-19 albeit to a limited extent. Our strategic projects in key business areas progressed as scheduled while new projects were also initiated. We have also focussed on a work-from-anywhere paradigm, with each member of the staff having a laptop, equipped with VPN. This has allowed us to have a smooth transition for the 2021 lockdown. As per our strategy of leveraging technology to create a better experience for our customers, we are reviewing and planning for the replacement of our core systems.

In line with SWAN Go Green initiatives, we have already started moving away from paper-based documents. Today customers are already receiving digital versions of their Bonus letter and Unit Linked statement via mySWAN app and these information remain available for easy reference at any time. This initiative is gradually being extended to cover other types of documents. In 2020, we laid down the foundations for a common database across the group, which would inter alia assist us in delivering improved customer experience.

Long-Term Operations

Long-term individual

We started the year with plans to keep our focus on ensuring that our teams were offering value added advice while broadening their relationships with clients. With the advent of the COVID-19 pandemic and ensuing lockdown, we shifted our emphasis to reinforce our presence by the side of our clients by answering their queries and staying available as well as making sure we could help find financial solutions to their difficulties. Technology helped us greatly to remain available and connected to our teams and clients as well as to reinforce training via various digital platforms.

Thanks to the dedication of our teams, the individual life business managed to regain its cruising speed when lockdown was over. This was possible because we remained present and in contact with prospects and clients throughout the lockdown period. As expected, we received many requests to reduce recurrent premiums following job losses and pay cuts of clients. Many of them managed to maintain their plans with SWAN thanks to the flexibility of our solutions as we adapted to the client's situation.

In 2021, despite the challenges, we remain confident and eager to engage even more with our clients via a simplified sales process where we provide our solutions easily and with less hassle. We believe that technology will continue to be a huge enabler to help us provide tailored financial solutions and advice to our clients.

Long-term corporate

The pensions team has successfully adapted to the new normal and managed to maintain business continuity even during the period of total lockdown. COVID-19 has affected sponsoring employers, and for those hit hard, there will be problems as their capability to contribute to their private pension schemes is much lower. In Defined Benefit (DB) schemes this may result in underfunding/solvency issues. With the abolition of the National Pension Fund (NPF) many of our DB schemes, where benefits are integrated with NPF pensions, would see an increase in contribution requirement from the employer. In addition, the introduction of the Contribution Sociale Généralisée (CSG) which is payable on earnings is an additional cost to the employer. As such we are getting numerous requests from sponsoring employers who want to move out of DB schemes and/or who want to contribute to a minimum in a Defined Contribution (DC) Scheme. We are accompanying our clients with these change process and likewise ensuring that all relevant information which are required are submitted to the FSC as part of the application.

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

Long-Term Operations (Cont'd)

***Long-term corporate** (cont'd)*

We are also progressing with the on-boarding process of contractual based deemed-to-be licensed DB pension schemes such that these schemes join our DB master trust in order to comply with the requirement to be in a trust based structure.

In Defined Contribution pension schemes, where the members bear the investment risk, pay-out to those members who retired during the year were impacted by low investments returns.

Swan Actuarial Services Ltd

Swan Actuarial Services Ltd (SASL) is an actuarial firm which provides consulting services on pension, insurance, risk management and expected credit losses under IFRS9. SASL prepares Retirement Benefit Obligations (RBO) under IAS19 for over 300 companies, including the largest conglomerates and multinationals in Mauritius and acts as the Statutory Actuary for over 20 stand-alone pension schemes. The company's client base also includes insurance companies, banks and Global Business companies.

The year 2020 has been a perfect storm for our clients who are sponsors of Defined Benefit (DB) pensions schemes. With the COVID-19 situation putting huge strain on cashflows, yields on government bonds falling to record lows, further delays to the finalisation and publication of regulations on the conversion or shift of a DB pension scheme to a Defined Contribution (DC) pension scheme and the introduction of the Portable Retirement Gratuity Fund (PRGF) and the Contribution Sociale Généralisée (CSG), our team of experts have had to work more closely with our clients to assist them in finding the most effective solution to manage their pension costs and make sense of the impact of this potpourri of events.

Whilst we expect 2021 to remain an extremely challenging year for both us and sponsors of pension schemes, we also see opportunities to use our expertise to bring further value to our clients.

Swan Pensions Ltd

Swan Pensions Ltd (SPL) provides a comprehensive range of services to pension funds, whether they are of the Defined Benefit, Defined Contribution or hybrid type. SPL provides pension administration services to over 900 companies grouped under 26 medium to large schemes with total membership nearing 75,000 lives.

In 2020, SPL posted an increase in income of 11% thus continuing to show a healthy profitability margin & contribution to shareholder's value. This increase is mainly attributable to new participating employers under the multi-employer schemes and increases in the overall payroll of our existing clients.

Our main challenges remain scarce skilled resources and high turnover in an environment of increased compliance and pressure from competition to deliver at cheaper costs. We are nevertheless sparing no effort to consolidate our position as leader on the market and are also more attentive to our clients' needs to help them with the challenges, they are facing with their schemes in the rapidly changing and more sophisticated pension environment.

2020 has also seen the completion of the overhaul of our proprietary pension administration system. We are now better equipped to further boost the digitisation of our pension administration business by continuing to work on the streamlining of our processes. In that same vein, we are planning to complete our project to enable our clients to transfer membership data efficiently and securely through a web based platform during the second semester of 2021.

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

Capital Markets

Swan Wealth Managers Ltd (SWM) is the leading provider of asset management services in Mauritius, and currently manages investments worth more than Rs 65 billion across different asset classes, regions and sectors. SWM's customer base includes pension funds, insurance companies, investment funds, high net worth individuals and the general investing public.

SWM faced two main challenges, firstly dealing with disruption engendered by COVID-19 including national lockdown and secondly maintaining a growth trajectory. Fortunately, both tests were successfully passed with healthy growth across top and bottom line as well as shareholders reserves. 2020 was in retrospect a highly dynamic year, marked by accelerated growth of flagship funds, sealing international collaboration to win high calibre mandates as well as further capture of investment mandates amongst high net worth and institutional clients. SWM also strengthened its internal capacity by reinforcing key positions and as such ascertain that quality of service is upheld.

For 2021 and beyond, the mission of SWM is threefold - maintain growth trajectory, efficiently deploy resources to expand into new areas of growth and cement internationalisation efforts. Management efforts are underway to achieve these by way of continued marketing efforts, displaying acumen to reconstruct products for new markets identified and ensuring that momentum is in motion towards internationalisation. As part of this strategy corporate advisory services has been also successfully crystallised into a new subsidiary where focus will be on building adequate capacity and carve out a niche market.

Swan Securities Ltd (SSL), which is a licensed stockbroking entity, built upon last year's efforts to heighten top line as well as diversify its income base. SSL is pursuing further efforts to win new mandates in the area of fund raising as well as deploying new offerings such as international brokerage and market making activities. These are regarded as crucially important given ongoing changes in the traditional local market, namely continued exit of foreign investors who represented SSL's major source of revenue.

SWM and SSL represent a diverse and balanced business mix and are in a prime position to deliver strong financial performance. However, we are conscious that our strategic intents cannot be concretised without a strong culture. Our shared values which constitute our culture shall be to demonstrate operational excellence, be totally client focussed and take decisive actions. These values shall permeate our actions for 2021 and beyond.

International

2020 was the year Swan Zambia took off as business development efforts paid off despite CV19, with Gross Written Premium increasing by more than 70% to Kw 67 m and producing an encouraging PAT of Kw 2.4 m. Zambia's economy is expected to experience a real GDP growth of 2.5 % and the overall insurance market conditions in 2021 look stable despite the likely implementation of new regulations reducing foreign ownership across the trade.

Our Rwandan operations fared well once more, experiencing a 26% growth in Gross Written Premium and an almost 32% growth in PAT to RwF 1,735 m. Rwanda was locked down for many weeks in 2020 but our operations never closed down benefitting from our organisation's advanced stage of digitisation as our services continued to be provided without major disruption. Rwanda's economic growth is expected to decelerate to 2.9% down from pre–CV19 estimates of 8% with the likely consequence of adversely impacting our business development & financial results for the year.

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

International (Cont'd)

Sacos Group, SWAN's investment in Seychelles, has maintained a commendable profitable performance during 2020 amid stringent national CV19 measures which have hugely impacted the tourism industry, reaching a PAT growth of 30%. This is mainly a direct consequence of the organisational transformations implemented over the past three years aimed at obtaining a leaner and more efficient organisation. While Seychelles economic growth is estimated at 7%, we are nevertheless likely to experience a contraction in business for the year ending December 2021.

Compliance

COVID-19 has brought changes as to how SWAN operates and what the regulator expects. Compliance has therefore been called upon to make decisions quickly and be flexible in the way it deploys its team and works together with the business. This year has also been marked by another severe blow, namely the inclusion of Mauritius on the Financial Action Task Force grey list of jurisdictions having strategic anti-money laundering and combatting the financing of terrorism (AML/CFT) deficiencies and the European Union blacklist of high-risk third countries. The Parliament of Mauritius passed the Anti-Money Laundering and Combating of the Financing of Terrorism (Miscellaneous Provisions) Act 2020 which has amended 19 enactments with a view to reinforcing the existing legal provisions to further combat money laundering and the financing of terrorism.

Other notable developments were brought to the AML/CFT legislative framework during this year, such as:

a) The FSC issued an AML/CFT Handbook 2020, designed to provide guidance for all financial institutions in meeting their AML/CFT obligations.

b) The FSC has issued its revised "Guidelines on Fitness and Propriety" which aims at clarifying the criteria taken into consideration by the FSC when assessing the "fitness and propriety" of an applicant/licensee.

c) The FSC issued Guidelines on the Implementation of Targeted Financial Sanctions to assist reporting persons with the implementation of the restrictive measures.

In view of this evolving regulatory landscape, relevant internal policies, procedures and controls were revised accordingly. SWAN also found it appropriate to further digitalise its ongoing online training program by implementing an AML/CFT Quiz in order to assess the effectiveness of the AML & CFT training. We also started the implementation of the risk based approached matrix.

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

Compliance (Cont'd)

In 2021, Compliance's focus will be on the acquisition and implementation of an automated screening and transaction monitoring tool. The automated screening tool will allow SWAN to conduct ongoing monitoring on their existing and new clients against our internal AML Watchlist and various international sanctions lists such as UNSC, OFAC, EU, UK, etc, available through World Check database. The transaction monitoring tool will enable SWAN to analyse KYC data to assess customer risk and then detect customer and account behavioural patterns which may indicate suspicious activity.

Human Resource

The major disruption caused by the COVID-19 pandemic offered us the opportunity to put our resilience to test. With a country-wide lockdown announced overnight and our human resources dispersed across the island, we were challenged to find new ways and means of operating. We also had to find innovative ways of communicating and motivating staff.

Management set up a SWAN COVID-19 policy to ensure that the resumption of work, after the lockdown, took place in the best possible conditions. A stringent safety protocol was implemented to protect employees, stakeholders and the public in general against the risks of infection. We adopted a few flexible working measures in order to reduce the number of employees working onsite at any one time.

The adoption of teleworking has also enabled us to roll out our plan in view of the implementation of a new all-in-one HR system. We have been working on this exciting project for the past year. The Group HR Department has already gone live with the core module in December 2020. The implementation for the rest of the Company, as well as the training of end users is set to take place as from the second quarter of 2021. This new system aims at streamlining, digitalising and automating several HR processes while bringing about a better employee experience at SWAN.

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

Human Resource (Cont'd)

The pandemic has motivated us to consider and to test alternative ways of working. After some research on the subject, we have worked out a Flexible Working policy which will be implemented gradually in 2021. Our aim is to provide employees with a better work-life balance while ensuring that our level of service remains at the vd level.
We have also intensified our efforts in view of the digitalisation of our internal learning resources. Moreover, our internal trainers have acquired new skills in view of leading live e-learning sessions. Our aim is to make learning flexible, cost-efficient, accessible and engaging so that we may constantly upgrade the knowledge and skills of our employees.

In 2021, we have planned to implement a new performance management system. We strongly believe that effective management of performance is key to the realisation of our operational and strategic objectives. The new system will be based on best practices and will be adapted to the realities of SWAN. We will also provide our management team with the skills set to enable them to better lead the whole performance management process while providing an enriching experience to our talents.

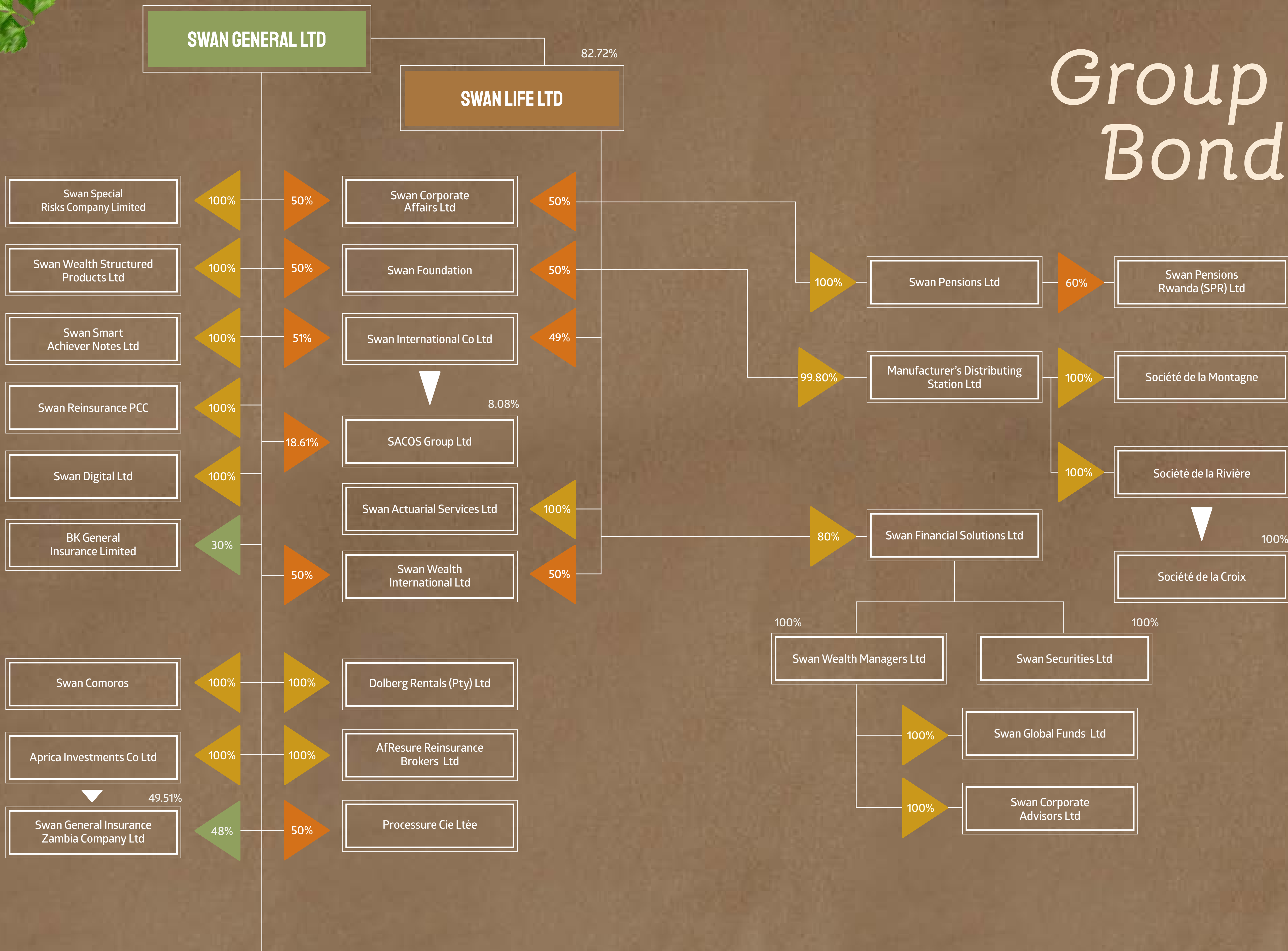
We thank our employees for their continued dedication and hard work as well as all our business partners for their support. We also wish to thank all our customers for their loyalty. Our appreciation also goes to the Board for their guidance.

Nicolas Maigrot
Chairperson

Louis Rivalland
Group Chief Executive

Taking each serving of life with gratitude

Group Bonds



SWAN GENERAL LTD
82.72%
SWAN LIFE LTD
Swan Special Risks Company Limited
100%
50%
Swan Corporate Affairs Ltd
50%
Swan Wealth Structured Products Ltd
100%
50%
Swan Foundation
50%
Swan Smart Achiever Notes Ltd
100%
51%
Swan International Co Ltd
49%
8.08%
SACOS Group Ltd
Swan Reinsurance PCC
100%
18.61%
Swan Digital Ltd
100%
Swan Actuarial Services Ltd
100%
BK General Insurance Limited
30%
50%
Swan Wealth International Ltd
50%
Swan Comoros
100%
100%
Dolberg Rentals (Pty) Ltd
Aprica Investments Co Ltd
100%
100%
AfResure Reinsurance Brokers Ltd
49.51%
Swan General Insurance Zambia Company Ltd
48%
50%
Processure Cie Ltée
100%
Swan Pensions Ltd
60%
Swan Pensions Rwanda (SPR) Ltd
99.80%
Manufacturer's Distributing Station Ltd
100%
Société de la Montagne
100%
Société de la Rivière
100%
Société de la Croix
80%
Swan Financial Solutions Ltd
100%
Swan Wealth Managers Ltd
100%
Swan Securities Ltd
100%
Swan Global Funds Ltd
100%
Swan Corporate Advisors Ltd

Key Numbers

AT A GLANCE

Gross Earned Premiums
- **Y2020 - Rs. 4,719**
- Y2019 - Rs. 4,860

Net Earned Premiums
- **Y2020 - Rs. 4,532**
- Y2019 - Rs. 4,687

Life Assurance Fund
- **Y2020 - Rs. 45,084**
- Y2019 - Rs. 45,166

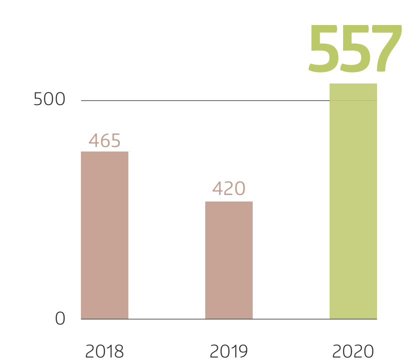
Total Assets
- **Y2020 - Rs. 48,434**
- Y2019 - Rs. 48,199

Gross claims
- **Y2020 - Rs. 3,462**
- Y2019 - Rs. 3,736

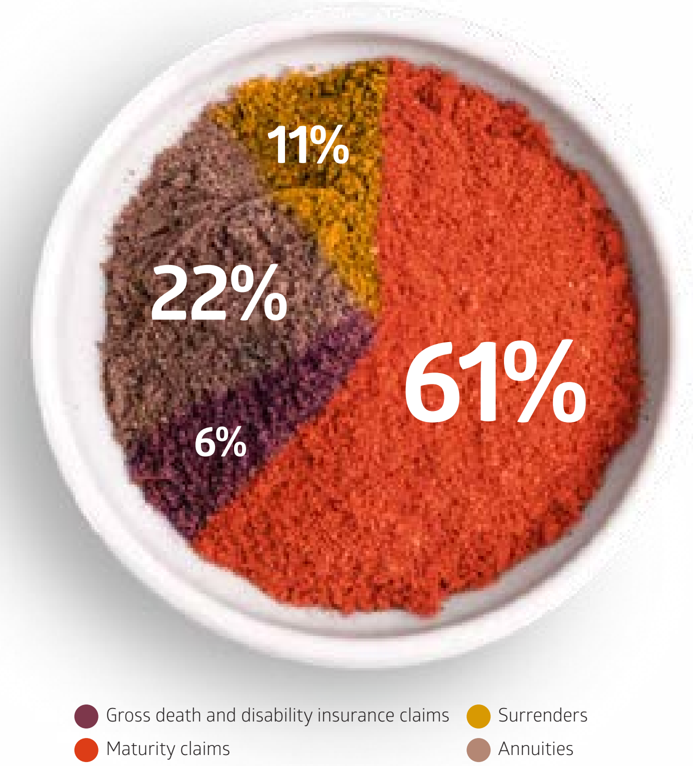
Retained Earnings
- **Y2020 - Rs. 1,523**
- Y2019 - Rs. 1,162

All amounts are in Rs. m and are group figures.

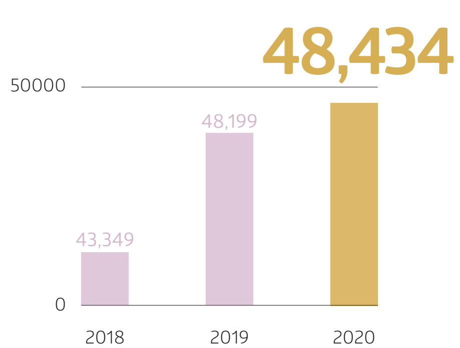
Rs. m Profit for the year



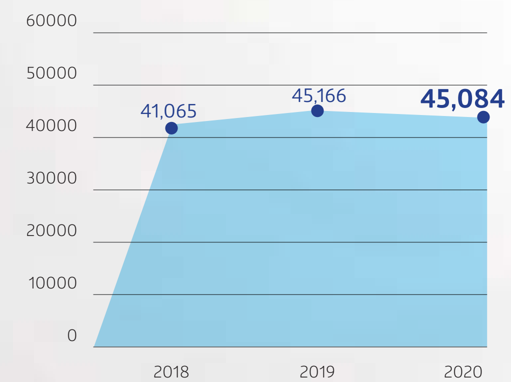
Claims



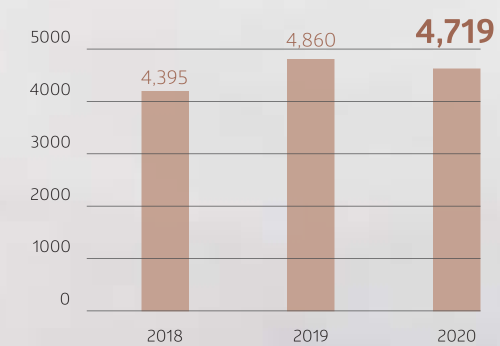
Rs. m Total assets



Rs. m Life Assurance Fund



Rs. m Gross Earned Premiums



Catering for absolute peace of mind

Corporate Social Responsibility

Mitigating the impact of COVID-19 on vulnerable children

In 2020, the COVID-19 pandemic has had a hard impact on our society. Problems faced by underprivileged communities and families have worsened. Mindful of the multi-faceted societal impact of the sanitary and economic crises on the most vulnerable, the Swan Foundation has decided to focus its efforts and funds, almost entirely, on one cause: improving children's wellbeing.

To further show this commitment, the CSR Committee scheduled the annual cheque remittance ceremony on the 20th of November, 2020, i.e., the World Children's Day. On this occasion, a total amount of Rs 1 million was remitted to 19 Non-Governmental Organisations (NGO).

NGOs as development partners

These NGOs were chosen according to their solid track record in providing much-needed support to vulnerable children as per the category laid down by the National Social Inclusion Foundation (NSIF). They are indeed involved in a number of projects and long-term programmes in several priority areas in terms of education, health, leisure and sports, social housing, and socio-economic development, with a special attention to children with disabilities.

This event was an opportunity for us to thank these organisations and their volunteers for the marvellous job they have been doing, regardless of the sanitary situation and the scarce resources they have. Their commitment must indeed be commended and bolstered given the importance of their mission. We have always considered NGOs as development partners since their effort, at grass-root level, is instrumental in strengthening our social fabric, hence creating the conditions for a sustainable and inclusive growth.

Addressing inequalities

Going forward, these organisations will need support to build scalable and cost-effective programmes to cater for the needs of their beneficiaries. According to reports from international organisations, such as the International Monetary Fund (IMF), inequalities have been widening over the past year. With rising cost of living and job losses, it is expected that children from an underprivileged background will be among the most affected. And in light of the uncertainties regarding the pandemic and its effects on the economy, this trend may well continue.
At the same time, NGOs will face growing difficulties to find the necessary funding as CSR funds will continue to plummet. It is therefore very important that we explore all avenues to come up with new ways to better collaborate and help these organisations by making the best use of the resources at hand.

True to SWAN's values and commitment

At SWAN, we have already been thinking about other ways and means to assist NGOs besides financial donations. In fact, many staff members are already volunteering their time and expertise to help these organisations. Some of them have received IT training whilst others have been guided in terms of bookkeeping and project management. We are of the view that such initiatives can make a big difference.

This strong stand taken by Swan Foundation directly stems from the company's core values, among which 'people' plays a key role. In fact, SWAN is driven by a single unifying idea, one which states that it is only when an individual is protected and his future needs are provided for that he or she can progress and prosper. This very idea, referred to as our Pyramid of Prosperity, rests on four pillars: Protect, Provide, Progress & Prosper.

Supporting environmental protection and nation-building

2020 has been a tough year on many fronts. Besides the COVID-19 pandemic, our country has also faced its worst ecological crisis ever, resulting from the oil spill after the MV Wakashio ran aground on the south east coast of Mauritius on 25 July, 2020. We were all moved by the dire consequences it had on the fragile marine ecosystem of this region, which is listed under the Ramsar Convention on wetlands of international importance and not far from the Blue Bay Marine Park.

Being aware of the multifaceted impact of this disaster, especially on the health and livelihood of those living in these affected coastal areas, we decided to bring our support to EcoSud, an NGO which has been leading the cleanup efforts. Rs 100,000 was donated for the implementation of various projects to help the inhabitants. At the height of the crisis, SWAN also rallied its staff members to donate their hair and join thousands of Mauritians in building artisanal oil spill containment booms.

The sanitary and the environmental crises, unprecedented in scale, put our social fabric under much stress. However, we all acknowledge that rising up to the challenges ahead will require national cohesion and solidarity. That is why the Conseil des religions was also included in our list of beneficiaries.

The beneficiaries are:

- Terrain For Interactive Pedagogy Through Arts
- Association Ensam
- Elle C Nous Association
- Young Spirit Association
- Will Fly Mauritius
- T1 Diams
- Enn Rev Enn Sourir
- Global Rainbow Foundation
- Association Kinouete
- Chrysalide
- Muscular Dystrophy Association
- Vent d'un Rêve
- A.P.E.I.M
- Special Educational Needs Society (SENS)
- Etoile du Berger,
- Le Pont du Tamarinier
- Mouvement Forces Vives Quartier EDC Rose Belle
- Lions Club of Port Louis
- Eco Sud
- Council of Religions

Stirring things up and shaping unique experiences

Corporate Governance Report

YEAR ENDED DEC 31, 2020

Swan Life Ltd (the 'Company') is a Public Interest Entity as defined by the Financial Reporting Act 2004. The Group, comprising of the Company and its subsidiaries, is also considered as a Public Interest Entity.

1. GOVERNANCE STRUCTURE

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

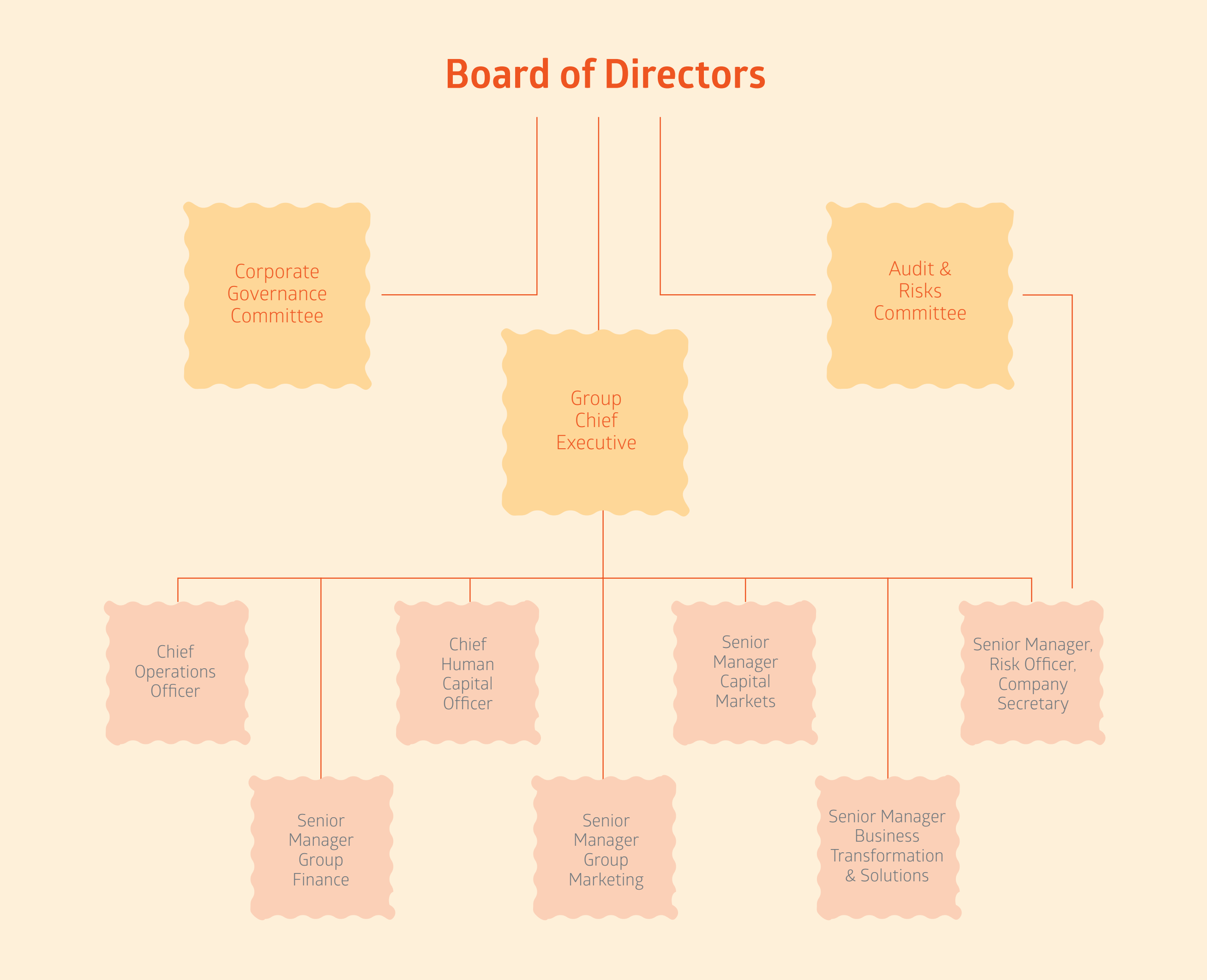
The Company does not have a board charter as it considers that the Companies Act and Insurance Act are sufficiently clear as, to the respective roles, responsibilities and, authorities of the Board of Directors.

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

Corporate Governance Report (Cont'd)

1. Governance Structure (Cont'd)

The day-to-day operations are entrusted to the management under the responsibility of the Group Chief Executive. Members of senior management have clearly defined job descriptions. Senior management reports to the Group Chief Executive. The Risk Officer reports to the Board/Audit & Risk Committee. A high-level organisation chart is provided below:



Profile of the senior management team is at Annex 1 and on the website.
The organigram, code of ethics, and main clauses of the constitution have been published on the website.

Corporate Governance Report *(Cont'd)*

2. Structure of the Board and its Committees

Swan Life Ltd is headed by a unitary Board with ten directors. The Board consists of executive, non-executive, and independent non-executive directors. Members of the Board have a diverse set of skills, knowledge and come from different spheres of the business community. A female independent director is being appointed. The Corporate Governance Committee has already made its recommendation to the Board. A resolution to this effect is on the agenda of the Board at its next meeting in June 2021. The female director will fully meet the definition of 'independent director' under the Code. Collectively, the Board is well structured and of sufficient size to discharge its duties, having regard to the activities and size of the Company and the Group.

The functions and responsibilities of the Chairperson and Group Chief Executive are separate. The Chairperson leads the Board, ensuring that each director is able to make an effective contribution. He monitors, with the assistance of the Company Secretary, the information distributed to the Board to ensure it is sufficient, accurate, timely and clear. The Chairperson is a non-independent non-executive Director. The Group Chief Executive has the day-to-day management responsibility for the operations, implementing the strategies and policies agreed by the Board.

The Group Chief Executive is the executive member of the Board. There are three independent non-executive directors. The independent directors bring a wide range of experience and skills to the Board. They are free from any business or other relationships which could materially affect their ability to exercise independent judgement, constructively dissent, and are critical by-standers. Board considers the current mix of executive, non-executive and independent directors to be appropriate. More so, the size and composition of the Board complies fully with the requirements of the Insurance Act 2005. All the Directors are ordinarily resident in Mauritius.

Directors of the company

Executive

Louis Rivalland (Group Chief Executive)

Independent non-executive

Arif Currimjee
Gopallen Mooroogen
Victor Seeyave

Non-executive

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

Profile of the directors are at Annex 2.
All the profiles are on the website.

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

Board Committees

The Board has instituted two committees – the Audit & Risks Committee and the Corporate Governance Committee.
The Board approved a new terms of reference of the Audit & Risks Committee in December 2020. The terms of reference for each committee have been published on the website.

Audit & Risks Committee

The Committee comprises of a majority of independent directors. Members of the Committee are appointed by the Board. The Committee consists of four directors. The Board appoints a Chairperson from the independent directors of the Committee and determines the period for which he shall hold office. In the absence of the Chairperson of the Committee, the remaining members shall elect one of their members present to chair the meeting. The Chairperson of the Board and any executive director are not eligible to be members of the Committee.

The Board satisfies itself that the Chairperson of the Committee has the relevant financial experience, ideally with a professional qualification from one of the professional accountancy bodies. The Board has the power at any time to remove any members from the Committee and to fill any vacancies created by such removal.

The external auditor, internal auditor, risk officer, head of finance may be invited to attend meetings of the Committee on a regular basis. Other non-members and members of management may be invited to attend all or part of any meeting as and when appropriate and necessary.

The Group Company Secretary, or his nominee, acts as the Secretary of the Committee and ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

The Committee carries out its role, functions, and duties for the Company and the major relevant subsidiaries.

In performing its duties, the Committee maintains effective working relationships with the Board, management, and the external and internal auditors. To perform his or her duties, each Committee member will need to develop and maintain his skills and knowledge, including an understanding of the Committee's responsibilities and of the Company's and Group's business, operations and risks. Consistent with the below-mentioned duties, the Committee will encourage continuous improvement of, and foster adherence to, the Company's and Group's policies, procedures, and practices at all levels.

The role and function of the Committee with regards to the following matters shall be to:

Internal audit

a) Consider and recommend to the board the appointment or termination of appointment of the internal auditor;
b) Ensure the internal auditor has direct access to the Board Chairperson and to the Committee Chairperson;
c) Review and assess the annual internal audit work plan;
d) Receive any report on the results of the internal auditor's work on a periodic basis;
e) Review and monitor the senior management's responsiveness to the internal auditor's findings and recommendations;
f) If required, meet with the internal auditors at least once a year without the presence of management;
g) Monitor and review the effectiveness of the Company's and Group's internal audit function, in the context of the Company's and Group's overall risk management system;
h) Direct and supervise investigations into matters within its scope, for example, evaluations of the effectiveness of the Company's and Group's internal control, cases of employee fraud, misconduct, or conflict of interest.

Corporate Governance Report *(Cont'd)*

External Audit

a) Consider and make recommendations to the Board, to be put to shareholders for approval at the annual meeting, in relation to the appointment, re-appointment, and removal of the Company's external auditor;
b) Ensure that at least once every seven years the audit services contract is put out to tender;
c) If an auditor resigns, investigate the issues leading to this and decides whether any action is required;
d) Oversee the relationship with the external auditor including (but not limited to):

i. Recommendations on their remuneration, including both fees for audit and non-audit services, and that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
ii. Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
iii. Assessing their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;

e) Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity.
f) Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present if deemed necessary, to discuss the auditor's remit and any issues arising from the audit.
g) Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.
h) Consider whether any significant ventures, investments or operations are not subject to external audit.
i) Obtain assurance from the external auditor(s) that adequate accounting records are being maintained.
j) Review the findings of the audit with the external auditor.

This shall include but not be limited to the following:

i. A discussion of any major issues which arose during the audit;
ii. Key accounting and audit judgements;
iii Levels of errors identified during the audit; and
iv. The effectiveness of the audit process.

k) Review any representation letter(s) requested by the external auditor before they are signed by management.
l) Review the management letter and management's response to the auditor's findings and recommendations.
m) Reviewing progress on implementation of auditors' recommendations.
n) If necessary, develop and implement policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

Financial Statements

a) The Committee will examine and review the quality and integrity of the financial statements, including its annual reports and any other formal announcement relating to the organisation's financial performance.
b) The Committee shall review and report to the Board on significant financial reporting issues and judgements which these financial statements contain having regard to matters communicated to the Committee by the auditor;
c) In particular, the Committee shall review and challenge where necessary:

i. The consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Company;
ii. Compliance with accounting standards, local and international, compliance with stock exchange and legal requirements;
iii. The methods used to account for significant or unusual transactions where different approaches are possible;
iv. Significant adjustments resulting from the audit; Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements taking into account the views of the external auditor;
v. The clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;
vi. All material information presented with the financial statements, such as the business review and the corporate governance statements relating to the audit and risk management;
vii. Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board;
viii. The basis on which the Company's has been determined a going concern; Capital adequacy and internal controls;
ix. Compliance with the financial conditions of any loan covenants; and
x. Reviewing special documents

Narrative reporting

Where requested by the Board, the Committee shall review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable, and provides the information necessary for shareholders and other stakeholders to assess the Company's and Group's performance, business model and strategy.

For internal control and risks management

The Committee will assist the Board of Directors in fulfilling their corporate governance responsibilities relating to risk management, i.e., in relation to the identification, measurement, monitoring, and controlling of the Company's and Group's material risks. Specifically, the Committee's role is to report to the Board and provide appropriate advice and recommendations to develop and implement strategies, policies, procedures, and controls to manage the material risks. In this respect, the duties of the Committee shall include:

a) Ensuring implementation of, and the continuous monitoring of compliance with, the FSC Insurance (Risk Management) Rules 2016 by:

i. defining and, at least annually, reviewing the risk appetite statements and tolerance levels;
ii. reviewing the design, completeness and effectiveness of the risk management framework;
iii. defining and reviewing the risk management strategy
iv. receiving and reviewing reports and dashboards from Management for risk monitoring;
v. reviewing the 3 year rolling business plan;
vi. reviewing the Own Risk and Solvency Assessment report;
vii. reviewing risk policies; and
viii. receiving the auditors' and actuary's report on the compliance and effectiveness of the risk management framework and to recommend necessary actions.

Corporate Governance Report *(Cont'd)*

For internal control and risks management (Cont'd)

b) Ensuring the economy, efficiency and effectiveness of the Company's and Group's operations and internal controls and the implementation of established policies and procedures;
c) Maintaining a close relationship with the Risk Officer and management;
d) Reviewing and providing an independent and objective oversight on reports submitted by management on corporate accountability and specifically how associated risks are being mitigated;
e) Reviewing the continuous management of risk by Management;
f) Keep under review the adequacy and effectiveness of the Company's and Group's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems; and
g) Review and approve the statements to be included in the annual report concerning internal controls and risk management.

Compliance, Whistleblowing and Fraud

The Committee shall:
a) Review the adequacy and security of the Company's, and Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
b) Review the Company's and Group's procedures for detecting fraud;
c) Review the Company's and Group's systems and controls for the prevention of bribery and receive reports on non-compliance;
d) Receive and review regular reports from the Compliance Officer and Money Laundering Reporting Officer;
e) Review the adequacy and effectiveness of the Company's and Group's compliance function and policies, procedures and systems for combating money laundering and terrorism financing;
f) Review significant transactions not directly related to the Company's and Group's normal business as the Committee might deem appropriate;
g) Review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the Company, or the Group; and
h) Review any whistle-blowing issue/report, as provided in the Company's and Group's Code of Ethics.

The Committee consists of four Non-Executive Directors, three of whom are Independent, including the Chairperson. The Members are:

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

Mr. Jaiyansing (Shailen) Soobah, acts as Secretary of the Committee.

The Committee meets at least four times a year. The Group Chief Executive is not a Member of the Committee. He is in attendance unless a conflict of interest is likely to arise. Members of the Committee have ample financial awareness. Members of the senior management, the external auditor and the internal auditor attend meetings of the Committee, as are relevant. The Committee meets regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage). The Committee has not met external auditor without management presence.

Compliance, Whistleblowing and Fraud

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

a) Yearly audited accounts and annual report –consideration and recommendation to the Board for approval;
b) External audit-consideration and approval of audit strategy and change in signing partner;
c) Abridged quarterly accounts - consideration and recommendation to the Board for approval and publication;
d) Internal audit – consideration of internal audit reports and internal audit plan, approval of internal audit charter and approval of internal audit engagement letter;
e) Approval of auditors' fees for audit and non-audit services for the Company and subsidiaries;
f) Risk management – consideration of risk appetite statements, own risk and solvency assessment, actuary's effectiveness report and auditors' compliance report;
g) Amended terms of reference of Audit and Risks Committee – consideration and recommendation to the Board for approval.

Corporate Governance Committee

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

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

The Committee consists of the following non-executive directors:

a) Mr. Arif Currimjee (independent)
b) Mr. Nicolas Maigrot (chairperson)
c) Mr. Gopallen Mooroogen (independent)
d) Mr. Victor Seeyave (independent)

The Group Chief Executive is in attendance. Mr. Jaiyansing (Shailen) Soobah, acts as Secretary of the Committee.

There were no meetings of the corporate Governance Committee during the year. Attendance of the Directors at Board meetings and Committee meetings for 2020 were as follows:

DIRECTORS	Board Meetings	Audit & Risks Committee
Number of Meetings Held	3	5
Arif Currimjee	2	4
Hector Espitalier-Noël	3	N/A
Philippe Espitalier-Noël	3	N/A
Henri Harel	3	4
René Leclézio	3	N/A
Sébastien Mamet	2	N/A
Nicolas Maigrot (Chairperson)	3	N/A
Gopallen Mooroogen	3	5
Victor Seeyave	3	5
Louis Rivalland (not as member for Audit & Risks Committee)	3	N/A

Corporate Governance Report *(Cont'd)*

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 recommendations to the Board of Directors and/or shareholders (as relevant).

Director appointment is also subject to the approval of the Financial Services Commission, under section 24 of the Financial Services Act and section 36 of the Insurance Act. The law provides that a director (Officer) must be a fit and proper person.

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

The Constitution of the Company does not provide for annual re-election of directors.
Directors are encouraged to keep themselves updated with industry practices, trends, practices, and standards. As and when required or requested, the Company and the Group will organise workshops and arrange for training of directors.

Succession planning of key officeholders has been delegated by the Board to the Group Chief Executive. There is in place a succession planning policy with the aim, inter alia, to identify the business-critical positions and potential successors. The policy is administered by the human resource department. The Chief Human Capital Officer has regular meetings with the Group Chief Executive in this respect.

4. Director Duties, Remuneration and Performance

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

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

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.

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

Non-executive	*Dealing in shares*	*Balance as at 31 December 2020*
Louis Rivalland	Disposal of 16,229 shares	NIL

None of the other Directors bought or sold shares of the Company.

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

Information, information technology, and information security governance

The Board is responsible for information governance. At Board level, the Chairperson, the Group Chief Executive, and the Company Secretary ensure that Directors receive adequate, timely and accurate information to be able to discharge their duties. Directors are under obligation to keep all information confidential. The Board has unrestricted access to information. Where necessary in the discharge of their duties, all Directors may seek independent professional advice at the Company's expense. The Company and the Group have 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 and the Group have 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 and Group'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 and Group are used legally, securely, effectively and in a spirit of co-operation and trust.

The policies cover a range of aspects, including physical security, users' access & passwords, computer viruses, installation & modifications of the IT systems, emails, internet, copyrights & license agreements, smart devices, confidentiality, and remote access.
The Company and the Group have published a brief of its IT policies on its website.
No board evaluation was conducted during the period under review. It has been agreed that the Company and the Group will now conduct board evaluation every 3 years. The next board evaluation will be conducted in 2021.

Corporate Governance Report *(Cont'd)*

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

Remuneration policy

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

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

Executive directors' remuneration package consists of basic salary, annual performance bonus, other benefits, and an annual director's fee. The structure of the package is reviewed annually and benchmarked to market norms and practices.
The Group's objective is to attract, motivate and retain executive directors of the highest calibre. This is essential for the successful leadership and effective management of the Group. Non-Executive Directors have not received any remuneration in the form of share options or bonuses associated with the Company's and Group's performance. Non-executive directors receive a fixed director fee.

Directors remuneration for the year from the Company and subsidiaries was as follows:

DIRECTORS	Company (Rs)	Subsidiaries (Rs)
Arif Currimjee	140,000	-
Hector Espitalier-Noël	90,000	-
Philippe Espitalier-Noël	90,000	-
Henri Harel	120,000	-
René Leclézio	90,000	-
Sébastien Mamet	90,000	-
Nicolas Maigrot (Chairperson)	205,000	-
Gopallen Mooroogen	160,000	40,000
Louis Rivalland	7,117,000	7,236,000
Victor Seeyave	140,000	-

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

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

More information on risk is provided in the Risk Management Report, as disclosed in the financial statements.

The system of internal controls has been designed to safeguard assets of the Company and the Group from unauthorised use. The Company and the Group maintain 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 and Group's activities, including the operation of the internal control system. The system of internal controls is designed to provide assurance against material misstatement or loss and to manage risks of failure in operational systems.

Key areas of effective internal controls are as follows:

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

Internal control covers all material functions of the Company and the Group. 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 are devised to address all such deficiencies. Internal and external auditors also have access to the Board.

Corporate Governance Report *(Cont'd)*

6. Reporting with Integrity

The Board is responsible for the preparation of the annual report and accounts, on a going concern basis, that fairly presents the state of affairs of the organisation and the results of its operations and that comply with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the Companies Act. Likewise, the Board has the responsibility for selecting appropriate accounting policies based on reasonable and prudent judgements.

The annual report comprises, inter alia, of the following:

- an overview and history of the Company and Group;
- ownership, structure, and principal activities of the Company and the Group
- values of the Company and Group;
- financial statements, risk report, report from the Group Chief Executive and Chairperson;
- details on our corporate social responsibility, information, and profile of our senior management team.

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

For the year ended 31 December 2020, the following directors were common to both the Company and Swan General Ltd:

Arif Currimjee	Sébastien Mamet
Hector Espitalier-Noël	Nicolas Maigrot
Philippe Espitalier-Noël	Gopallen Mooroogen
Henri Harel	Louis Rivalland
René Leclézio	Victor Seeyave

Dividend Policy

The Company does not follow a formal dividend policy. Dividends are declared after taking into account the Company's profitability and the solvency requirements of the Companies Act and the Insurance Act. The Company declares dividend in December based on best estimates of yearly results to 31 December. For the year under review, the Company declared and paid a dividend of Rs 59.40 per share.

Shareholders' Agreement

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

Environmental Issues

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

Health and Safety

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

Social Issues

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

7. Audit

Internal Audit

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, the Audit & Risk Committee Members have the necessary financial literacy and expertise. Internal auditors are appointed by the Board, following recommendations from the Audit and Risks Committee. Internal audit of the company and Group is outsourced to Ernst & Young. The Internal Auditors are responsible for providing assurance to the Board, through the Audit & Risk Committee, regarding the implementation, operation and effectiveness of internal control, and risks management. An Internal Audit Charter was issued and approved by the Audit and Risks Committee in October 2020.

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

The Internal Auditors have a direct reporting line to the Audit & Risks Committee and maintain open and constructive communication with executive management. They also have direct access to the Chairperson of the Committees and of the Board. This reporting structure allows the Internal Auditors to remain independent and report all items of significance to the Board/Audit and Risks Committee. They have unrestricted access to the records, management, and employees. They act as a source of constructive advice and best practice, assisting the Audit and Risks Committee in its responsibility to improve the processes by which risks are identified and managed. Internal audit reports are sent to the Audit & Risks Committee.
During 2020, internal audit covered the following areas:

a) Review of payment process
b) Corporate Pension
c) Follow up on bancassurance and individual business marketing (report due)
d) IT access right (report due)
e) AML/CFT compliance review (report due)

External Audit

Our external auditors are KPMG Mauritius. External auditors are appointed/re-appointed by shareholders.
Auditors' remuneration is fixed by the Board, following recommendation from the Audit & Risks Committee. External auditors have unrestricted access to the Audit & Risks Committee. The Company and the Group are satisfied with the external audit process. The Audit & Risks Committee ensures that whenever non-audit services are provided, the fees remain reasonable compared to audit fees such that auditors' objectivity and independence are not impaired.

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

Following new regulations regarding rotation of external auditors for listed entities, KPMG was appointed as auditors of the Company in replacement of BDO during the annual meeting of the shareholders in August 2020,

During 2020, the following fees (excl VAT) apply to KPMG Mauritius:

For audit services	Rs 2,500,000
For non-audit services	Rs 500,000

Non-audit services consist of the review of the risk management framework and insurance returns.

Corporate Governance Report *(Cont'd)*

8. Relationship with shareholders and other key stakeholders

The Company and the Board have always maintained an open line of communication with all stakeholders. Key stakeholders of the Company and Group are clients, shareholders, employees, regulators & government authorities, the public and investors, internal and external auditors among others. The Company and the Group communicate through email, social media, press announcements, publication of quarterly results and its annual report. In addition, the website provides meaningful information on the Company's and Group's products & services, financials, quarterly results, updated news, share price, CSR, etc.

As at 31 December 2020, Swan General Ltd held 82.72 % of the shareholding of the Company. No other single shareholder held more than 5% of the Company.

A summary by shareholder category:

Category	Count	No. of shares	% holding
Individuals	314	215,418	8.18
Insurance & Assurance Companies	2	2,177,475	82.72
Pension & Providence Funds	4	4,146	0.16
Investment & Trust Companies	5	54,199	2.06
Other Corporate Bodies	78	180,972	6.88
Total	**403**	**2,632,210**	**100%**

A summary by shareholder category:

Size	No. of shareholders	No. of shares	% holding
1-500	289	36,302	1.38
501-1000	32	21,986	0.83
1,001-5000	65	123,351	4.69
5,001-10,000	7	49,099	1.87
10,001-50,000	7	113,264	4.30
50,001-100,000	2	110,833	4.21
100,001-250,000	-	-	-
250,001-500,000	-	-	-
Over 500,000	1	2,177,375	82.72
Total	**403**	**2,632,210**	**100%**

8. Relationship with shareholders and other key stakeholders (Cont'd)

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

Key events are set out below:

January	Payment of dividend (for financial year 31 December 2019)
June	Publication of audited annual results
July	Publication of unaudited first-quarter results
August	Annual meeting of shareholders
August	Publication of unaudited half-year results
November	Publication of unaudited nine months results
December	Declaration of dividend (for financial year 31 December 2020)

Jaiyansing Soobah
for Swan Corporate Affairs Ltd
Company Secretary
29th June 2021

STATEMENT OF COMPLIANCE

SECTION 75(3) OF THE FINANCIAL REPORTING ACT
NAME OF PIE: SWAN LIFE LTD (the 'Company')

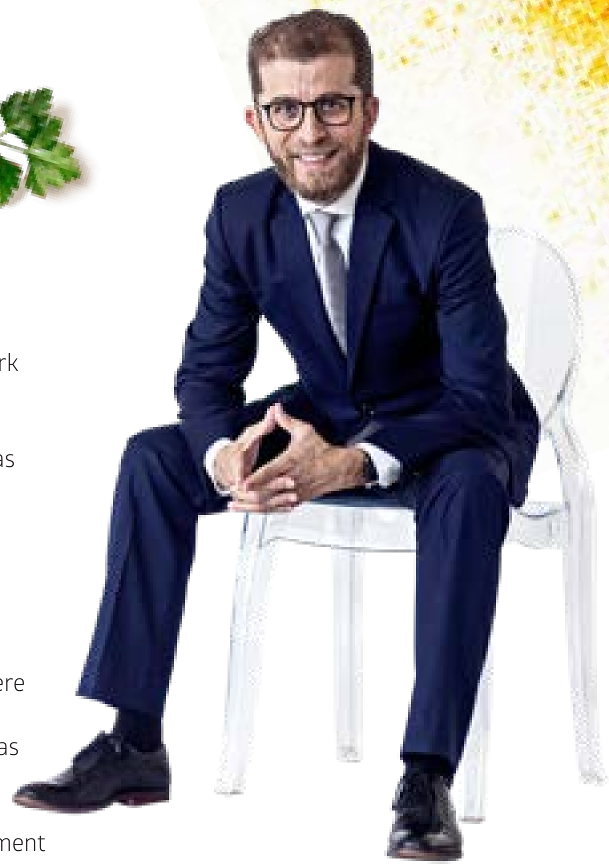
Throughout the year ended 31st December 2020, to the best of the Board's knowledge, the Company has complied with the National Code of Corporate Governance for Mauritius (2016) (the Code). The Company has applied all of the principles set out in the Code and explained how these principles have been applied.

Nicolas Maigrot
Chairperson

Louis Rivalland
Director


Creating a
fruitful life
with a smile

ALAN GODER
Chief Operations Officer



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. 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.

Senior Management Team

Annex 1

SWAN's secret blend of amazing people.

KARINE MOREL
BCom, FCCA, MIPA (M) - Group Finance

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

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

PATRICE BASTIDE
BSc / MSc - Group Marketing

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

GIANDUTH (ALVIN) JEEAWOCK
BSC (Hons), CFA - Capital Markets

Alvin is a CFA charter holder since 2010. He is currently reading for MBA International Paris. Alvin is a seasoned professional reckoning more than a decade of experience in Capital Markets. In his senior management role, he provides strategic directives into SWAN's Capital Markets division. Equally, he is amongst the driving forces of investment activities of the group, including strategic investments in Mauritius and abroad. He is also an executive director of Swan Corporate Advisors Ltd, Swan Wealth International Ltd and Swan Smart Achiever Notes Ltd.

Senior Management Team

Annex 1

SWAN's secret blend of amazing people.

GAEL ALIPHON

ACII - Sales, Business Development and Bancassurance

Born in 1978, Gael Aliphon holds an ACII from the Chartered Insurance Institute UK as well as an Advanced Diploma in Business Administration (ABE UK). Gael is also a Certified Meta-Coach of the International Society of Neuro-Semantics.

He accumulated more than 20 years of experience in the insurance field and has acquired an extensive and in-depth knowledge of sales force management, business development and distribution channels management and has a wide experience in sales training and coaching as well.

Gael joined SWAN in 2010 as Individual Business Unit Manager and was promoted Senior Manager, Sales, Business Development & Bancassurance of Swan Life Ltd in September 2018. He is now entrusted with the responsibility to consolidate and enhance the business development and sales capabilities for Swan Life Ltd.

JAIYANSING (SHAILEN) SOOBAH

FCCA, MBA, ACG
Risk Officer, Group Company Secretary - Corporate Office

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

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

ISHWARI MADHUB

BSc (Hons), FCCA, MBCS, MBA
Business Transformation & Solutions

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

She started her career as a software developer at Swan Insurance Company Limited (now Swan General Ltd) in 1987 and was appointed as IT manager in 2000, and manager of the Group Systems and Processes department from 2007 to 2017. Since 2018, she is the Senior Manager of the Business Transformation & Solutions department.

Senior Management Team

Annex 1

SWAN's secret blend of amazing people.

VISHNOO LUXIMAN

Dip Personnel Management, Dip Business Management, Dip Public Relations, MSc MSHRi - Chief Human Capital Officer

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

He was appointed Human Resources Manager of DRBC in 2002 and, as such, provided advice and services to 7 companies of the CIEL Group, including TPC Ltd, found in Tanzania. He cumulated the responsibility of Acting Secretary of the Mauritius Sugar Producers' Association with that of Human Resources Manager of DRBC from September to December 2005. He joined the Group in 2006.

- Nitish Beni Madhu, Chief Investment Officer - Resigned on 29 January 2021
- Christopher David, Chief Digital & Data Officer - Resigned on 30 November 2020

CHARISMA JAWAHEER - ROOPUN

BSc (Hons), MBA - Pensions

Born in 1977, Charisma started her career as Actuarial Analyst with Anglo-Mauritius Assurance Society Ltd in October 1999. In April 2005, she moved to Pension Consultants and Administrators (PCA now known as Swan Pensions Ltd) as Client Administrator. Before joining Swan Life Ltd a new in 2015 as Senior Consultant Pensions, she spent 3 years at the FSC as Executive-Surveillance Pensions. Charisma now holds the position of Senior Manager - Pensions since July 2019 and she leads the pensions department.

Charisma holds a BSc. (Hons) in Actuarial Science from the University of Kent, UK, as well as an MBA with specialisation in Finance from the University of Technology, Mauritius.

RICHARD LI TING CHUNG

BCom, FIA - Actuarial

Richard Li is a Fellow of the Institute and Faculty of Actuaries and holds a Bachelor of Commerce (Honours) from the University of Melbourne (Australia). The early stage of his career brought him to Feber Associates and Anglo Mauritius Assurance Society Ltd (now known as Swan Life Ltd). He then decided to pursue his career in London, UK, where he qualified as an actuary. After spending just over 7 years in the UK as a consulting actuary for Mercer, PwC and KPMG, building up and consolidating his expertise in pensions and life insurance, he returned to Mauritius and joined Kross Border Corporate Services Ltd, a management company, which was subsequently acquired by Rogers Capital.

During his time at Rogers Capital, he gained extensive experience in the Global Business industry. He was also a member of the Executive Committee of the Association of Trust and Management Company (ATMC) and held directorship on a number of high profile Global Business Companies with specialised licensed in the financial services industry. He also set up the actuarial and captive insurance unit at Rogers Capital. Richard joined SWAN at the end of 2019 when the actuarial unit of Rogers Capital was acquired by Swan Life Ltd.

Directorate Annex 2

Meet the seasoned insurance chefs who bring back balance in people's lives

01

02

03

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01
Arif CURRIMJEE
Independent Non-executive

02
Hector ESPITALIER-NOËL
Non-executive

03
Philippe ESPITALIER-NOËL
Non-executive

04
Henri HAREL
Non-executive

05
René LECLÉZIO
Non-executive

06
Nicolas MAIGROT
Non-executive Chairperson

07
Sebastien MAMET
Non-executive

08
Gopallen MOOROOGEN
Independent Non-executive

09
Louis RIVALLAND
Group Chief Executive

10
Victor SEEYAVE
Independent Non-executive

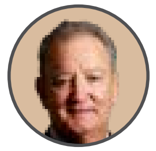
Directorate
Annex 2

01 

ARIF CURRIMJEE
Independent Non-executive

Born in 1962, he holds a degree in Economics from Williams College, MA and has studied at the London School of Economics, McGill University, and INSEAD. He is the Chairman and Founder of ABANA(MAURITIUS), is a non-executive Director on several companies within the Currimjee Group as well as on its Ownership Board and an independent director on companies in the financial sector.
He is the in-coming President of the Mauritius Export Association, a Past-President of the Joint Economic Council, the Mauritian Private Sector's apex organisation, and has been a board member of several parastatal organisations including Enterprise Mauritius, The National Productivity and Competitiveness Council and the National Committee for Corporate Governance.

Companies	*Types of Directorship*
Currimjee Limited, *formerly know as Fakhary Limited*	Director
Le Tricot International Limitée	Director
Le Tricot Ltée	Director
Abana Online Limited	Director
Abana (Mauritius) Ltd	Director
MIAR International Limitée	Director
Les Lycées Associés Ltée	Director
Swan General Ltd	Director

02 

HECTOR ESPITALIER-NOËL
Non-executive

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

Companies	*Types of Directorship*
Agrex Limited	Director
Ascencia Limited	Director
Agrïa Limited	Director
Avipro Co. Ltd.	Director
Axess Limited	Director
Beachcomber Hotels SA	Director
Beachcomber Hotels Marrakech SA	Director
Beachcomber Hospitality Investments Ltd	Director
Beachcomber Limited	Director
Building & Civil Engineering Co. Ltd.	Director
B.R.E Ltd	Director
Case Noyale Limitée	Director
Cashverdure Limitée	Director
Compagnie Sucrière de Bel Ombre Limited	Chairman
Dolphin Coast Marina Estate Ltd	Director
Domaine de L'Harmonie Ltée	Director
Ecocentre Limitée	Director
Eliheda Ltd	Director
Emerald (Mauritius) Limited	Director
EnAtt Ltd	Director
ENL Agri Limited	Chairman
ENL Corporate Services Limited	Director
ENL Corporate Ventures Limited	Director
ENL Foundation	Chairman
ENL Limited	Chairman
ENL Portfolio Managers Limited	Director
ENL Property Limited	Chairman
ENL Secretarial Services Ltd	Director
Enquickfix Limited	Director
EnVolt Limited	Director
ESP Landscapers Ltd	Director
Espral International Ltd	Director
Exotiflors Limited	Director
Gold Coast Resort Limited	Director
Green Create Nutra Limited	Director
Helida Ltd	Director
Jacotet Bay Ltd	Director
L'Accord Limited	Chairman
La Sablonnière Limited	Chairman
Le Morne Development Corporation Ltd	Director
Le Sunset Commercial Centre Limited	Director
Les Salines Golf & Resort Limited	Director
Les Salines Development Ltd	Director
Mall of (Mauritius) Bagatelle Ltd.	Director
Management & Development Co. Ltd	Director
MDA Offices Limited	Director
Moka City Limited	Director
Mon Desert Alma Sugar Milling Company Limited	Director
Motor City Limited	Director
New Mauritius Hotels Limited	Chairman
Packestate Limited	Director
Plastinax Austral Limited	Director
Praslin Resort Limited	Director
Reef Resort Limited	Director
Rogers Capital Ltd	Director
Rogers Capital Investment Advisors Ltd	Director
Rogers and Company Limited	Director
Rogers Consolidated Shareholding Limited	Director
Royal Gardens Ltd	Director
Semaris Ltd	Director
S & W Synergy Ltd	Director
Savannah Properties Limited	Director
SB Cattle Ltd	Director
Smartvertising Ltd	Director
Société Pur Blanca	Director
Southwest Tourism Development Ltd	Director
Swan General Ltd	Director
Ste Anne Resort Ltd	Director
Tambourissa Limited	Director
The Gardens of Bagatelle Ltd	Director
The Green Mountain Co. Ltd	Director
The Old Factory Limited	Director
The Savannah Sugar Milling Company Ltd	Director
Tropical Paradise Co. Ltd.	Director
Turbine Incubator Limited	Chairman

Directorate *Cont'd*
Annex 2

03 

PHILIPPE ESPITALIER-NOËL
Non-Executive

Holder of a BSc (Agricultural Economics) and an MBA, Philippe Espitalier-Noël is currently the Chief Executive Officer and Executive Director of Rogers and Company Limited. He worked for CSC Index in London as a management consultant from 1994 to 1997. He joined Rogers in 1997 and was appointed Chief Executive Officer in 2007. Philippe Espitalier-Noël also presides over the Business Mauritius Sustainability and Inclusive Growth Committee. He has proven experience of mergers and acquisitions, business turnaround and transformation. He has an extensive expertise with strategy development and execution, inspiring leadership with senior management in the Group's four served markets, FinTech, Hospitality, Logistics and Property.

Companies	Types of Directorship
Agria Ltd	Director
Air Mauritius Holding Ltd	Director
Air Mauritius Ltd	Director
Ascencia Limited	Chairman
Bagaprop Limited	Director
Bagatelle Hotel Operations Company Limited	Director
Bel Ombre Seashells Co. Ltd	Director
Bioculture Mauritius Ltd	Director
Biofarms Limited	Director
BlueAlize Ltd	Director
Booksimply Ltd	Director
Cap Abondance Ltd	Director
Case Noyale Limitée	Director
Cashverdure Limitée	Director
Compagnie Mauricienne D'hypermarches Limitee (In Winding Up)	Chairman
Croisière Australes Ltée	Director
DOMC Ltd	Chairman
Foresite Property Holding Ltd	Chairman
Hotels Operations Company Ltd	Chairman
Island Living Ltd	Chairman
Island Living Shared Services Ltd	Director
Island Holidays Ltd	Director
Islandian Ltd	Director
Le Morne Development Corporation Limited	Director
Les Villas De Bel Ombre Amenities Ltd	Chairman
Les Villas De Bel Ombre Ltée	Director
Logistics Solutions Ltd	Chairman
Mauritian Commodities and Applied Solutions Co. Ltd	Director
Mautourco Holdings Ltd	Director
Mautourco Ltd	Director
Reliance Facilities Ltd	Chairman
Reliance Security Services Ltd	Chairman
Restaurants Operations Company Ltd	Chairman
Rogers and Company Limited	Director
Rogers Aviation Holding Company Limited	Chairman
Rogers Capital Corporate Services Limited	Director
Rogers Capital Finance Ltd	Chairman
Rogers Capital Investment Advisors Ltd	Chairman
Rogers Capital Ltd	Chairman
Rogers Capital Management Services Ltd	Director
Rogers Capital Outsourcing Ltd	Chairman
Rogers Capital Technology Services Ltd	Chairman
Rogers Consolidated Shareholding Limited	Director
Rogers Corporate Services Ltd	Director
Rogers Foundation Ltd	Director
Rogers Logistics International Ltd	Director
Rogers Shipping Pte. Ltd	Director
Seafood Basket Limited	Director
South West Tourism Development Company Limited	Director
Sports-Event Management Operation Co. Ltd	Chairman
Sukpak Ltd	Chairman
Swan General Ltd	Director
Sweetwater Ltd	Director
Trans-Maurice Car Rental Ltd	Director
Velogic Holding Company Limited	Chairman
Vivacis Solidarity Ltd	Director
VLH Ltd	Chairman

04 

HENRI HAREL
Non-executive

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

Companies	Types of Directorship
Beau Plan Cellars Ltd	Director
Beau Plan Development Ltd	Director
Beau Plan Office Park Ltd	Director
Beau Plan Retail Park Ltd	Director
Grays Distilling Ltd	Director
Grays Inc. Ltd	Director
Intendance Holding Limited	Director
Ivoirel Limitée	Director
Sagiterra Ltd	Director
Terra Brands Ltd	Director
Terra Finance Ltd	Director
Terra Foundation	Director
Terra Mauricia Ltd	Director
Terra Milling Ltd	Director
Terra Services Ltd	Director
Terragen Ltd	Director
Terragen Management Ltd	Director
Terravest Holding Ltd	Director
Amco Solutions Limited	Director
Anytime Investment Ltd	Director
Coal Terminal (Management) Co. Ltd	Director
Commada Ltd	Director
Moulin Casse Limitée	Director
New Fabulous Investment Ltd	Director
New Goodwill Co. Ltd	Director
Invescom Ltd	Director
Rehm Grinaker Construction Co. Ltd	Director
Sucrivoire S.A	Director
Swan General Ltd	Director
Aquasantec International Limited	Director
Thermal Valorisation Co. Ltd	Director
United Investments Ltd	Director

05 

RENÉ LECLÉZIO
Non-executive

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

Companies	Types of Directorship
Anytime Investment Ltd	Director
Best Sellers Ltd	Director
Cascavelle Shopping Mall Limited	Director
Casela Limited	Director
Caudan Development Limited	Director
Caudan Leisure Ltd	Director
Caudan Security Services Limited	Director
Clarens Fields Ltd	Director
Commercial Holding Ltd	Director
Compagnie Mauricienne de Commerce Ltée	Director
Concorde Tourist Guide Agency Ltd.	Chairman
Excelsior United Development Companies Limited	Chairman
Ferryhill Enterprises Ltd	Director
Fondation Medine Horizons	Director
Goodweal Limited	Director
Industrial & Hotel Equipment Manufacturers Ltd	Director

Directorate *Cont'd*
Annex 2

Companies	Types of Directorship
Le Cabinet Limited	Director
Mauritian Coal & Allied Services Co. Ltd	Director
Mauritius Freeport Development Co. Ltd	Chairman
Medine Distillery Co. Ltd	Director
Medine Limited	Chairman
New Fabulous Investment Ltd	Director
New Goodwill Co. Limited	Director
Pierrefonds Estate Company Limited	Director
Promotion and Development Limited	Director
Rey & Lenferna Ltd	Director
Security and Property, Protection Agency Co. Ltd	Director
Societe Mauricienne d'Entreprises Générale Ltée	Director
Swan General Ltd	Director
Tamarina Beach Club Hotel Limited	Director
Tamarina Golf Club Ltd	Director
Tamarina Golf Estate Co. Ltd	Director
The Medine Sugar Milling Company Limited	Director
Tropical Paradise Co. Ltd	Director
Uniciti Ltd	Director
Uniciti Commercial Properties Ltd	Director
Uniciti Education Properties Ltd	Director
Uniciti Eduhousin Ltd	Director
Uniciti Management Services Co. Ltd	Director
Uniciti Office Park Ltd	Director
Uniciti Residential Properties Co. Ltd	Director
Uniciti Sports and Cultural Properties Ltd	Director

06

NICOLAS MAIGROT
Non-executive Chairperson

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

Companies	Types of Directorship
Grays Distilling Ltd	Director
Grays Inc. Ltd	Director & Chairman
Intendance Holding Limited	Director
Ivoirel Limitée	Director
Sagiterra Ltd	Chairman
Sugarworld Ltd	Director
Terra Brands Ltd	Director
Terra Foundation	Director
Terra Mauricia Ltd	Director
Terra Milling Ltd	Chairman
Terra Services Ltd	Director
Terragen Ltd	Director & Chairman
Terragen Management Ltd	Director
Terrarock Ltd	Director
Terravest Holding Ltd	Director
Aquasantec International Limited	Director
AMCO Solutions Limited	Director
Anytime Investment Ltd	Director
Coal Terminal (Management) Co. Ltd	Director
Horus Ltée	Director
New Fabulous Investment Ltd	Director
New Goodwill Co. Ltd	Director
Rehm Grinaker Construction Co. Ltd	Director & Chairman
Sucrivoire S.A	Director
SuGha Ltd	Director
Swan General Ltd	Director & Chairman

Companies	Types of Directorship
Thermal Valorisation Co. Ltd	Director
UDL Investments Ltd	Director
United Docks Ltd	Director
United Investments Ltd	Director
United Properties Ltd	Director

07

SÉBASTIEN MAMET
Non-executive

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

Companies	Types of Directorship
Intendance Holding Ltd	Director
Ivoirel Limitee	Director
Sucrivoire	Director
Swan General Ltd	Director
Terra Services Ltd	Director
Terragen Ltd	Director
Terragen Management Ltd	Director
Terra Milling Ltd	Director
Terrarock Ltd	Alternate Director

08

GOPALLEN MOOROOGEN
Independent Non-executive

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

Companies	Types of Directorship
Swan General Ltd	Director
Swan Reinsurance PCC	Director
Swan Special Risks Company Limited	Director
Swan Pensions Ltd	Director
Swan Wealth Managers Ltd	Director

Directorate Cont'd
Annex 2

09 

LOUIS RIVALLAND
Group Chief Executive

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

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

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

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

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

Companies	*Types of Directorship*
Aprica Investments Co. Ltd	Director
Manufacturers' Distributing Station Limited	Director
Mauritius Investment Corporation Ltd	Director
Processure Compagnie Limitée	Director
Swan Corporate Affairs Ltd	Director
Swan Digital Ltd	Director
Swan Financial Solutions Ltd	Director
Swan Foundation	Director
Swan International Co. Ltd	Director
Swan General 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 Products Ltd	Director

10 

VICTOR SEEYAVE
Independent non-executive

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

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

Management Team

SWAN's special ingredients always ready when the Chef needs them..

Annex 3

01 Mario BUTTIE
FCCA – Fund Administration

02 Gavin ANDERSON
BSc (Hons), FASSA - Actuarial

03 Carine ADELSON
BA, MA - Group Marketing

04 Krystel HEE KWUN FONG
Dip CII, LLB (Hons) – Claims

05 Jean-Marc LECKNING
Group Credit Control

06 Didier ADRIEN
Diploma in Information Technology – Business Transformation & Solutions

07 Christel LIM SHIN CHONG
BA (Hons) – Group Human Resources

08 Neeraj UMANEE
BA (Hons) Swan Securities Ltd

09 Sabine LUCHMUN
BTS, Maitrise Sciences de Gestion – Pensions

10 Jennifer LAM SHEUNG YUEN
Dip CII – Life Underwriting

11 Javed BUROKUR
BBA, ACCA – Investments

12 Herbert MADANAMOOTHOO
Maîtrise de Droit – Compliance, M.L.R.O

Management Team Cont'd

Annex 3

SWAN's special ingredients always ready when the Chef needs them..

13 **Leong LAI MAN CHUN**
BSc (Hons) – Business Transformation & Solutions

14 **Ouahiba DJAKOUR-GHURBURRUN**
BTS – Informatique de Gestion – Business Development (As from 01 July 2020)

15 **Navindranath BHUGALOO**
ACII – Swan Pensions Ltd and Pensions (DC)

16 **Karmchandrasingh ROOPUN**
BSc (Hons) – Actuarial

17 **Sandra MAKONI**
BCom, FIA – Pensions

18 **Dave LUCHMUN**
Group Facilities

19 **Luveena DOOKHEEA**
Cert, BA – Loans

20 **Jonathan ACKING**
Maîtrise en Droit des Affaires, Master of Laws – Legal

21 **Sonia KALACHAND-CANABADY**
BA (Hons), MA – Group Human Resources

22 **Sachinanand MUNGRA**
Diplôme De Technologie, MBA - Corporate Office

23 **Stephanie MARECHAL**
Diploma in Business Practice – Procurement (as from 17 Feb 2021)

Risk Management Report

Our Risk Environment

Swan Life Ltd (the "Company" or "SWAN") is exposed to a diversity of risks whereby we accept the risks inborn to our core business lines. These risks, however, also create opportunities for innovation and differentiation. We distinguish between strategic and operational risks, which are mitigated through a risk management governance structure.
The year 2020 has been strike by the Coronavirus, COVID-19, which began in China in late 2019 and was declared a global pandemic by the World Health Organization (WHO) on March 11, 2020. Now, months later, the COVID-19 pandemic continues to spread, having far-reaching effects on lives, businesses, and economies worldwide. SWAN continues to enforce sanitary protocols and encourages a remote and a work-from-home policy. However, with an increase in remote working which meant relaxed privacy policies and procedures and present more opportunities for cyber adversaries, the Company was more susceptible to cyber-attacks. This has prompted the Company to ramp up digitalization efforts, encouraging SWAN to review its business processes and also to focus on security and regulation protocols to fend off cyber-security attacks.
The impact of the pandemic in the insurance market continues to be felt through asset risks, notably capital volatility and weaker premium growth prospects. While we expect and should those risks persist, SWAN remains financially strong to absorb the financial impact to ensure that we remain solvent to honour our commitments to clients.

Key components of our Risk Management Framework

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

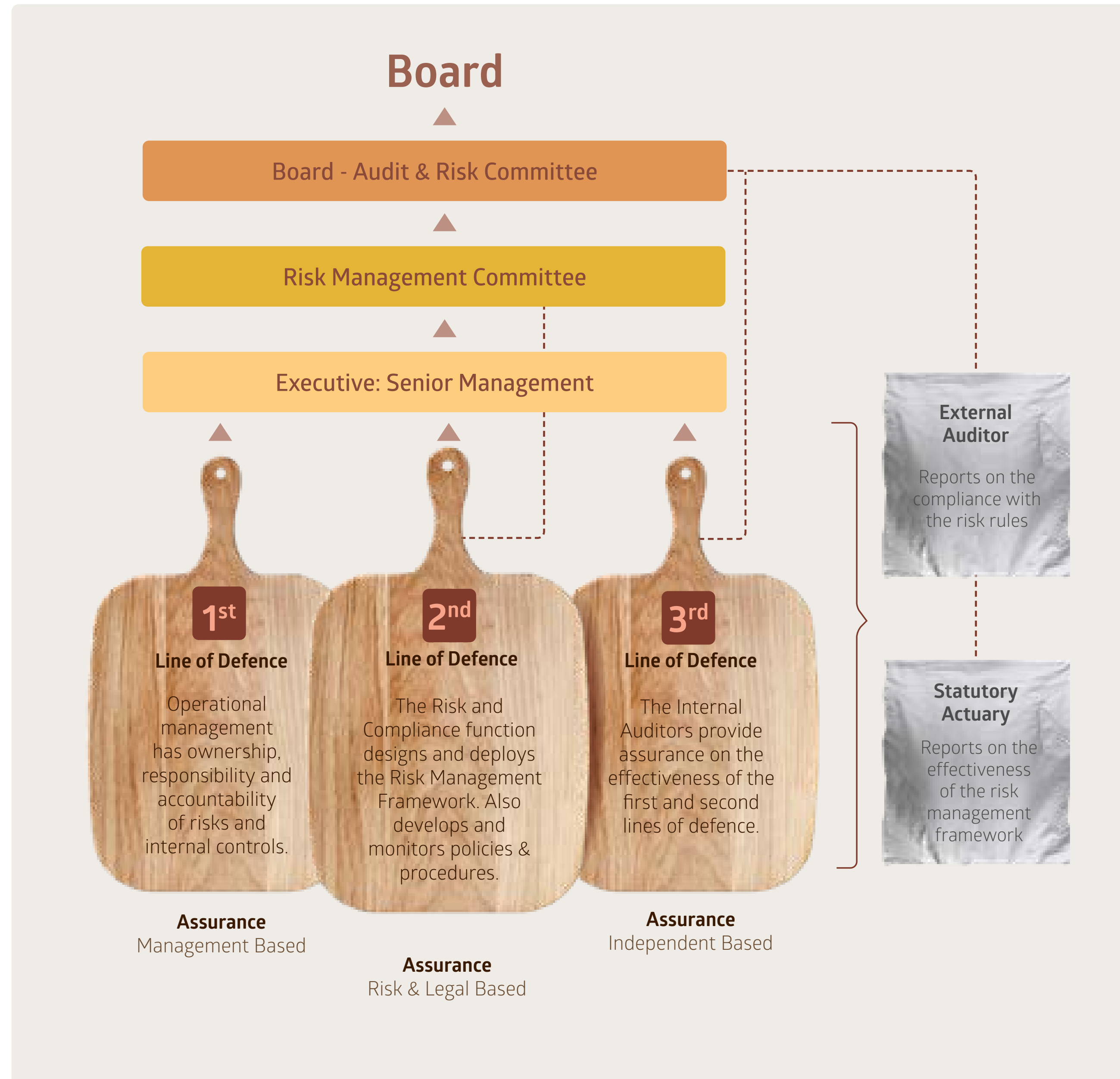
As per the Insurance (Risk Management) Rules 2016 ('FSC Rules'), our framework complies with the following requirements:

Responsibility of the Board

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

Key components of our Risk Management Framework

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



Risk Management Report *(Cont'd)*

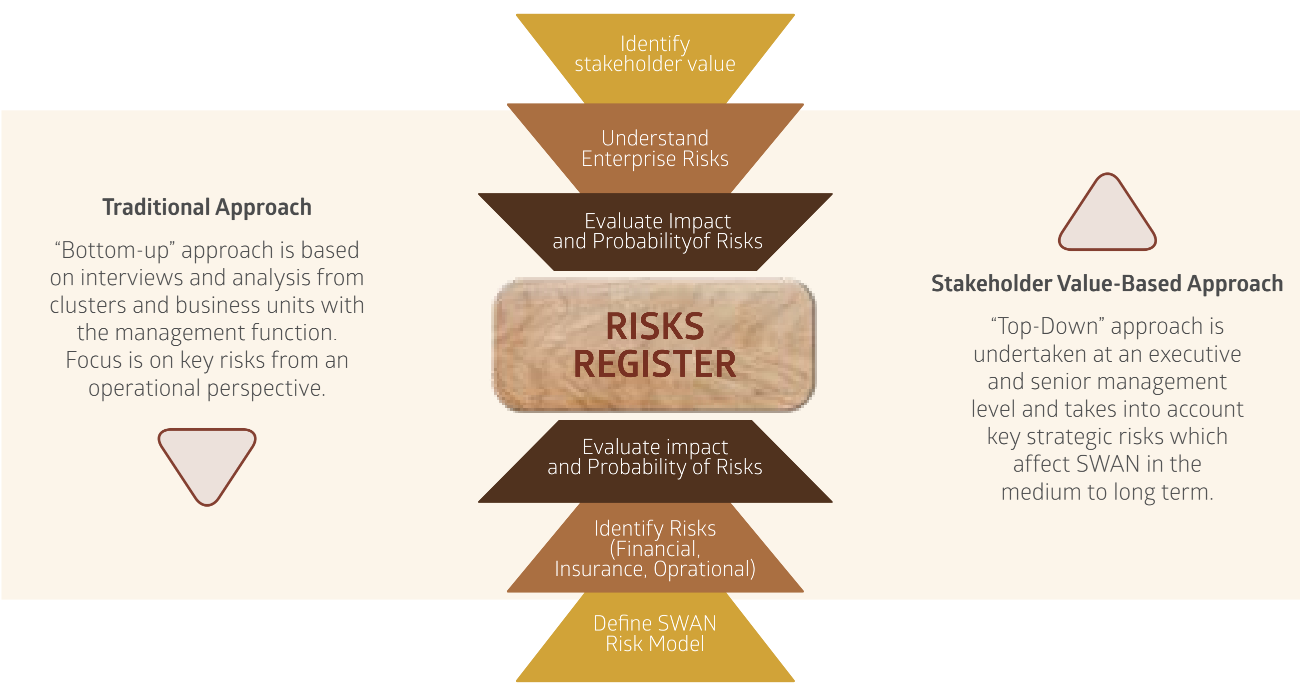
Our Risk Management Function

A Risk Management Committee (the "Committee) is in place to assist in the implementation of SWAN's risk management framework and internal control system. Among other responsibilities, the Committee has the duty to:

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

Risk Appetite Statement & Risk Management Strategy

In order to formulate our risk appetite statements and risk tolerance levels, SWAN has undergone a risk identification process and built its risk register to recognise its strategic and operational risks. Risk registers are reviewed and updated in conjunction with SWAN's business strategy. The risks that have been identified have been logged, owners have been allocated and progress to mitigate each risk has been recorded.



Defining SWAN's risk appetite statements is a vital process whereby limits and benchmarks are set for different risk classes. Below are a few inherent risks that have been identified. For each, risk the appropriate Risk Management Strategy, (Mitigating measures) is devised and for some of them we have also formulated risk appetite statements. The table below illustrates a few risk areas for which we have formulated Risk Appetite Statements (RAS) and their Risk Mitigation Strategies (RMS):

Capital Risks
- Review reinsurance programme
- Inject capital

Investment Risks
- Review investment guidelines
- Review asset mix and allocation
- Enforce stop-loss policy

Group Risks
- Crisis committee
- Ensure communication lines

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

Reinsurance Risks
- Monitoring of reinsurers' rating
- Review our retention
- Processes and procedures

Insurance Risks
- Review of pricing
- Actuarial Valuation
- Monitor market Trends
- ORSA

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

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

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

Risk Management Report (Cont'd)

3-year Rolling Business Plan

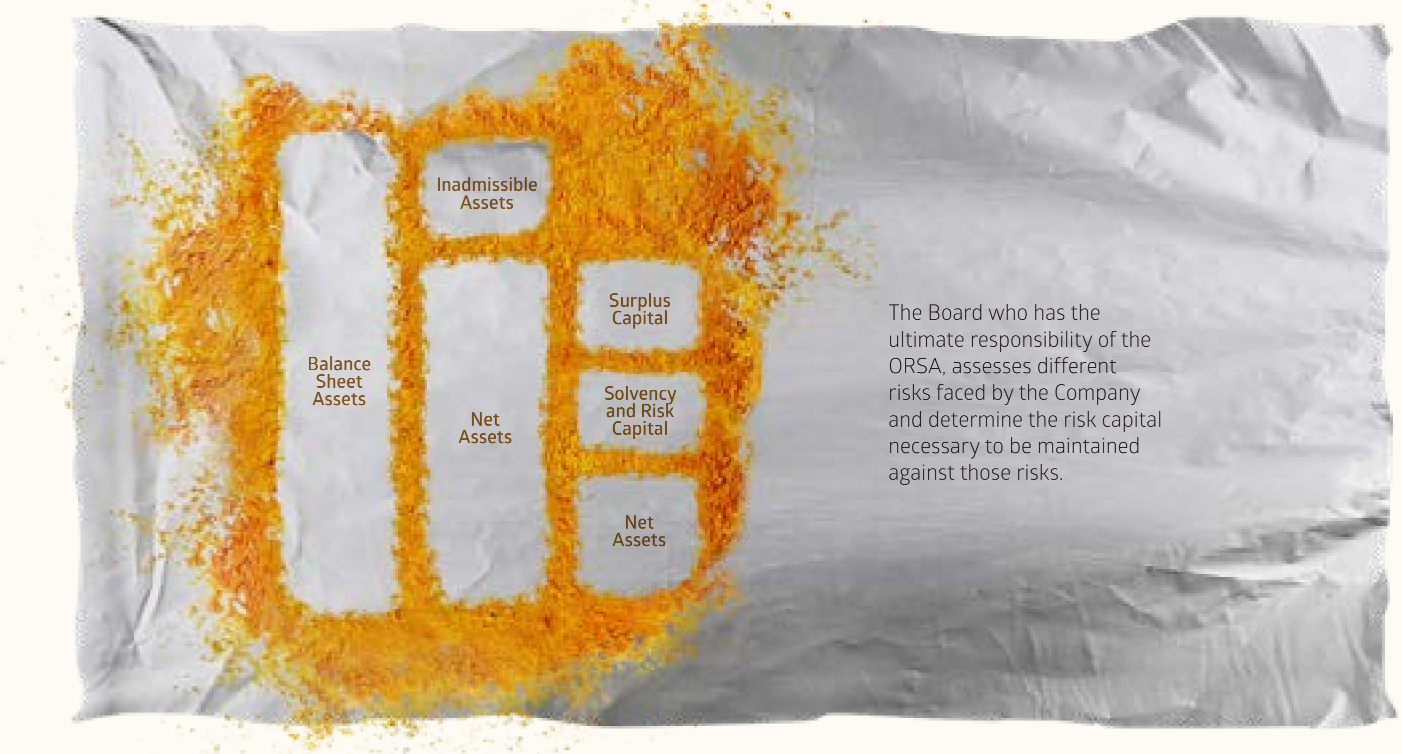
Every year a financial forecast is carried out for the next 3 years and the same is validated by the board, executives, and operations.

Liquidity policy

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

Own Risk Solvency Assessment (ORSA)

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



Business Continuity Management

Business Continuity sets out to enhance the strategic and tactical capability of the Company to plan for and respond to incidents and business disruptions in order to continue business operations at an acceptable pre-defined level. With the rising concern that remote risks such as natural catastrophes, pandemics, fire, or technology can potentially represent major threats to SWAN, management has implemented business continuity management group-wide. In 2020, we reassessed our business impact analysis (BIA) due to COVID-19 and carried out sessions for the strategy selection to be able to determine high-level feasible options to meet critical recovery timeframes for business activities, underlying processes, and resource dependencies in the event of disruption. We continue in the implementation of the BCM. During 2020, SWAN has been able to operate its core business activities, despite the pandemic through remote working.

Independent Review

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

Statement Of Directors' Responsibilities

Directors acknowledge their responsibilities for:

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

The Directors report that:

(i) adequate accounting and an effective system of internal controls and risk management have been maintained;
(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
(iii) international financial reporting standards have been adhered to. Any departure in the fair presentation has been disclosed, explained and quantified;
(iv) The Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance.

Nicolas Maigrot
Chairperson

Louis Rivalland
Director & Group Chief Executive

Company Secretary's Certificate

For the year ended December 31, 2020

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

Jaiyansing Soobah
for Swan Corporate Affairs Ltd
Company Secretary

Date: 29th June 2021

Spreading kindness, creating a sweet and clourful life

Independent auditors' report to the shareholders of Swan Life Ltd

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Swan Life Ltd (the Group and the Company), which comprise the consolidated and separate statements of financial position at December 31, 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies, as set out on pages 81 to 219.

In our opinion, these consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Swan Life Ltd at December 31, 2020, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act and Financial Reporting Act.

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 Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Independent auditors' report to the shareholders of Swan Life Ltd

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Gross premiums and consideration for annuities

This key audit matter applies to both the consolidated and separate financial statements.
Refer to significant accounting policies on note 2.18(ii) and note 21 to the consolidated and separate financial statements

Key Audit Matter	How the matter was addressed in our audit
Gross premiums comprise of premiums received from individuals, corporates in terms of defined benefit schemes ("DB Schemes") and defined contribution schemes ("DC Schemes"). Gross premiums also include premiums received from group credit insurance ("GCI"). Consideration for annuities is also considered as revenue for the Group and Company. The Group and Company recognise gross premiums in a manner allowed under IFRS 4, Insurance Contracts ("IFRS 4"). We identified gross premiums received and consideration for annuities as a key audit matter because of the inherent risk which exists due to the volume of transactions. In addition, we considered the possibility for management to manipulate the recognition of revenue in respect of premiums received from individuals, corporates (in terms of defined benefit schemes and defined contribution schemes) and consideration for annuities to meet specific targets or expectations.	Our audit procedures included the following: We obtained an overall understanding of the respective processes for the different sources of premiums. We reviewed management's assessment of whether the product meets the definition of an insurance contract as per IFRS 4. For premiums received from individuals and consideration for annuities, we: · Agreed the premiums received, on a sample basis, to the respective policy contracts and traced receipts to the bank statements; and · Ensured that premiums have been recognised in the correct accounting period based on the terms of the contracts. For premiums received with respect to group credit insurance, we: · Inspected the agreements between the Company and the counterparties; · Agreed premiums received to the bank statements; and · Obtained independent confirmations from the counterparties for the premiums received. From these confirmations, we assessed whether the premiums had been recorded in the correct accounting period. For premiums received from corporates (DB Schemes), we: · Agreed and traced the amounts recorded to the relevant invoices and traced receipts to the bank statements; · Assessed the existence of the premiums recognised against the actuarial review report of each DB Scheme wherever applicable. For premiums received from corporates (DC Schemes), we: · Reviewed the agreements in place between the Company and Swan Defined Contribution Pension Scheme ("the Trust"); · Agreed the premiums received from the Trust to the bank statements; and · Obtained confirmation from the Trust with respect to premiums paid to the Company for the year ended December 31, 2020.

Independent auditors' report to the shareholders of Swan Life Ltd

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Valuation of insurance contract liabilities - Life Assurance Fund

This key audit matter applies to both the consolidated and separate financial statements.

Refer to note 2.13, note 3, note 4 and note 16 to the consolidated and separate financials statements.

Key Audit Matter	How the matter was addressed in our audit
The valuation of insurance contract liabilities, disclosed as "Life Assurance Fund" on the consolidated and separate statement of financial position, is considered to be significant to the Group and Company due to the complexity, judgements and estimates involved. Actuarial assumptions and methodologies involve judgement about future events for which small changes can result in a material impact to the valuation of the insurance contract liabilities ("LAF"). In addition to that, the valuation of the LAF also depends on the accuracy of the data used in the valuations. The focus areas of our audit in respect to the insurance contract liabilities is linked to the following: · The appropriateness of the actuarial assumptions, methodology and models used in the calculation of the liabilities; and · The underlying data used in the valuation of the liabilities. The assumptions we have considered as significant are as follows: · Interest and CPI rates · Lapses · Mortality and morbidity · Expenses · Bonus rates We therefore identified the valuation of insurance contract liabilities as a key audit matter because of the significant judgements and assumptions used in assessing the valuation of the liabilities.	Our procedures included the following: We obtained an overall understanding of the respective processes followed and assumptions applied in the valuation of the insurance contract liabilities. We evaluated the design and implementation of the controls related to the review of the actuarial valuation process. With the assistance of our actuarial specialist, we: · Considered that the valuations are performed by management's expert and accordingly we assessed their competence and capabilities. We also obtained an understanding of the work performed by the management expert and evaluated the adequacy of their work; · Assessed the appropriateness of the methodologies applied and the basis used to value the insurance contract liabilities. This has been evaluated against industry practice and the relevant regulations in place; · Assessed the methodology changes compared to prior years to evaluate consistency and reasonability thereof; · Challenged the assumptions used in the calculation of the insurance contract liabilities against industry practice and regulations in place to assess reasonableness thereof; · Considered the solvency position of the Company, and whether this is in line with the regulatory requirements; and · Assessed the reasonableness of the actuarial liabilities as at December 31, 2020. In evaluating the integrity and completeness and accuracy of the data used in the actuarial valuation, we: · Agreed the relevant data extractions made by the Company to those provided to the external actuary; and · Reconciled the data (number of policies, asset values and premiums) used by the actuary in valuing the actuarial liabilities to the Company's records.

Independent auditors' report to the shareholders of Swan Life Ltd

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Valuation of available-for-sale financial assets - Level 3

This key audit matter applies to both the consolidated and separate financial statements.

Refer to note 2.8, note 3.2 and note 10 to the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in our audit
As at December 31, 2020, the aggregate carrying value of the Group and the Company's unquoted available-for-sale investments classified as level 3 investments under IFRS 13: Fair value measurement amounted to MUR 1.97 billion. The valuation of the afore-mentioned financial assets is based on valuation models which are considered to be significant to the Group and Company due to the complexity, judgements and estimates involved. The fair value of the level 3 financial assets was assessed by the Company's investment team. Where observable data is not readily available, as in the case of all the level 3 financial assets, estimates need to be developed which involves significant management judgement. We identified the fair value of the Group's and Company's level 3 financial assets as a key audit matter because of the degree of complexity involved in valuing these financial assets and because of the significant degree of judgement exercised by management in determining the inputs used in the valuation models.	Our procedures included the following: We obtained an overall understanding of the respective processes followed and the assumptions applied in the valuation of the available-for-sale financial assets. Assessed the competence and capabilities of the Company's investment team who are responsible for the valuation of the investments held. Evaluated the appropriateness of the valuation methods used by the investment team in determining the fair values of the investments. Engaged with the investment team and assessed the reasonableness of key inputs and assumptions used in the fair value determination. This was performed by involving our own valuation specialists who evaluated and corroborated the unobservable inputs, including potential impact of COVID-19, through benchmarking against available market data and performing an independent valuation.

Emphasis of matter

We draw attention to note 33 to the consolidated and separate financial statements which indicates that the comparative information presented as at and for the year ended December 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

Other matter relating to comparative information

The consolidated and separate financial statements of the Group and Company as at and for the years ended December 31, 2019 and December 31, 2018 (from which the consolidated and separate statements of financial position as at January 01, 2019 has been derived), excluding the retrospective adjustments described in note 33 to the consolidated and separate financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on May 19, 2020 and March 29, 2019.

As part of our audit of the consolidated and separate financial statements as at and for the year ended December 31, 2020, we audited the retrospective adjustments described in note 33 that were applied to restate the comparative information presented as at and for the year ended 31 December 2019 and the consolidated and separate statements of financial position as at January 01, 2019.

Independent auditors' report to the shareholders of Swan Life Ltd

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Other matter relating to comparative information (cont'd)

We were not engaged to audit, review, or apply any procedures to the consolidated and separate financial statements for the years ended December 31, 2019, or December 31, 2018, (not presented herein) or to the consolidated and separate statements of financial position as at January 01, 2019, other than with respect to the retrospective adjustments described in note 33 to the consolidated and separate financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective consolidated and separate financial statements taken as a whole.

However, in our opinion, the retrospective adjustments described in note 33 to the consolidated and separate financial statements are appropriate and have been properly applied.

Other information

The Directors are responsible for the other information. The other information comprises the Secretary's Certificate, Corporate Governance Report, Risk Management Report, and Other Statutory Disclosures, but does not include the consolidated and separate financial statements and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report, which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors.

Responsibilities of Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act and Financial Reporting Act, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditors' report to the shareholders of Swan Life Ltd

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated and separate 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 consolidated and separate 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 Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and 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 auditors' report to the related disclosures in the consolidated and separate 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 auditors' report. However, future events or conditions may cause the Group and/ Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent auditors' report to the shareholders of Swan Life Ltd

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements (cont'd)

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

Use of our report

This report is made solely to the Company's shareholders as a body, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's shareholders as a body, those matters that we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other Legal and Regulatory requirements

Mauritius Companies Act

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

We have obtained all the information and explanations we have required.

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

Insurance Act

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

Financial Reporting Act

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual financial statements 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 financial statements, the Group and Company has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

KPMG
Ebène, Mauritius

Varsha Bishundat
Licensed by FRC

Date: June 29, 2021

Consolidated and Separate Statements of Financial Position

YEAR ENDED DEC 31, 2020

	Notes	THE GROUP			THE COMPANY		
		December 31, 2020	December 31, 2019	January 01, 2019	December 31, 2020	December 31, 2019	January 01, 2019
			Restated *	Restated *		Restated *	Restated *
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
ASSETS							
Non-current assets							
Property and equipment	5	**277,520**	276,224	275,483	**252,092**	251,125	250,680
Right-of-use assets	5A	**11,134**	15,083	-	**7,666**	10,491	-
Investment properties	6A	**425,317**	433,191	478,896	**388,058**	395,960	439,074
Intangible assets	7	**85,572**	92,017	96,202	**7,721**	11,259	14,008
Investments in subsidiary companies	8	**-**	-	-	**548,512**	548,512	540,012
Investments in associated companies	9	**25,669**	39,519	36,945	**4,364**	4,364	614
Available-for-sale financial assets	10	**23,129,816**	24,697,373	21,777,454	**23,107,337**	24,667,954	21,749,213
Held-to-maturity financial assets	10	**11,238,790**	11,660,554	11,473,139	**11,044,817**	11,607,409	11,439,710
Loans and receivables	11	**5,733,624**	4,239,180	3,966,249	**5,733,624**	4,252,618	3,979,687
Deferred tax assets	17	**3,702**	1,808	822	**-**	-	-
Other receivables	12	**7,594**	5,444	-	**-**	-	-
Total non-current assets		**40,938,738**	41,460,393	38,105,190	**41,094,191**	41,749,692	38,412,998
Current assets							
Trade and other receivables	12	**957,758**	845,000	799,314	**932,746**	875,914	737,091
Held-to-maturity financial assets	10	**2,935,193**	2,404,693	1,301,466	**2,917,080**	2,396,389	1,296,212
Loans and receivables	11	**813,927**	213,492	531,146	**813,927**	213,492	531,146
Seized properties	6B	**53,238**	55,489	55,338	**53,238**	55,489	55,338
Current tax assets	20(c)	**1,175**	-	-	**-**	-	-
Short-term deposits	13/28(b)	**796,488**	1,427,588	1,174,142	**796,488**	1,427,588	1,174,142
Cash and cash equivalents	28(b)	**1,937,873**	1,791,908	1,381,964	**1,501,466**	1,216,252	1,008,744
Total current assets		**7,495,652**	6,738,170	5,243,370	**7,014,945**	6,185,124	4,802,673
Total assets		**48,434,390**	48,198,563	43,348,560	**48,109,136**	47,934,816	43,215,671

Consolidated and Separate Statements of Financial Position (cont'd)

YEAR ENDED DEC 31, 2020

	Notes	THE GROUP			THE COMPANY		
		December 31, 2020	December 31, 2019	January 01, 2019	December 31, 2020	December 31, 2019	January 01, 2019
			Restated *	Restated *		Restated *	Restated *
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	14	**26,322**	26,322	26,322	**26,322**	26,322	26,322
Reserves		**1,568,299**	1,204,533	973,192	**1,525,182**	1,253,277	1,071,052
Owners' interest		**1,594,621**	1,230,855	999,514	**1,551,504**	1,279,599	1,097,374
Non-controlling interests	15	**221,593**	201,146	190,331	**-**	-	-
Total equity		**1,816,214**	1,432,001	1,189,845	**1,551,504**	1,279,599	1,097,374
Technical provisions							
Life Assurance Fund	2.13/16	**45,084,339**	45,166,453	41,064,790	**45,084,339**	45,166,453	41,064,790
Gross outstanding claims	3.1(a)(iii) /29(a)	**321,410**	261,096	278,908	**321,410**	261,096	278,908
Gross unearned premiums	29(b)	**45,426**	61,354	122,160	**45,426**	61,354	122,160
Total technical provisions		**45,451,175**	45,488,903	41,465,858	**45,451,175**	45,488,903	41,465,858
Non-current liabilities							
Retirement benefit obligations	18	**160,050**	98,234	76,831	**144,297**	85,508	74,000
Lease liabilities	5A	**7,887**	11,844	-	**5,352**	8,193	-
Other payables	19	**53,421**	53,667	54,076	**53,421**	53,667	54,076
Total non-current liabilities		**221,358**	163,745	130,907	**203,070**	147,368	128,076
Current liabilities							
Trade and other payables	19	**777,012**	940,598	552,749	**744,166**	859,938	524,363
Lease liabilities	5A	**3,984**	3,710	-	**2,868**	2,655	-
Current tax liabilities	20(c)	**8,294**	13,253	9,201	**-**	-	-
Dividend payable	26	**156,353**	156,353	-	**156,353**	156,353	-
Total current liabilities		**945,643**	1,113,914	561,950	**903,387**	1,018,946	524,363
Total equity and liabilities		**48,434,390**	48,198,563	43,348,560	**48,109,136**	47,934,816	43,215,671

*Refer to prior year statements, note 33

These consolidated and separate financial statements have been approved and authorised for issue by the Board of Directors on June 29, 2021.

Gopallen Mooroogen
Director

Louis Rivalland
Director and Group Chief Executive

The notes on pages 88 to 219 form an integral part of these consolidated and separate financial statements.
Auditors' report on pages 74 to 80.

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

YEAR ENDED DEC 31, 2020

	Notes	THE GROUP		THE COMPANY	
		2020	2019	2020	2019
			Restated *		Restated *
		Rs'000	Rs'000	Rs'000	Rs'000
Gross earned premiums	2.18/21	**4,718,991**	4,859,658	**4,718,991**	4,859,658
Premiums ceded to reinsurers	2.19	**(187,376)**	(172,476)	**(187,376)**	(172,476)
Net earned premiums		**4,531,615**	4,687,182	**4,531,615**	4,687,182
Fee income on insurance and investment contracts		**336,586**	328,563	**104,761**	122,567
Investment income	22	**1,168,029**	1,505,676	**1,247,237**	1,585,481
Other income	23	**1,412,459**	669,218	**1,412,146**	668,701
Gain on exchange		**133,560**	52,205	**112,157**	44,504
Other operating income		**42,326**	46,722	**39,540**	44,386
		7,624,575	7,289,566	**7,447,456**	7,152,821
Gross death and disability insurance claims		**217,082**	216,234	**217,082**	216,234
Recoverable from reinsurers		**(52,676)**	(31,156)	**(52,676)**	(31,156)
Net death and disability insurance claims		**164,406**	185,078	**164,406**	185,078
Maturity claims		**2,107,309**	2,163,511	**2,107,309**	2,163,511
Surrenders		**386,460**	659,914	**386,460**	659,914
Annuities		**751,112**	696,384	**751,112**	696,384
Commissions payable to agents and brokers		**183,960**	196,564	**183,960**	196,564
Fees payable		**106,300**	68,071	**216,379**	180,970
Depreciation, amortisation and write-off	5/5A/5B/6/7	**50,222**	43,349	**42,955**	35,893
Movement in allowances for credit impairment	11/12	**34,952**	7,163	**30,237**	6,591
Impairment of financial assets		**10,349**	62,210	**10,349**	62,210
Impairment of non-financial assets	6B	**9,359**	-	**9,359**	-
Marketing and administrative expenses	24	**472,381**	474,182	**340,331**	344,785
Loss on exchange		**-**	155	**-**	-
		4,276,810	4,556,581	**4,242,857**	4,531,900
Movement in Life Assurance Fund	16	**(2,775,799)**	(2,281,703)	**(2,775,799)**	(2,281,703)
Finance costs	25	**1,580**	1,747	**542**	640
Share of results of associated companies, net of tax	9	**(9,268)**	5,747	**-**	-
Profit before taxation		**561,118**	455,282	**428,258**	338,578
Taxation	20(a)	**(3,650)**	(35,770)	**-**	-
Profit for the year		**557,468**	419,512	**428,258**	338,578

Consolidated and Separate statements of Profit or Loss and Other Comprehensive Income
(cont'd)

YEAR ENDED DEC 31, 2020

	Notes	THE GROUP 2020	THE GROUP 2019 Restated *	THE COMPANY 2020	THE COMPANY 2019 Restated *
		Rs'000	Rs'000	Rs'000	Rs'000
Other comprehensive income, net of tax:					
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit obligations	18	(41,180)	3,470	(39,651)	3,849
Tax effect on remeasurements of post employment benefit obligations	17	406	(82)	-	-
		(40,774)	3,388	(39,651)	3,849
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale financial assets - net change in fair value	10A	(2,825,268)	1,789,852	(2,818,262)	1,788,178
Share of other comprehensive income of associated companies	9	(11,587)	530	-	-
Exchange differences on translating foreign entities		3,104	(5,443)	-	-
		(2,833,751)	1,784,939	(2,818,262)	1,788,178
Movement in Life Assurance Fund:					
Remeasurements of defined benefit obligations	16	39,651	(3,849)	39,651	(3,849)
Available-for-sale financial assets - net change in fair value		2,818,262	(1,788,178)	2,818,262	(1,788,178)
		2,857,913	(1,792,027)	2,857,913	(1,792,027)
Other comprehensive income for the year, net of tax		(16,612)	(3,700)	-	-
Total comprehensive income for the year		540,856	415,812	428,258	338,578
Profit for the year attributable to:					
Owners of the parent		517,691	391,911	428,258	338,578
Non-controlling interests	15	39,777	27,601	-	-
		557,468	419,512	428,258	338,578
Total comprehensive income for the year attributable to:					
Owners of the parent		502,804	387,694	428,258	338,578
Non-controlling interests	15	38,052	28,118	-	-
		540,856	415,812	428,258	338,578
Basic/Diluted earnings per share (Rs/cts)	27	196.68	148.89	162.70	128.63

*Refer to prior year statements, note 33.
The notes on pages 88 to 219 form an integral part of these consolidated and separate financial statements.
Auditors' report on pages 74 to 80.

Consolidated and Separate statements of Changes in Equity

YEAR ENDED DEC 31, 2020

THE GROUP	Notes	Attributable to owners of the parent									
		Share capital	Retained earnings	Fair value reserve	Other reserves	Actuarial gains/ (losses)	Amalgamation reserve	Foreign exchange difference reserve	Total owners' interest	Non-controlling interests	Total equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2020		26,322	1,162,074	(600)	(7,584)	(4,810)	61,214	(5,761)	1,230,855	201,146	1,432,001
Total comprehensive income for the year:-											
Profit for the year		-	517,691	-	-	-	-	-	517,691	39,777	557,468
Other comprehensive income for the year:											
Available-for-sale financial assets - net change in fair value*		-	-	(5,605)	-	-	-	-	(5,605)	(1,401)	(7,006)
Remeasurements of defined benefit obligations, net of tax *		-	-	-	-	(801)	-	-	(801)	(322)	(1,123)
Share of other comprehensive income of associated companies		-	-	-	(11,587)	-	-	-	(11,587)	-	(11,587)
Exchange differences on translating foreign entities		-	-	-	-	-	-	3,106	3,106	(2)	3,104
Total other comprehensive income for the year		-	-	(5,605)	(11,587)	(801)	-	3,106	(14,887)	(1,725)	(16,612)
Total comprehensive income for the year		-	517,691	(5,605)	(11,587)	(801)	-	3,106	502,804	38,052	540,856
Other equity movement	9(b)	-	-	-	17,315	-	-	-	17,315	-	17,315
Transaction with the owners of the Company:-											
Dividends	15/26	-	(156,353)	-	-	-	-	-	(156,353)	(17,605)	(173,958)
Balance at December 31, 2020		26,322	1,523,412	(6,205)	(1,856)	(5,611)	61,214	(2,655)	1,594,621	221,593	1,816,214
Balance at January 1, 2019											
- As previously stated		26,322	926,516	(1,939)	(8,114)	(4,485)	61,214	-	999,514	190,331	1,189,845
- Prior year adjustments	33	-	-	-	-	-	-	-	-	-	-
Restated balance at January 1, 2019		26,322	926,516	(1,939)	(8,114)	(4,485)	61,214	-	999,514	190,331	1,189,845
Total comprehensive income for the year:-											
Profit for the year		-	391,911	-	-	-	-	-	391,911	27,601	419,512
Other comprehensive income for the year:											
Available-for-sale financial assets - net change in fair value*		-	-	1,339	-	-	-	-	1,339	335	1,674
Remeasurements of defined benefit obligations, net of tax *		-	-	-	-	(325)	-	-	(325)	(136)	(461)
Share of other comprehensive income of associated companies		-	-	-	530	-	-	(6,241)	(5,711)	-	(5,711)
Exchange differences on translating foreign entities		-	-	-	-	-	-	480	480	318	798
Total other comprehensive income for the year		-	-	1,339	530	(325)	-	(5,761)	(4,217)	517	(3,700)
Total comprehensive income for the year		-	391,911	1,339	530	(325)	-	(5,761)	387,694	28,118	415,812
Transaction with the owners of the Company:-											
Dividends	15/26	-	(156,353)	-	-	-	-	-	(156,353)	(17,303)	(173,656)
Balance at December 31, 2019		26,322	1,162,074	(600)	(7,584)	(4,810)	61,214	(5,761)	1,230,855	201,146	1,432,001

*The amounts are net of movement in life assurance fund
The notes on pages 88 to 219 form an integral part of these consolidated and separate financial statements.
Auditors' report on pages 74 to 80.

Consolidated and Separate statements of Changes in Equity
(cont'd)

YEAR ENDED DEC 31, 2020

THE COMPANY

	Notes	Share capital	Retained earnings	Amalgamation reserve (Other reserves)	Other reserves (Other reserves)	Total Equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2020		**26,322**	**723,634**	**61,214**	**468,429**	**1,279,599**
Total comprehensive income for the year:-						
Profit for the year		-	**428,258**	-	-	**428,258**
Transaction with the owners of the Company:-						
Dividends	26	-	**(156,353)**	-	-	**(156,353)**
Balance at December 31, 2020		**26,322**	**995,539**	**61,214**	**468,429**	**1,551,504**
Balance at January 1, 2019						
- As previously stated		26,322	541,409	61,214	468,429	1,097,374
- Prior year adjustments	33	-	-	-	-	-
- Restated balance at January 1, 2019		26,322	541,409	61,214	468,429	1,097,374
Total comprehensive income for the year:-						
Profit for the year		-	338,578	-	-	338,578
Transaction with the owners of the Company:-						
Dividends	26	-	(156,353)	-	-	(156,353)
Balance at December 31, 2019		**26,322**	**723,634**	**61,214**	**468,429**	**1,279,599**

*Refer to prior year statements, note 33.
The notes on pages 88 to 219 form an integral part of these consolidated and separate financial statements.
Auditors' report on pages 74 to 80.

Consolidated and Separate statements of Cash Flows

YEAR ENDED DEC 31, 2020

	Notes	THE GROUP 2020	THE GROUP 2019 Restated*	THE COMPANY 2020	THE COMPANY 2019 Restated*
		Rs'000	Rs'000	Rs'000	Rs'000
Cash flows from operating activities					
Cash generated from operations	28(a)	**674,119**	897,404	**486,524**	637,649
Investment income received		**1,229,441**	1,388,166	**1,377,828**	1,399,066
Tax and corporate social responsibility tax paid	20(c)	**(11,556)**	(33,105)	**-**	-
Interest paid	25	**(1,580)**	(1,747)	**(542)**	(640)
Advances from Government		**284**	-	**-**	-
Net cash generated from operating activities		**1,890,708**	2,250,718	**1,863,810**	2,036,075
Cash flows from investing activities					
Purchase of property and equipment	5	**(34,509)**	(22,848)	**(33,634)**	(21,989)
Purchase of investment properties	6A	**(1,171)**	(2,679)	**(1,136)**	(2,679)
Purchase of intangible assets	7	**(502)**	(889)	**(502)**	(304)
Purchase of financial assets		**(7,799,695)**	(5,219,162)	**(7,601,058)**	(5,123,928)
Acquisition of subsidiary, net of cash acquired	34	**-**	(6,489)	**-**	(8,500)
Purchase of seized properties	6B	**(8,829)**	(698)	**(8,829)**	(698)
Loans granted		**(2,423,373)**	(975,704)	**(2,423,373)**	(975,704)
Loans recovered		**354,242**	1,018,947	**354,242**	1,018,947
Proceeds from disposal/maturity of financial assets		**7,613,019**	3,492,837	**7,557,303**	3,417,672
Proceeds from sale of property and equipment		**4,688**	88	**4,688**	88
Proceeds from sale of investment properties		**-**	89,865	**-**	87,293
Proceeds from sale of seized properties		**1,530**	560	**1,530**	560
Net cash used in investing activities		**(2,294,600)**	(1,626,172)	**(2,150,769)**	(1,609,242)
Cash flows from financing activities					
Principal paid on lease liabilities	5A	**(3,683)**	(3,245)	**(2,628)**	(2,328)
Dividends paid to Company's shareholders	26	**(156,353)**	-	**(156,353)**	-
Dividends paid to non-controlling interest	15	**(34,908)**	-	**-**	-
Net cash used in financing activities		**(194,944)**	(3,245)	**(158,981)**	(2,328)
(Decrease)/increase in cash and cash equivalents		**(598,836)**	621,301	**(445,940)**	424,505
Movement in cash and cash equivalents					
At January 1,		**3,219,496**	2,556,106	**2,643,840**	2,182,886
(Decrease)/increase during the year		**(598,836)**	621,301	**(445,940)**	424,505
Effects of exchange rate changes		**113,701**	42,089	**100,054**	36,449
At December 31,	28(b)	**2,734,361**	3,219,496	**2,297,954**	2,643,840

The notes on pages 88 to 219 form an integral part of these consolidated and separate financial statements.
Auditors' report on pages 74 to 80.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

1. GENERAL INFORMATION

Swan Life Ltd (the ''Company'') is a limited-liability company incorporated and domiciled in Mauritius. The address of its registered office is Swan Centre, 10 Intendance Street, Port Louis. These consolidated and separate financial statements (the ''financial statements'') will be submitted for consideration and approval at the forthcoming Annual Meeting of the Company. The principal activities of the Company consist of life insurance, pensions, actuarial and investment business and have remained unchanged during the year. The Company and its Subsidiaries listed in Note 8, forms the Group, and thereafter referred as the "Group".

2. PRINCIPAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated and separate financial statements comply with the requirements of Mauritius Companies Act and Financial Reporting Act (FRA) and have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated and separate financial statements include the consolidated financial statements of the parent company and its subsidiary companies (the Group) and the separate financial statements of the parent company (the Company). The consolidated and separate financial statements are presented in Mauritian Rupees which is the Company's functional currency and all values are rounded to the nearest thousand (Rs'000). Where necessary, comparative figures have been amended to conform with change in presentation and disclosure in the current year. The consolidated and separate financial statements are prepared, using the going concern principle, under the historical cost convention, except for available-for-sale financial assets that are stated at their fair values.

Standards and interpretations effective and adopted during the year

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- a new chapter on measurement;
- guidance on reporting financial performance;
- improved definitions of an asset and a liability, and guidance supporting these definitions;
- updated recognition criteria for assets and liabilities; and
- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which outlines the consequential amendments made to affected IFRS standards. This was done to support transition to the revised Conceptual Framework for companies that develop and apply accounting policies using the Conceptual Framework when no IFRS standard or interpretation applies to a particular transaction.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2.1 Basis of preparation (cont'd)

Standards and interpretations effective and adopted during the year (cont'd)

Amendments to References to Conceptual Framework in IFRS Standards (cont'd)

The revised Conceptual Framework will form the basis of new IFRS standards set by the IASB as well as future amendments to existing IFRS standards.

The Directors have made an assessment and concluded that the application of this standard did not have any significant impact the consolidated and separate financial statements.

Definition of a Business (Amendments to IFRS 3)

Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3.

In October 2018, the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process, and clarified that:
  (i) the process must be substantive and
  (ii) the inputs and process must together significantly, contribute to creating outputs.
- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The adoption of the above amendments has no significant impact on the consolidated and separate financial statements as it does not impact previous business combinations since the amendments have been applied prospectively. The Group and Company have not acquired any businesses during the year, thus this standard did not affect the consolidated and separate financial statements.

Amendments to the definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those consolidated and separate financial statements, which provide financial information about a specific reporting entity".

The IASB Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards and interpretations effective and adopted during the year (cont'd)

Amendments to the definition of Material (Amendments to IAS 1 and IAS 8) (cont'd)

The Directors have made an assessment and concluded that the amendment did not have any impact on the consolidated and separate financial statements.

Standards and interpretations issued but not yet effective

IFRS 9 Financial Instruments

On July 24, 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.
This standard will include changes in the measurement bases of the Group's and the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss.

Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the consolidated and separate financial statements.

The standard is effective for annual periods beginning on or after January 01, 2018, with retrospective application and early adoption permitted.

(a) Classification of financial assets and financial liabilities
IFRS 9 contains a new classification and measurement approach to financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

The standard includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and Fair value through profit or loss (FVTPL). It eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available-for-sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards and interpretations effective and adopted during the year (cont'd)

Amendments to the definition of Material (Amendments to IAS 1 and IAS 8) (cont'd)

Standards and interpretations issued but not yet effective (cont'd)

IFRS 9 Financial Instruments (cont'd)

However, although under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

Accordingly, these financial instruments will be mandatorily measured at FVTPL under IFRS 9.

(b) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards and interpretations effective and adopted during the year (cont'd)

Standards and interpretations issued but not yet effective (cont'd)

IFRS 9 Financial Instruments (cont'd)

The following assessments have to be made by the Group and the Company on the basis of the facts and circumstances that exist at the date of the initial application.

- The determination of the business model within which a financial asset is held;

- The designation and revocation of previous designation and revocation of the previous designations of certain financial assets and financial liabilities as measured at FVTPL.

The Company has applied the temporary exemption from IFRS 9 and has not previously adopted any version of IFRS 9. Consequently, the Company continues to apply IAS 39 Financial Instruments: Recognition and Measurement rather than IFRS 9 for annual periods beginning before January 01, 2023 (temporary exemption from IFRS 9).

The temporary exemption from IFRS 9 is available to the companies whose activities are predominantly connected with insurance. The Company is eligible for this exemption being the fact that the percentage of the total carrying amount of its liabilities connected with insurance (IFRS 4 Insurance Contracts) relative to the total carrying amount of all its liabilities is greater than 90%. The subsidiaries and associates of the Company have already adopted IFRS 9. The impact of the adoption of IFRS 9 by the Company's subsidiaries and associates are immaterial on the consolidated and separate financial statements.

The Company has deferred the application of IFRS 9 until the earlier of the effective date of IFRS 17 Insurance contracts of January 1, 2023, opting the temporary exemption from applying IFRS 9 by the amendments to IFRS 4.

The Directors are currently performing a high-level assessment of the adoption and impact of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being available to the Company in the future.
The adoption of IFRS 9 will significantly impact the Company. However, the directors are in the process of assessing the combined impact along the adoption of IFRS 17.

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards and interpretations issued but not yet effective (cont'd)

COVID-19-Related Rent Concessions (Amendments to IFRS 16) (cont'd)

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before June 30, 2021; and
- no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose:

- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

A lessee applies the amendments retrospectively and recognises the cumulative effect of initially applying them in the opening retained earnings of the reporting period in which they are first applied.

The amendment is effective for annual period beginning on or after January 01, 2022, with earlier application permitted.

The Directors are still in the process of assessing the impact of this amendment on the consolidated and separate financial statements.

Annual Improvements to IFRS Standards 2018-2020

IFRS 1 First-time Adoption of International Financial Reporting Standards	The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
IFRS 9 Financial Instruments	The amendment clarifies that for the purpose of performing the ''10 per cent test'' for derecognition of financial liabilities - in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
IFRS 16 Leases	The amendment removes the illustration of payments from the lessor relating to leasehold improvements.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards and interpretations issued but not yet effective (cont'd)

Annual Improvements to IFRS Standards 2018-2020 (cont'd)

The directors are currently assessing the impact of the above amendments on the consolidated and separate financial statements.

The amendments are effective for annual reporting periods beginning on or after January 01, 2022, with earlier application permitted.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items and the cost of producing those items, in profit or loss.

Proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:

- costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
- costs associated with making the item of property, plant and equipment available for its intended use.

Making this allocation of costs may require significant estimation and judgement.

The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the consolidated and separate financial statements in which the Group and the Company first apply the amendments. The amendment is effective for annual period beginning on or after January 01, 2022, with earlier application permitted. The Directors are still in the process of assessing the impact of this amendment.

References to the Conceptual Framework (Amendments to IFRS 3)

The amendment has:
- updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- added to IFRS 3, a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- added to IFRS 3, an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards and interpretations effective and adopted during the year (cont'd)

References to the Conceptual Framework (Amendments to IFRS 3) (cont'd)

The Directors have made an assessment and believe that the application of this standard will not have any significant impact on the consolidated and separate financial statements, unless the Group and the Company have a business combination.

The amendment is effective for annual periods beginning on or after January 01, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

IFRS 17 Insurance Contracts (and its related amendments)

IFRS 17 *Insurance contracts* supersedes IFRS 4 *Insurance Contracts* and aims to increase comparability and transparency about profitability. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes. IFRS 17 introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

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

The standard allows a choice between recognising changes in discount rates either in profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI.

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, re-measured every reporting period (the fulfilment cash flows);
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts. The CSM represents the unearned profit of the contract which is recognised as revenue over the coverage period and is recognised in profit or loss over the service period (i.e., coverage period);

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

IFRS 17 Insurance Contracts (and its related amendments) (cont'd)

- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The recognition of insurance revenue and insurance service expenses in the statement of profit or loss and other comprehensive income based on the concept of services provided during the period;
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in profit or loss but are recognised directly on the statement of financial position.

IFRS 17 is effective for annual reporting periods beginning on or after January 01, 2023, with comparative figures required.

Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The Group and the Company have adopted IFRS 15 Revenue from contracts with customers from its effective date, January 01, 2018, excluding insurance related revenue which are outside the scope of IFRS 15. Refer to note 2.18 (iii) for more details.

Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Group and the Company plan to adopt the new standard on January 01, 2023, the required effective date.

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

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards and interpretations issued but not yet effective (cont'd)

Classification of liabilities as current or non-current (Amendments to IAS 1) (cont'd)

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments are to be applied retrospectively from the effective date, January 01, 2023, and might affect the Group's and Company's classification of some liabilities.

The Directors are still in the process of assessing the impact of this amendment on the consolidated and separate financial statements.

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

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted.

When a parent loses control of a subsidiary in a transaction with an associate or joint venture, there is a conflict between the existing guidance on consolidation and equity accounting. Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on Associates and Joint Ventures, the parent recognises the gain only to the extent of unrelated investors' interests in the Associate or Joint Venture. In either case, the loss is recognised in full if the underlying assets are impaired.

In response to this conflict and the resulting diversity in practice, on September 11, 2014, the IASB issued Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The Directors are still in the process of assessing the impact of this amendment on the consolidated and separate financial statements.

Onerous contracts - Costs of fulfilling a contract (Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the costs of fulfilling a contract for the purpose of assessing whether the contract onerous. The amendments apply for annual reporting beginning on or after January 01, 2022, to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards and interpretations issued but not yet effective (cont'd)

Onerous contracts - Costs of fulfilling a contract (Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

The amendments are effective for annual reporting periods beginning on or after January 01, 2022, with earlier application permitted.

The Directors are still in the process of assessing the impact of this amendment on the consolidated and separate financial statements.

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

The amendments addressed issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are as follows:

- Modifications to financial instruments and lease liabilities which arise as a direct consequence of IBOR reform are accounted for by updating the effective interest rate;
- Hedge accounting is not discontinued solely because IBOR reform. Hedging relationships must be amended to reflect modifications, and amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirement; and
- Additional disclosure requirements have been included.

The Group and the Company plan to defer the application of IFRS 9 until the earlier of the effective date of the new insurance contract standard (IFRS 17) of January 1, 2023, opting for the temporary exemption from applying IFRS 9 by the amendments to IFRS 4.

The Directors are still in the process of assessing the impact of this amendment on the consolidated and separate financial statements.

2.2 Property and equipment

All property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. 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 Group and the Company and the cost of the item can be measured reliably.

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

Buildings	50 years
Furniture, fixtures and fittings	10 years
Computer equipment	3 - 7 years
Electrical equipment	10 years
Motor vehicles	5 years

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2 Property and equipment (cont'd)

Land is not depreciated.

The residual values and useful lives of the assets 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. Impairment is normally recognised in profit or loss in the line item "Impairment of non-financial assets". There was no impairment on property and equipment during the year.

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

2.3 Intangible assets

Intangible assets consist of the following:

(i) Goodwill

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity over the fair value of the net identifiable assets is recorded as goodwill. Goodwill on acquisition of subsidiaries is included under intangible assets and goodwill on acquisition of associates is included in the carrying amount of the investments in associates. In the books of the Group, Goodwill is measured at cost less accumulated impairment.

The Group uses the full goodwill method to calculate goodwill on an acquisition by acquisition basis. Expenses related to acquiring new subsidiaries are charged to profit or loss in the period in which they are incurred and not included in goodwill. Income and expenses of acquired businesses are included in profit or loss from the date of acquisition.

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

Gain on bargain purchase represents the excess of net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed measured in terms of IFRS 3 over the sum of consideration transferred measured at the acquisition date fair value, the amount of non-controlling interests (NCI) in the acquiree measured in accordance with IFRS 3 and in a business achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree. Gain on bargain purchase is recognised immediately in profit or loss. (Refer to note 2.5)

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.3 Intangible assets (cont'd)

Intangible assets consist of the following:

(ii) Computer software

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

(iii) Value of business acquired (''VOBA'')

Value of business acquired represents the value of the customer lists and customer relationships reflecting the expectation of future contracts that are not part of the contractual insurance rights and contractual insurance obligations that existed at the date of business acquisition. It is recorded in intangible asset and being amortised, on a straight-line basis, over a period of 15 years.

(iv) Customer portfolio

Customer portfolio represents the value of the customer list. It is recorded in intangible asset and being amortised, on a straight line basis, over a period of 15 years.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation of intangible assets

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss in the line "Depreciation, amortisation and write off". Goodwill is not amortised.

Amortisation method, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

Impairment of intangible assets

(i) Goodwill:

Goodwill impairment testing is conducted annually and when there is an indication of impairment. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow model.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.3 Intangible assets (cont'd)

(ii) Other intangible assets:

Other intangible assets comprise of computer software, VOBA and customer portfolio. Such assets, which 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.

Impairment is normally recognised in profit or loss in the line item "Impairment of non-financial assets". There was no impairment on other intangible assets during the year.

2.4.1 Investment properties

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

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

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

Buildings	2%

Land is not depreciated.

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

Rental income from investment properties is recognised on a straight-line basis over the term of the lease and are included under "other operating income" in the consolidated and separate financial statements.

2.4.2 Seized properties

Seized properties represent properties acquired through auction at the Master's Bar further to the default of clients by the Company. The properties are held by the Group and the Company until they are sold.
Seized properties are recognised at cost which represents the price paid at the Master's Bar together with all related expenses incurred on the acquisition. Realised loss/gain on the disposal of seized properties is taken to the profit or loss. No depreciation is charged on seized properties since they have been classified as current assets but they are assessed for impairment. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in the consolidated and separate financial statements of profit or loss in the line item "Impairment of non-financial assets". Refer to note 2.9 for further details.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.5 Investments in subsidiaries

Separate financial statements of the Company
In the separate financial statements of the Company, investments in subsidiary companies are carried at cost less impairment. The carrying amount is reduced to recognise any impairment in the separate financial statements. Impairment is normally recognised in profit or loss in the line item "Impairment of non-financial assets". There was no impairment on investment in subsidiaries during the year.

Consolidated financial statements
Subsidiaries are all entities over which the Group and the Company have control. The Group and the Company control an entity when the Group and the Company are exposed to or has right to variable returns from their involvement with the entity and has the ability to affect those returns through their power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and the Company. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group and the Company. The consideration transferred for the acquisition of a subsidiary is the acquisition date's fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group and the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Moreover, the consideration does not include any amounts related to the settlement of pre-existing relationships; which is rather recognised in profit or loss. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Accounting policy on goodwill/bargain purchase arising on acquisition of subsidiaries is included under note 2.3.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group and the Company. The impact of adoption of IFRS 9 by the Company's subsidiaries and associates are immaterial at Group level.

Transactions and non-controlling interests
The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests without loss of control are also recorded in equity.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.5 Investments in subsidiaries (cont'd)

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

2.6 Investments in associated companies

Separate financial statements of the Company
In the separate financial statements of the Company, investments in associated companies are carried at cost (which includes transaction costs) less impairment. The carrying amount is reduced to recognise any impairment in the value of individual investments.

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

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

The share of profit of associated companies is shown on the face of the Consolidated statement of profit or loss and the movement in the other comprehensive income of associated companies is recognised in the Consolidated statement of other comprehensive income.

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

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

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

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.7 Investments in structured entities

Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Company holds ownerships in one structured entity namely Swan Foundation. (Refer to note 8 (f)).

2.8 Financial instruments

The Group and the Company classify non-derivative financial assets into the following categories:

- Available for sale financial assets;
- Held-to-maturity financial assets; and
- Loans and receivables.

The Group and the Company classify non-derivative financial liabilities into the other financial liabilities category.

(a) Non-derivative financial assets and financial liabilities - recognition and derecognition

The Group and the Company initially recognise loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group and the Company derecognise a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group and the Company is recognised as a separate asset or liability. The Group and the Company derecognise a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and financial liabilities are offset, and the net amount presented in the consolidated, and separate statement of financial position when, and only when, the Group and the Company have a legal right to offset the amounts and intend either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(b) Non-derivative financial assets - classification and measurement

Held-to-Maturity financial assets
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments that an entity intends and is able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as available for sale.
(Refer to Note 3.2.6 for details)

Held-to-maturity financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. If an entity sells a held-to-maturity investment other than in insignificant amounts or as a consequence of a non-recurring, isolated event beyond its control that could not be reasonably anticipated, all of its other held-to-maturity financial assets must be reclassified as available-for-sale.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (cont'd)

(b) Non-derivative financial assets - classification and measurement (cont'd)

Loans and receivables
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period. (Refer to Note 3.2.6 for details)

Available-for-sale financial assets
These assets are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on AFS instruments are recognised in OCI and accumulated in the fair value reserves. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss. (Refer to Note 3.2.6 for details)

(c) Non-derivative financial liabilities - recognition and measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities
Other financial liabilities comprise trade and other payables, lease liabilities and dividend payable are recognised initially on the trade date, which is the date that the Group and the Company become a party to the contractual provisions of the instrument (Refer to Note 3.2.6 for details).

(d) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability at initial recognition. When calculating the effective interest rate, the Group and the Company estimate the future cash flows considering all contractual terms of the financial instruments but not the future credit losses.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (cont'd)

(e) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group and the Company have access at that date. The fair value of a liability reflects its non-performance risk. When available, the Group and the Company measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(f) Identification and measurement of impairment

At each reporting date, the Group and the Company assess whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after initial recognition of the asset, and that the loss event has an impact on future cash flows of the asset that can be estimated reliably. The impairment policy also applies to insurance assets.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group and the Company on terms that the Group and the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets at amortised cost

Financial assets at amortised cost includes loans and receivables, held to maturity financial assets, trade and other receivables, short-term deposits and cash and cash equivalents. The Group and the Company considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (cont'd)

(f) Identification and measurement of impairment (cont'd)

Financial assets at amortised cost (cont'd)

In assessing collective impairment, the Group and the Company used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group and the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Available-for-sale investments

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

(g) Offsetting

Financial assets and liabilities are offset and the net amount presented in the consolidated and separate statement of financial position when and only when, the Group and the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs.

(h) Specific instruments

Cash and cash equivalents
Cash comprises cash in hand, cash held at banks and other short-term highly liquid investments with original maturities of 3 months or less. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Group and the Company have elected to present the consolidated and separate statement of cash flows using the indirect method.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.9 Impairment of non-financial assets

At the end of each reporting period, the Group and the Company review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss in the line "Impairment of non-financial assets".

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10.1 Leases - as lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

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

Identifying Leases

The Group and the Company account 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) Right to control the identified asset;

(c) The Group and the Company substantially obtain all the economic benefits from use of the asset; and

(d) The Group and the Company have the right to direct use of the asset.

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

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

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.10.1 Leases - as lessee (cont'd)

Identifying Leases (cont'd)

In determining whether the Group and the Company have the right to direct use of the asset, the Group and the Company consider 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 Group and the Company consider whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group and the Company apply other applicable IFRSs rather than IFRS 16 Leases.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's and the Company's incremental borrowing rate on commencement of the lease is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group and the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

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

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

The lease liability is recognised at amortised cost using the effective interest method. Right-of-use assets are subsequently depreciated on a straight-line basis over the remaining term of the lease or over the remaining useful life of the asset if, rarely, this is judged to be shorter than the lease term and if the cost of the asset reflects that the lessee will exercise a purchase option.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.10.1 Leases - as lessee (cont'd)

Identifying Leases (cont'd)

When the Group and the Company revise 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 a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group and the Company renegotiate 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 a revised discount rate, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the revised discount rate. The right-of-use asset is adjusted by the same amount.

The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For contracts that both convey a right to the Group and the Company to use an identified a set and require services to be provided to the Group and the Company by the lessor, the Group and the Company have 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 lessor as part of the contract.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.10.2 Leases - as lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. The lease arrangements in which the Group and the Company are lessors have been assessed to be operating leases only.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group and the Company consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

Rental income from investment properties is recognised on a straight-line basis over the term of the lease, and are included under "other operating income" in the consolidated and separate statements of profit or loss and other comprehensive income.

2.11 Share capital and reserves

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

Refer to note 14 (b) for details of each reserve.

2.12 Equity holder's share of surplus

Shareholders transfers is made up of shareholders share of bonus declarations from the with-profit book, profits arising on the non-profit book profits, a release of previously held back profits arising on the non-profit book, interest allocated and dividends from Swan Pensions Ltd and Swan Financial Solutions Ltd.

2.13 Life Assurance Fund

The Life Assurance Fund (the ''fund'') represents the net assets of the Company attributable to policy holders. At each reporting date, the amount of the liabilities of the Life Assurance Fund is established and the adequacy of the fund is determined by actuarial valuation.

The Life Assurance Fund (LAF) consists of the actuarial reserves and the Bonus Stabilisation Reserve (BSR).

Actuarial reserves

The actuarial reserves are calculated, in line with the Insurance Act 2005, using the gross premium valuation method. The gross premium valuation is a realistic best estimate valuation based on a projection of future premiums, investment returns, expenses, claims and tax. It allows explicitly for future bonuses to be added in respect of future claims and as such provides a level of reserves that should be self-supporting. This means that if future experience (including investment returns, expenses and claims) turns out to be in line with the valuation assumptions it will be possible to maintain the projected level of bonuses.

The adequacy of the life insurance liabilities is assessed by using a liability adequacy test as detailed in note 2.17(ii).

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.13 Life Assurance Fund

Actuarial reserves (cont'd)

The fair value gains/losses in available-for-sale financial assets and actuarial gains/losses on retirement benefit obligations are recognised in other comprehensive income. The underlying measurement of the actuarial liability depends directly on the unrealised gains or losses on available for sale investments, which are recognised in other comprehensive income. The adjustment to the Life Assurance Fund is recognised in other comprehensive income to the extent that the unrealised gains or losses backing life insurance contract liabilities are also recognised directly in other comprehensive income.

The movement in retirement benefit obligations is disclosed in other comprehensive income due to the fact that the Company does not has a segregated pool of assets for its employee defined benefit plan.

For conventional endowment assurances, level and decreasing term assurances and group credit insurance the gross premium liability is calculated by projecting all expected future cash flows on each policy and discounting them at an appropriate interest rate ("the gross premium valuation method"). All reserves are set to a minimum of zero i.e. no negative reserve is allowed at a policy level.

The liability for the linked contracts on individual lives is taken to be the sum of the unit reserve and the non-unit reserve. The unit reserve is calculated to be the value of the units allocated as at the valuation date. The non-unit reserve is determined in the same way as the gross premium valuation i.e. it is based on a projection of future premiums, investment returns, expenses, claims and tax.

For other segregated funds, the liability is taken to be the face value of the fund and is calculated as the value of the units allocated as at the valuation date.

Deposit administration accounts have also been included at the face value of the account.

Bonus Stabilisation Reserve

The BSR, in relation to a class of participating policies, represents the aggregate of the fair value of the underlying assets relating to that class of policies less the aggregate of policy accumulation fund within that class of policies.

At each reporting date, a valuation of the actuarial reserves is performed to determine the BSR or any deficit on the LAF. In the event of adverse financial or non-financial conditions, management may have recourse to management actions including but not limited to the reduction of annual bonus rate.

2.14 Technical provisions

The technical provisions of the Group and the Company comprises of the Life assurance fund (Refer to note 2.13), provision for unearned premiums (Refer to note 2.17(iv)) and outstanding claims (Refer to 2.20 (ii)).

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.15 Retirement Benefit Obligations

(i) Defined Benefit Plan

The following pension benefits are in place:

- The Group and the Company contribute to a defined benefit plan, the assets of which are held and administered by Swan Life Ltd.
- The Group and the Company contribute to a pension plan in respect of some employees who have a No Worse Off Guarantee (NWOG) that their benefits would not be worse than what they would have earned under a previous defined benefit plan.

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

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

For Defined Benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement of the net defined benefit liability, which comprise of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) is recognised immediately in other comprehensive income in the period in which it occurs. Remeasurements recognised in other comprehensive income is reflected immediately in 'Actuarial gains/(losses)' (note 18(a)(vi)) and shall not be reclassified to profit or loss in subsequent periods.

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

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in the profit or loss. Plan service cost is recognised in profit or loss in the period of a plan amendment.

(ii) Defined Contribution Plan

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a pension's investment fund. The Group and the Company have no legal or constructive obligations to pay further contributions if the pension's investment fund does not hold sufficient assets to pay all employees, the benefits relating to employee service in the current and prior periods.

The Group and the Company contribute to a multi-employer defined contribution retirement plan, with Swan Defined Contribution Pension Scheme (SDCPS), for all its qualifying employees (new entrants and their dependents). Payments to deferred contribution retirement plans are charged as an expense, in the profit or loss within the line item ''Marketing and administrative expenses'', as they fall due.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.15 Retirement Benefit Obligations (cont'd)

(iii) Gratuity on retirement

For employees who are not covered (or who are insufficiently covered by the above pension plans), the gratuity on retirement payable under the Workers' Rights Act 2019 represents a defined benefit obligation. The present value of this defined benefit obligation is calculated by a qualified actuary using the projected unit credit method (refer to 2.15 (i)), and is provided for similarly to the defined benefit plan of the Group and the Company. The obligations arising under this plan are not funded.

(iv) Termination benefits

Termination benefits are payable when the employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group and the Company recognise a liability and expense for termination benefits at the earlier of the following dates:

(a) when the Group and the Company can no longer withdraw the offer of those benefits; and

(b) when the Group and the Company recognise costs for a restructuring that is within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and involves the payment of termination benefits.

For termination benefits payable as a result of an employee's decision to accept an offer of benefits in exchange for the termination of employment, the time when the Group and the Company can no longer withdraw the offer of termination benefits is the earlier of:

(a) when the employee accepts the offer; and

(b) when a restriction (e.g a legal, regulatory or contractual requirement or other restriction) on the Group's and the Company's ability to withdraw the offer takes effect. This would be when the offer is made, if the restriction existed at the time of the offer.

For termination benefits payable as a result of the Group and the Company's decision to terminate an employee's employment, the Group and the Company can no longer withdraw the offer when the entity has communicated to the affected employees a plan of termination meeting all of the following criteria:

(a) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made.

(b) The plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations (but the plan need not identify each individual employee) and the expected completion date.

(c) The plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.16 Current and deferred income tax (cont'd)

The tax expense for the year comprises of current income tax, deferred tax and Corporate Social Responsibility (CSR). 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.

Current tax

The current income tax charge is based on the taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

The directors have assessed of the impact of IFRIC 23-Uncertainty over Income Tax Treatments on the consolidated and separate financial statements and have concluded that there are no uncertain tax positions.

Deferred tax

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated and separate 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.

The carrying amount of deferred tax assets is reviewed at each of reporting periods and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group and the Company are able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Current and deferred tax assets and liabilities are offset only if:-

- The Group and the Company have a legally enforceable right to set the recognised amount; and
- The Group and the Company intend to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.16 Current and deferred income tax (cont'd)

Corporate Social Responsibility (CSR)

Every Company in Mauritius is required to set up a CSR fund equivalent to 2% of its chargeable income of the preceding year and Company should remit 75% of the fund respectively to the Mauritian Tax Authorities.
This practice is being interpreted and classified as taxation in the consolidated and separate financial statements (excluding foreign subsidiaries)

2.17 Insurance contracts

The Company is the only entity within the Group which deals with insurance business.

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

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

Classification

Insurance contracts issued by the Company are classified into the following main categories:

(i) <u>Long-term insurance contracts with fixed terms and guaranteed terms</u>

These contracts insure human life events (for example death or survival) over a long duration.

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

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.17 Insurance contracts (cont'd)

Classification (cont'd)

(ii) <u>Long-term insurance contracts without fixed terms and with discretionary participating feature (DPF)</u>

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

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

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate by using an existing liability adequacy test. The liability value is adjusted to the extent that it is insufficient to meet expected future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used, To the extent that the test involves discounting of cash flows, the interest rate applied may be based on management's prudent expectation of current market interest rates. Any inadequacy is recorded in profit or loss and subsequently, an additional insurance liability for the remaining loss is established. In subsequent periods, the liability for a block of business that has failed the adequacy test is based on the best estimate assumptions at each reporting date. The assumptions do not include a margin for adverse deviation. The Company's independent actuaries who review contract liabilities and carry out the liability adequacy test.

(iii) <u>Unit-Linked</u>

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

(iv) <u>Provision for unearned premiums</u>

The provision for unearned premiums represents the proportion of gross premiums relating to periods of insurance risks subsequent to the end of the reporting period calculated on a daily pro-rata basis (365th method).
The provision for unearned premiums represents that portion of defined benefit premiums received or receivable that relates to risks that have not yet expired at the reporting date.

The change in this provision is taken to the consolidated and separate statement of profit or loss and other comprehensive income in the line item 'Gross earned premiums'.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.18 Revenue recognition

(i) The Group

Revenue comprises services rendered and after eliminating revenue within the Group. Refer to note 2.18 (iii) for more details.

(ii) The Company

Premiums earned on long-term insurance contracts are recognised as revenue (gross of commission and exclude levies) when they become payable by the policyholder. When policies lapse (due to non-receipt of premiums) within two years for unit-linked business and three years for other contracts, the related unpaid premium income due from the date they are deemed to have lapsed is reversed against premiums in the Life Assurance Fund. For contracts that lapse after longer periods, a surrender or paid up value is refunded to contract holders based on the terms of the contracts. For single premium business, revenue is recognised on the date on which the policy is effective.

Gross earned premiums comprise the total premiums receivable for the accounting period. They start being recognised on the date on which the policy commences.

Premiums on Bancassurance and Group Pension schemes are recognised when receivable, that is when payments are due.

Following a change in the Private Pension Scheme Act 2012 effective from January 01, 2015, the portfolio of the Defined Contribution group schemes was transferred from Swan Life Ltd into a separate trust. Premiums from these schemes are received from the Trust and are recognised when receivable.

Premiums on group schemes (Defined Benefits and Defined Contributions) are assessed for impairment when the schemes are referred to the governing body, the FSC, as prescribed by 'The private pension schemes (Administration) rules 2014'.

Consideration for annuities is recognised upon maturity of insurance contracts.

(iii) The other revenues earned by the Group and the Company as listed below are outside the scope of IFRS 15:

(i) Rental income - accrue on a straight line basis over term of the lease.

(ii) Interest income - on a time-proportion basis using the effective interest method.

(iii) Dividend income - when the shareholder's right to receive payment is established.

(iv) The Group and the Company have accounted 'fees and commission income' under IFRS 15 'Revenue from Contracts with Customers'.

Fee and commission income is based on the consideration specified in a contract with customer.

The Group and the Company recognise revenue when they transfer control over a service to a customer.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.18 Revenue recognition (cont'd)

The five steps in the model are as follows:

- Identify the contract with customers;
- Identify the performance obligations in the contract;
- Determine the transaction price of the contract;
- Allocate the transaction price to each performance obligations in the contracts; and
- Recognise revenue as each performance obligation is satisfied.

Disaggregation of revenue, performance obligations and significant judgments applied under IFRS 15:
Under IFRS 15, revenue is recognised when a customer obtains control of the services. Determining the timing of the transfer of control - at a point of time or over time - requires judgement.

Type of Service	Source of Revenue	Nature, timing of satisfaction of performance obligations, significant payment terms
Management and Consultancy services	Fees and Commission Income	The Group and the Company provide management and consultancy services (investment, actuarial and pension administration) to its customers. On the other hand, the Group and the Company receive commission income from its Reinsurers. The fee and commission income shall be calculated on a pro rata basis for any partial period. Therefore, revenue in the form of fees and commission income is recognised over time. Fees and Commissions are receivable quarterly or annually, depending on the terms and conditions of the agreements.

2.19 Reinsurance contracts

Contracts entered into by the Company with Reinsurers under which it is compensated for losses are classified as reinsurance contracts held. The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company's reinsurance assets arise from 'First Surplus Obligatory' treaty arrangements. Reinsurance assets are assessed for impairment on a regular basis. If ever there is objective evidence that the assets are impaired, the carrying amounts are reduced to the recoverable amounts and impairment recognised in consolidated and separate statement of profit or loss. A reinsurance asset is impaired if:

(a) there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset that the cedent may not receive all amounts due to it under the terms of the contract; and

(b) that event has a reliably reasonable impact on the amounts that the cedent will receive from the reinsurer.

Long-term insurance contract liabilities are shown gross of reinsurance. Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.20 Insurance benefits and claims

(i) Insurance benefits and claims incurred under insurance contracts include death and disablement insurance, maturity, surrender and annuities payments are recognised in profit or loss. Death, disablement and surrender claims are recognised when notified. Maturity and annuity claims are recognised when they are due for payment.

(ii) Outstanding claims provisions are made up of the costs of claims admitted or intimated but not yet settled at the end of reporting period.

Some delays may occasionally be experienced in the notification and settlement of certain types of claims, particularly in respect of death and disablement claims.

2.21 Foreign currencies

(a) Functional and presentation currency

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

(b) 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.

Translation differences on non-monetary items are recognised directly in profit or loss except for equity instruments, classified as available-for-sale, are included in the fair value reserve in other comprehensive income. Translation differences arising on debts instruments, denominated in foreign currencies, are recognised in directly in profit or loss.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.21 Foreign currencies (cont'd)

(c) Translation of foreign entities

The results and financial position of foreign entities which have a functional currency different from that of the functional currency of the Company, are translated as follows:

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

(ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) the resulting exchange differences are recognised in the 'foreign exchange difference reserve', as a separate component of equity.

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

2.22 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events and it is probable that an outflow of 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. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.23 Dividend payable

Dividend payable is recognised as a liability in the consolidated and separate financial statements in the period in which the dividends are declared. It includes dividend payable to Non-controlling interest.

2.24 Commissions payable

Commissions are mainly paid to agents and brokers and are accounted under accrual basis.

2.25 Marketing and administrative expenses

Marketing and administrative expenses, comprising mainly staff costs, are accounted under accrual basis.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

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

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

3.1 Insurance risks

The Company is the only entity within the Group which deals with insurance business. The Company has set up an Enterprise Risk Management Framework required under the Insurance (Risk Management) Rules 2016 made by the Financial Services Commission under section 130 of the Insurance Act and section 93 of the Financial Services Act 2007.

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

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

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

(a) Insurance contracts

(i) Concentration, frequency and severity of claims

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

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating items and conditions that reduce the insurance risk accepted. This is influenced by the frequency of the claims, actual benefits paid and subsequent development of long term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.1 Insurance risks (cont'd)

(a) Insurance contracts (cont'd)

(i) Concentration, frequency and severity of claims (cont'd)

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

Long-term insurance

The table below presents the concentration of insured benefits across bands of insured benefits per individual life assured.

Benefits assured per life assured at the end of 2020	The Group & The Company Total benefits insured Before reinsurance	
	Rs'000	**%**
Rs'000		
0-1000	**32,023,949**	**28%**
1000-2000	**14,637,135**	**13%**
>2000	**67,241,147**	**59%**
	113,902,231	**100%**

Benefits assured per life assured at the end of 2019	The Group & The Company Total benefits insured Before reinsurance	
	Rs'000	**%**
Rs'000		
0-1000	34,768,258	32%
1000-2000	15,269,650	14%
>2000	59,361,006	54%
	109,398,914	100%

*The above amounts represent the gross value of total benefits insured, prior to reinsurance.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.1 Insurance risks (cont'd)

(a) Insurance contracts (cont'd)

The following table for annuity insurance contracts illustrates the concentration of risk in bands that group these contracts in relation to the amount payable per annum as if the annuities were in payment at the year end.

Annuities payable per annum per life insured	The Group & The Company			
	2020		2019	
	Rs'000	%	Rs'000	%
Rs'000				
0 -10	6,237	1%	6,577	1%
10 - 20	20,287	3%	20,618	3%
20 - 30	24,509	4%	25,495	4%
30 - 50	47,012	7%	48,400	7%
50 - 100	93,146	15%	97,623	15%
100+	443,804	70%	465,446	70%
	634,993	100%	664,159	100%

The table below shows the estimated impact of reinsurance on the Gross Premium Reserve.

	The Group & The Company	
	Gross Premium Reserve	
	2020	2019
	Rs'000	Rs'000
Total Gross Liability	40,274,435	36,166,683
Reinsurance	59,867	60,717
Total Net Liability	40,334,302	36,227,400

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.1 Insurance risks (cont'd)

(a) Insurance contracts (cont'd)

(ii) Sources of uncertainty in the estimation of future payments and premium receipts

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

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

(iii) Claims development

The claims relate to death and disability claims and unit-linked claims of the Company. The table below illustrates the outstanding claims at the end of the previous five years appearing in the consolidated and separate statement of financial position:

3.2 Financial risks

	2020	2019	2018	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Gross outstanding claims	321,410	261,096	278,908	214,251	156,007

Proceeds are not sufficient to fund the obligations arising from insurance contracts.

The components of these financial risks are:

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

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

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

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

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

3.2.1 Market risk

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

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

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

(i) Currency risk

The Group:

The Group has assets and liabilities denominated in currencies other than MUR and accordingly is exposed to currency risk.

The Company:

The Company purchases reinsurance contracts internationally, thereby exposing it to foreign currency fluctuations. The Company's primary exposures are with respect to the Euro and US Dollar.

The Group and the Company have a number of investments in foreign currencies, namely US Dollar (USD), Japanese Yen (JPY), Euro (EUR), Swiss Franc (CHF), Pound Sterling (GBP), South African Rand (ZAR), Seychellois Rupee (SCR) and Rwandan Franc (RWF) which are exposed to currency risk. Separate disclosures and sensitivity analysis for other currencies have not been shown due to their exposure being not material.

The Investment Committee closely monitors currency risk exposures against pre-determined limits. Exposure to foreign currency exchange risk is not hedged.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

The Group's financial and insurance assets and liabilities by currency are detailed below:

At December 31, 2020	Rs.	JPY	USD	EUR	Others*	Total
Financial and insurance assets	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- Available-for-sale financial assets	10,945,993	67,040	11,386,567	696,838	33,378	23,129,816
- Held-to-maturity financial assets	12,441,199	-	1,732,784	-	-	14,173,983
- Loans and receivables (Gross)	6,641,167	-	-	-	-	6,641,167
- Trade and other receivables (Gross)	911,129	-	26,108	-	683	937,920
- Short-term deposits and Cash and cash equivalents	2,307,318	-	389,310	27,915	9,818	2,734,361
	33,246,806	67,040	13,534,769	724,753	43,879	47,617,247
Less allowances for credit impairment						(134,085)
Total						47,483,162
Financial and Insurance liabilities						
- Technical Provisions:						
- Life assurance fund	45,084,339	-	-	-	-	45,084,339
- Gross outstanding claims	321,410	-	-	-	-	321,410
- Lease liabilities	11,871	-	-	-	-	11,871
- Trade and other payables	830,236	-	-	-	197	830,433
- Dividend payable	156,353	-	-	-	-	156,353
	46,404,209	-	-	-	197	46,404,406

*Others consist of the CHF, GBP, ZAR, SCR and RWF

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

At December 31, 2019	Rs.	JPY	USD	EUR	Others*	Total
Financial and insurance assets	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
						Restated *
- Available-for-sale financial assets	13,316,618	49,547	10,477,948	826,094	27,166	24,697,373
- Held-to-maturity financial assets	13,720,740	-	344,507	-	-	14,065,247
- Loans and receivables (Gross)	4,546,233	-	-	-	-	4,546,233
- Trade and other receivables (Gross)	769,412	-	24,670	-	3,910	797,992
- Short-term deposits and Cash and cash equivalents	2,216,886	-	963,713	27,436	11,461	3,219,496
	34,569,889	49,547	11,810,838	853,530	42,537	47,326,341
Less allowances for credit impairment						(99,133)
Total						47,227,208
Financial and Insurance liabilities						
- Technical Provisions:						
· Life assurance fund	45,166,453	-	-	-	-	45,166,453
· Gross outstanding claims	261,096	-	-	-	-	261,096
- Lease liabilities	15,554	-	-	-	-	15,554
- Trade and other payables	989,997	-	4,073	-	195	994,265
- Dividend payable	156,353	-	-	-	-	156,353
	46,589,453	-	4,073	-	195	46,593,721

*Others consist of the CHF, GBP, ZAR, SCR and RWF

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

The Company's financial and insurance assets and liabilities by currency are detailed below:

At December 31, 2020	Rs.	JPY	USD	EUR	Others*	Total
Financial and insurance assets	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- Available-for-sale financial assets	10,923,612	67,040	11,386,753	696,838	33,094	23,107,337
- Held-to-maturity financial assets	12,441,385	-	1,520,512	-	-	13,961,897
- Loans and receivables (Gross)	6,641,167	-	-	-	-	6,641,167
- Trade and other receivables (Gross)	904,946	-	-	-	-	904,946
- Short-term deposits and Cash and cash equivalents	1,952,005	-	314,981	24,447	6,521	2,297,954
	32,863,115	67,040	13,222,246	721,285	39,615	46,913,301
Less allowances for credit impairment						(128,798)
Total						46,784,503
Financial and Insurance liabilities						
- Technical Provisions:						
· Life assurance fund	45,084,339	-	-	-	-	45,084,339
· Gross outstanding claims	321,410	-	-	-	-	321,410
- Lease liabilities	8,220	-	-	-	-	8,220
- Trade and other payables	797,587	-	-	-	-	797,587
- Dividend payable	156,353	-	-	-	-	156,353
	46,367,909	-	-	-	-	46,367,909

*Others consist of the CHF, GBP, ZAR, SCR and RWF

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

At December 31, 2019	Rs.	JPY	USD	EUR	Others*	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
						Restated *
Financial and insurance assets						
- Available-for-sale financial assets	13,287,560	49,547	10,477,965	826,094	26,788	24,667,954
- Held-to-maturity financial assets	13,720,541	-	283,257	-	-	14,003,798
- Loans and receivables (Gross)	4,559,671	-	-	-	-	4,559,671
- Trade and other receivables (Gross)	824,590	-	-	-	-	824,590
- Short-term deposits and Cash and cash equivalents	1,845,686	-	765,949	24,003	8,202	2,643,840
	34,238,048	49,547	11,527,171	850,097	34,990	46,699,853
Less allowances for credit impairment						(98,561)
Total						46,601,292
Financial and Insurance liabilities						
- Technical Provisions:						
- Life assurance fund	45,166,453	-	-	-	-	45,166,453
- Gross outstanding claims	261,096	-	-	-	-	261,096
- Lease liabilities	10,848	-	-	-	-	10,848
- Trade and other payables	913,605	-	-	-	-	913,605
- Dividend payable	156,353	-	-	-	-	156,353
	46,508,355	-	-	-	-	46,508,355

*Others consist of the CHF, GBP, ZAR, SCR and RWF

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

Sensitivity

If the rupee had weakened/strengthened against the following currencies with all variables remaining constant, the impact on the Profit or Loss, Other comprehensive income and Equity for the year would have been as shown below mainly as a result of foreign exchange gains/losses.

The Group	JPY			USD			EUR			OTHERS		
	P&L	OCI	Equity	P&L	OCI	Equity	P&L	OCI	Equity	P&L	OCI	Equity
	+/-7%	+/-7%	+/-7%	+/-7%	+/-7%	+/-7%	+/-7%	+/-7%	+/-7%	+/-7%	+/-7%	+/-7%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At December 31, 2020												
- Available-for-sale financial assets	**-**	**4,693**	**4,693**	**-**	**797,060**	**797,060**	**-**	**48,779**	**48,779**	**-**	**2,336**	**2,336**
- Held-to-maturity financial assets	**-**	**-**	**-**	**121,295**	**-**	**121,295**	**-**	**-**	**-**	**-**	**-**	**-**
- Loans and receivables (Gross)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Net trade and other receivables (Gross)	**-**	**-**	**-**	**1,828**	**-**	**1,828**	**-**	**-**	**-**	**48**	**-**	**48**
- Short term deposits and Cash and cash equivalents	**-**	**-**	**-**	**27,252**	**-**	**27,252**	**1,954**	**-**	**1,954**	**687**	**-**	**687**
	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At December 31, 2019												
- Available-for-sale financial assets	-	2,477	2,477	-	523,897	523,897	-	41,305	41,305	-	1,358	1,358
- Held-to-maturity financial assets	-	-	-	17,225	-	17,225	-	-	-	-	-	-
- Loan and other receivables	-	-	-	-	-	-	-	-	-	-	-	-
- Net trade and other receivables	-	-	-	1,234	-	1,234	-	-	-	196	-	196
- Short term deposits and Cash and cash equivalents	-	-	-	48,186	-	48,186	1,372	-	1,372	573	-	573

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

Sensitivity (cont'd)

The Company

	JPY			USD			EUR			OTHERS		
	P&L	OCI	Equity	P&L	OCI	Equity	P&L	OCI	Equity	P&L	OCI	Equity
	+/-7%	+/-7%	+/-7%	+/-7%	+/-7%	+/-7%	+/-7%	+/-7%	+/-7%	+/-7%	+/-7%	+/-7%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At December 31, 2020												
- Available-for-sale financial assets	-	**4,693**	**4,693**	-	**797,073**	**797,073**	-	**48,779**	**48,779**	-	**2,317**	**2,317**
- Held-to-maturity financial assets	-	-	-	**106,436**	-	**106,436**	-	-	-	-	-	-
- Loans and receivables (Gross)	-	-	-	-	-	-	-	-	-	-	-	-
- Net trade and other receivables (Gross)	-	-	-	-	-	-	-	-	-	-	-	-
- Short-term deposits and Cash and cash equivalents	-	-	-	**22,049**	-	**22,049**	**1,711**	-	**1,711**	**456**	-	**456**
	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At December 31, 2019												
- Available-for-sale financial assets	-	2,477	2,477	-	523,898	523,898	-	41,305	41,305	-	1,339	1,339
- Held-to-maturity financial assets	-	-	-	14,163	-	14,163	-	-	-	-	-	-
- Loans and receivables (Gross)	-	-	-	-	-	-	-	-	-	-	-	-
- Net trade and other receivables (Gross)	-	-	-	-	-	-	-	-	-	-	-	-
- Short-term deposits and Cash and cash equivalents	-	-	-	38,297	-	38,297	1,200	-	1,200	410	-	410

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.1 Market risk (cont'd)

(ii) Interest rate risk

The Group:

Interest rate risk arises from the Group and Company's investments in long-term debt securities and income securities (held-to-maturity Investments), short-term deposits, cash and cash equivalents and loans and receivables which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short term business is monitored by the Investment Committee through a close matching of assets and liabilities. The impact of exposure to sustained low interest rates is also regularly monitored. The interest rates on finance leases are fixed and not material and have not been disclosed in the below table.

The interest rate profiles of the financial assets of the Group and Company as at December 31, were as follows:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	%	%	%	%
Held-to-Maturity investments	**1.70 - 12.25**	2.56 - 12.75	**1.70 - 12.25**	2.56 - 12.75
Loans and receivables	**3.125 - 14.95**	4.25 - 14.00	**3.125 - 14.95**	4.25 - 14.00
Short term deposits	**0.00 - 0.50**	2.00 - 3.60	**0.00 - 0.50**	2.00 - 3.60
Cash and cash equivalents	**0.00 - 0.50**	0.00 - 1.65	**0.00 - 0.50**	0.00 -1.65

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.1 Market risk (cont'd)

(ii) Interest rate risk (cont'd)

	2020		2019	
	P&L	Equity	P&L	Equity
	Rs'000	Rs'000	Rs'000	Rs'000
Changes in interest rate		+/-1%		+/-0.5%
The Group				
Held-to-Maturity investments	20,295	20,295	14,472	14,472
Loans and receivables	43,245	43,245	17,655	17,655
Short-term deposits	7,921	7,892	1,226	1,226
Cash and cash equivalents	1,293	1,293	420	420
	72,753	72,725	33,773	33,773
The Company				
Held-to-Maturity investments	20,295	20,295	14,472	14,472
Loans and receivables	43,245	43,245	17,655	17,655
Short-term deposits	7,730	7,730	1,226	1,226
Cash and cash equivalents	1,293	1,293	420	420
	72,562	72,562	33,773	33,773

The Company:

For liabilities under long term insurance contracts with fixed and guaranteed terms, changes in interest rate will not cause a change to the amount of liability because their carrying amounts are not affected by the level of market interest rates.

For unit linked contracts, the Company matches all the assets on which the unit prices are based with assets in the portfolio.

However, for insurance contracts with DPF, the DPF element liabilities are directly affected by changes in the level of interest rates to the extent that they affect the carrying amount of underlying assets. An increase in the value of the assets would require all other assumptions being equal, an increase in the DPF liability and vice versa.

Management regularly monitors the sensitivity of reported interest rate movements.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.1 Market risk (cont'd)

(iii) Equity price risk

The Group and the Company are subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set out investment concentration as part as overall prudent portfolio investment policy.

The Group and the Company do not have material holdings in unquoted equity securities. The Investment Committee actively monitors equity assets owned directly by the Group and the Company as well as concentrations of specific equity holdings. Equity price risk is also mitigated as the Group and Company hold diversified portfolios of local and foreign investments in various sectors of the economy.

Sensitivity

The impact on the OCI and equity had the equity market values increased/decreased with other assumptions left unchanged would have been as follows:

	2020		2019	
	OCI	Equity	OCI	Equity
	Rs'000	Rs'000	Rs'000	Rs'000
Change in share price		+/-13%		+/-5%
The Group	2,751,100	2,751,100	1,183,130	1,183,130
The Company	2,748,177	2,748,177	1,181,659	1,181,659

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.2 Credit risk

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

- reinsurer's share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries;
- investment in held to maturity financial assets and available-for-sale debt securities;
- short-terms deposits and cash and cash equivalents; and
- loans and receivables.

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

The Group and the Company have no significant concentration of credit risk in respect of their insurance business with exposure spread over a large number of clients, sold directly or via a larger number of agents and brokers. The Group and the Company have policies in place to ensure that sales of services are made to clients, with sound credit history.

Reinsurance credit exposures - The Company

The Company is exposed to concentrations of risks with respect to its reinsurers due to the nature of the life reinsurance treaty. The Company is exposed to the possibility of default by its reinsurers in respect of their share of insurance liabilities and refunds in respect of claims already paid.

The Company manages its reinsurance counterparty exposures and the reinsurance department has a monitoring role over this risk. The Company's largest reinsurance counterparty is Swiss Re. At December 31, 2020, the reinsurance assets recoverable was Rs. 7m (2019: Rs.16.8m).

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

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

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.2 Credit risk (cont'd)

Investment in held to maturity financial assets and available-for-sale debt securities

The Group and the Company's investment in held-to-maturity instruments comprises mainly of investment in deposits, bills, notes and bonds issued by governments and corporates. Prior to any investment, a credit assessment is undertaken by the Group's and Company's Investment Managers based on information gathered from the institutions, the public domain as well as credit rating agencies. These investments are held primarily with reputable and credit-worthy institutions comprising of the Government of Mauritius, Bank of Mauritius, other local and international financial and non-financial entities.

The available-for-sale debt securities comprise of preference shares issued by reputable institutions.

Short-term deposits and Cash and Cash equivalents

Short-term deposits and cash and cash equivalents include cash held with local banks as well as internationally renowned banks and cash equivalents in the form of short-term treasury bills. The Directors have assessed that the credit risk is low as cash and cash equivalents are held with reputable institutions duly licensed and rated investment grade by credit rating agencies.

Loans and receivables

For loans, all borrowers undergo a credit assessment undertaken by credit specialists of the Group and the Company. The credit assessment is based on a credit scoring model that takes into account the qualitative and quantitative metrics of the borrowers. The metrics are derived from historical and forecasted information gathered from the borrowers, external parties including credit rating agencies, exchanges and the public domain. In mitigating credit risk, the Group and the Company ensures that the credit assessment is based on informed and thorough research, that borrower's debt service capacity is established and that loans are secured through guarantees and/or adequate security interests.

Receivables arising from insurance contracts

The Company has no significant concentration of credit risk in respect of their insurance business with exposure spread over a large number of clients, sold directly or via a larger number of agents and brokers. The Company has policies in place to ensure that sales of services are made to clients, with sound credit history. In addition to that, contract terms provide for contract being paid up in case of long outstanding payment for premium receivable from individuals.

Credit risks relating to premiums receivable on Group Schemes (Defined benefits and Defined contributions) are closely assessed by the Company's credit control department. Furthermore, regular monitoring is made by the Company's Pension administration department to ensure that the sponsoring employers service their premium contribution obligations on a timely basis. Premiums on group schemes are assessed for impairment when the schemes are referred to the governing body, the FSC, as prescribed by the 'The Private Pension Schemes (Administration) rules 2014'.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.2 Credit risk (cont'd)

The concentration of receivables arising from insurance contracts between individuals and schemes are disclosed in note 12.

The following table provides information regarding the carrying value of financial and insurance assets that have been impaired.

	Neither past due nor impaired	Past due and impaired	Provision for impairment	Carrying amount at year end
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000
2020				
- Available-for-sale financial assets (Debt)	324,450	-	-	324,450
- Held-to-maturity financial assets	14,173,983	-	-	14,173,983
- Trade and other receivables	897,451	40,469	(40,469)	897,451
- Loans and receivables	6,352,359	288,808	(93,616)	6,547,551
- Short-term deposits and Cash and cash equivalents	2,734,361	-	-	2,734,361
2019				
- Available-for-sale financial assets (Debt)	253,505	-	-	253,505
- Held-to-maturity financial assets	14,065,247	-	-	14,065,247
- Trade and other receivables	792,420	5,572	(5,572)	792,420
- Loans and receivables	4,260,058	286,175	(93,561)	4,452,672
- Short-term deposits and Cash and cash equivalents	3,219,496	-	-	3,219,496
THE COMPANY				
2020				
- Available-for-sale financial assets (Debt)	324,450	-	-	324,450
- Held-to-maturity financial assets	13,961,897	-	-	13,961,897
- Trade and other receivables	869,764	35,182	(35,182)	869,764
- Loans and receivables	6,352,359	288,808	(93,616)	6,547,551
- Short- term deposits and Cash and cash equivalents	2,297,954	-	-	2,297,954
2019				
- Available-for-sale financial assets (Debt)	253,505	-	-	253,505
- Held-to-maturity financial assets	14,003,798	-	-	14,003,798
- Loans and receivables	4,273,496	286,175	(93,561)	4,466,110
- Trade and other receivables	819,590	5,000	(5,000)	819,590
- Short-term deposits and Cash and cash equivalents	2,643,840	-	-	2,643,840

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.3 Liquidity risk

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

The tables below analyse the Group's and Company's financial and insurance assets and liabilities to the relevant maturity groupings based on the remaining years of repayment.

THE GROUP

Maturity analysis of financial and insurance assets and liabilities:

At December 31, 2020	Carrying Amount	Undiscounted cash flows < 1 year	1 to 5 years	>5 years	No stated Maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial and insurance assets						
- Available-for-sale financial assets	23,129,816	-	-	-	23,129,816	23,129,816
- Held-to-maturity financial assets	14,173,983	2,935,193	4,747,284	6,517,686	-	14,200,163
- Loans and receivables (Gross)	6,641,167	813,927	172,289	5,654,951	-	6,641,167
- Trade and other receivables (Gross)	937,920	930,326	7,594	-	-	937,920
- Short-term deposits and Cash and cash equivalents	2,734,361	2,734,361	-	-	-	2,734,361
	47,617,247	7,413,807	4,927,167	12,172,637	23,129,816	47,643,427
Less allowances for credit impairment	(134,085)					
Total	47,483,162					
Financial and Insurance liabilities						
- Technical Provisions:						
· Life assurance fund *	45,084,339	1,254,127	4,506,539	11,384,316	27,939,357	45,084,339
· Gross outstanding claims **	321,410	-	321,410	-	-	321,410
- Lease liabilities	11,871	3,771	8,100	-	-	11,871
- Trade and other payables	830,433	777,012	53,421	-	-	830,433
- Dividend payable	156,353	156,353	-	-	-	156,353
	46,404,406	2,191,263	4,889,470	11,384,316	27,939,357	46,404,406

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.3 Liquidity risk (cont'd)

THE GROUP

Maturity analysis of financial and insurance assets and liabilities:

At December 31, 2019	Carrying Amount	Undiscounted cash flows < 1 year	1 to 5 years	>5 years	No stated Maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial and insurance assets						
- Available-for-sale financial assets	24,697,373	-	-	-	24,697,373	24,697,373
- Held-to-maturity financial assets	14,065,247	2,404,892	6,069,304	5,620,148	-	14,094,344
- Loans and receivables (Gross)	4,546,233	213,492	939,810	3,392,931	-	4,546,233
- Trade and other receivables (Gross)	797,992	792,548	5,444	-	-	797,992
- Short-term deposits and Cash and cash equivalents	3,219,496	3,219,496	-	-	-	3,219,496
	47,326,341	6,630,428	7,014,558	9,013,079	24,697,373	47,355,438
Less allowances for credit impairment	(99,133)					
Total	47,227,208					
Financial and Insurance liabilities						
- Technical Provisions:						
· Life assurance fund*	45,166,453	1,453,358	4,361,915	10,602,088	28,749,092	45,166,453
· Gross outstanding claims **	261,096	-	261,096	-	-	261,096
- Lease liabilities	15,554	3,710	11,844	-	-	15,554
- Trade and other payables	994,265	940,598	53,667	-	-	994,265
- Dividend payable	156,353	156,353	-	-	-	156,353
	46,593,721	2,554,019	4,688,522	10,602,088	28,749,092	46,593,721

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.3 Liquidity risk (cont'd)

THE COMPANY

Maturity analysis of financial and insurance assets and liabilities:

At December 31, 2020	Carrying Amount	Undiscounted cash flows < 1 year	1 to 5 years	>5 years	No stated Maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial and insurance assets						
- Available-for-sale financial assets	23,107,337	-	-	-	23,107,337	23,107,337
- Held-to-maturity financial assets	13,961,897	2,917,080	4,574,296	6,496,701	-	13,988,077
- Loans and receivables (Gross)	6,641,167	813,927	172,289	5,654,951		6,641,167
- Trade and other receivables (Gross)	904,946	904,946	-	-	-	904,946
- Short-term deposits and Cash and cash equivalents	2,297,954	2,297,954	-	-	-	2,297,954
	46,913,301	6,933,907	4,746,585	12,151,652	23,107,337	46,939,481
Less allowances for credit impairment	(128,798)					
Total	46,784,503					
Financial and Insurance liabilities						
- Technical Provisions:						
· Life assurance fund *	45,084,339	1,254,127	4,506,539	11,384,316	27,939,357	45,084,339
· Gross outstanding claims **	321,410	-	321,410	-	-	321,410
- Lease liabilities	8,220	2,655	5,565	-	-	8,220
- Trade and other payables	797,587	744,166	53,421	-	-	797,587
- Dividend payable	156,353	156,353	-	-	-	156,353
	46,367,909	2,157,301	4,886,935	11,384,316	27,939,357	46,367,909

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.3 Liquidity risk (cont'd)

THE COMPANY

Maturity analysis of financial and insurance assets and liabilities:

At December 31, 2019	Carrying Amount	Undiscounted cash flows < 1 year	1 to 5 years	>5 years	No stated Maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial and insurance assets						
- Available-for-sale financial assets	24,667,954	-	-	-	24,667,954	24,667,954
- Held-to-maturity financial assets	14,003,798	2,396,389	6,033,355	5,603,151	-	14,032,895
- Loans and receivables (Gross)	4,559,671	213,492	939,810	3,406,369	-	4,559,671
- Trade and other receivables (Gross)	824,590	824,590	-	-	-	824,590
- Short-term deposits and Cash and cash equivalents	2,643,840	2,643,840	-	-	-	2,643,840
	46,699,853	6,078,311	6,973,165	9,009,520	24,667,954	46,728,950
Less allowances for credit impairment	(98,561)					
Total	46,601,292					
Financial and Insurance liabilities						
- Technical Provisions:						
· Life assurance fund *	45,166,453	1,453,358	4,361,915	10,602,088	28,749,092	45,166,453
· Gross outstanding claims **	261,096	-	261,096	-	-	261,096
- Lease liabilities	10,848	2,655	8,193	-	-	10,848
- Trade and other payables	913,605	859,938	53,667	-	-	913,605
- Dividend payable	156,353	156,353	-	-	-	156,353
	46,508,355	2,472,304	4,684,871	10,602,088	28,749,092	46,508,355

* The maturity profile of the Group's and the Company's Life assurance Fund is based on contractual discounted cashflows.

** Outstanding claims has been classified within the '1-5 years' bucket as it represents the normal payment cycle of the Company.

All of the above financial and insurance assets/liabilities disclosures exclude property and equipment, right-of-use assets, investment properties, intangible assets, investments in subsidiary companies, investment in associated companies, deferred tax assets, seized properties, current tax assets, prepayments, gross unearned premiums, retirement benefit obligations and current tax liabilities.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.4 Capital Management

The main objectives of the Company when managing capital are:

· to maintain at all times the Minimum Capital Requirement as required by the Insurance Act 2005, i.e. as determined by the Company's actuary at the higher of:

(a) a stress test requirement determined in accordance with guidelines issued by the Financial Services Commission; or

(b) the higher of an amount of Rs.25m or an amount representing 13 weeks' operating expenses.

· to safeguard the Company'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 insurance contracts and other services commensurately with the level of risk.

The Company is required to maintain at all times a solvency margin that is at least equal to the Minimum Capital Requirement.

The Company's capital and solvency margins are above the minimums required by the Insurance Act 2005 and proper internal controls are in place to ensure that they remain so.

3.2.5 Fair value estimation

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker price quotations. For all other financial instruments, the Group and the Company determine fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Group and the Company measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

· Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

· Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

· Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Only available-for-sale financial assets are measured at fair value in the consolidated and separate financial statements.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.5 Fair value estimation (cont'd)

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

3.2.6 Financial instruments by category and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

				THE GROUP				THE COMPANY			
				2020		2019		2020		2019	
	IAS 39 classification	Fair Value Hierarchy	Notes	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
				Rs 000's	Rs 000's	Rs 000's	Rs 000's	Rs 000's	Rs 000's	Rs 000's	Rs 000's
						Restated*				Restated*	
Financial and insurance assets											
Available-for-sale financial assets											
-Quoted securities	Available-for-sale	Level 1	Note 10	20,880,528	20,880,528	23,401,471	23,401,471	20,862,199	20,862,199	23,372,052	23,372,052
-Investment funds	Available-for-sale	Level 2	Note 10	281,776	281,776	261,137	261,137	277,626	277,626	261,137	261,137
-Unquoted securities	Available-for-sale	Level 3	Note 10	1,967,512	1,967,512	1,034,765	1,034,765	1,967,512	1,967,512	1,034,765	1,034,765
Held-to-maturity financial assets	Held-to-maturity	NA	Note 10	14,173,983	16,276,029	14,065,247	15,411,505	13,961,897	16,053,752	14,003,798	15,349,755
Loans and receivables	Loans and receivables	NA	Note 11	6,547,551	6,547,551	4,452,672	4,452,672	6,547,551	6,547,551	4,466,110	4,466,110
Trade and other receivables	Loans and receivables	NA	Note 12	897,451	897,451	792,420	792,420	869,764	869,764	819,590	819,590
Short-term deposits and Cash and Cash Equivalents	Loans and receivables	NA	Note 13/28(b)	2,734,361	2,734,361	3,219,496	3,219,496	2,297,954	2,297,954	2,643,840	2,643,840
				47,483,162		47,227,208		46,784,503		46,601,292	
Financial and insurance liabilities											
Lease liabilities	Financial liabilities at amortised cost	NA	Note 5A	11,871	11,871	15,554	15,554	8,220	8,220	10,848	10,848
Trade and other payables	Financial liabilities at amortised cost	NA	Note 19	830,433	830,433	994,265	994,265	797,587	797,587	913,605	505,550
Dividend payable	Financial liabilities at amortised cost	NA	Note 26	156,353	156,353	156,353	156,353	156,353	156,353	156,353	156,353
				998,657		1,166,172		962,160		1,080,806	

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risks (cont'd)

3.2.6 Financial instruments by category and fair values (cont'd)

All of the above financial and insurance assets/liabilities disclosures exclude property and equipment, right-of-use assets, investment properties, intangible assets, investments in subsidiary companies, investment in associated companies, deferred tax assets, seized properties, current tax assets, prepayments, gross unearned premiums, retirement benefit obligations and current tax liabilities.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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.

<u>Critical accounting estimates and assumptions</u>

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

4.1 Insurance contracts - The Company

(i) <u>Estimates of future liabilities</u>

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

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

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

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

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

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

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

4.1 Insurance contracts - The Company (cont'd)

(i) Estimates of future liabilities (cont'd)

For long-term insurance contracts with fixed and guaranteed terms and with DPF, estimates are made in two stages. Estimates of future deaths, voluntary terminations, investment returns and administration expenses are made at the inception of the contract and form the assumptions used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract. New estimates are made each subsequent year in order to determine whether the previous liabilities are adequate in the light of these latest estimates. If the liabilities are considered adequate, the assumptions are not altered. If they are not adequate, the assumptions are altered ('unlocked') to reflect the best estimate assumptions. The major assumptions used are interest rate and equity and property market values, lapses and surrender rates, mortality and mobility rate, expenses, and bonus.

The main risks that the Company are exposed to are as follows:

(i) Mortality risk – risk of loss arising due to policyholder death experience being different than expected

(ii) Morbidity risk – risk of loss arising due to policyholder health experience being different than expected

(iii) Longevity risk – risk of loss arising due to the annuitant living longer than expected

(iv) Investment return risk – risk of loss arising from actual returns being different than expected

(v) Expense risk – risk of loss arising from expense experience being different than expected

(vi) Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

All contracts are subject to a liability adequacy test reflecting management's best estimate of current estimate of cash flow.

(ii) Sensitivity

The reasonableness of the estimation process of future liabilities is tested by an analysis of sensitivity under several different scenarios. This analysis enables the Company to assess the most significant assumptions and monitor the emerging variations accordingly.

Notes to the Consolidated and Separate Financial Statements (cont'd)

YEAR ENDED DEC 31, 2020

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

4.1 Insurance contracts - The Company (cont'd)

(ii) Sensitivity (cont'd)

The results of the sensitivity testing are presented in the table below. It shows the impact of changing one item of the basis while keeping all other items in line with the base run:

	THE GROUP AND THE COMPANY			
	2020			
	Total Assets	Total Liabilities	Surplus	Change from central value
	Rs '000	Rs '000	Rs '000	%
Central*	45,076,618	36,087,697	4,246,605	N/A
All interest rates -1% but not CPI	45,076,618	39,293,775	3,188,974	-45.30%
CPI -1%	45,076,618	36,042,073	4,230,854	1.30%
Equity & Property market values -10%	43,268,555	35,922,824	4,246,605	-34.60%
Lapses -10%	45,076,618	36,108,068	4,289,960	-1.30%
Mortality & Morbidity -5%	45,076,618	36,218,279	4,263,861	-3.10%
Expenses -10%	45,076,618	36,034,184	4,228,517	1.50%
Terminal Bonus +10%	45,076,618	36,087,697	4,362,793	-2.50%
Reversionary Bonus +10%	45,076,618	36,087,697	4,527,230	-5.90%

	THE GROUP AND THE COMPANY			
	2019			
	Total Assets	Total Liabilities	Surplus	Change from central value
	Rs '000	Rs '000	Rs '000	%
Central*	45,188,544	36,227,400	8,961,144	NA
All interest rates -1% but not CPI	45,188,544	37,501,276	7,687,268	-14.20%
CPI -1%	45,188,544	36,167,773	9,020,771	0.70%
Equity & Property market values -10%	43,973,037	35,929,853	8,043,184	-10.30%
Lapses -10%	45,188,544	36,282,120	8,906,425	-0.60%
Mortality & Morbidity -5%	45,188,544	36,329,752	8,858,793	-1.10%
Expenses -10%	45,188,544	36,149,200	9,039,344	0.90%
Terminal Bonus +10%	45,188,544	36,351,829	8,836,715	-1.40%
Reversionary Bonus +10%	45,188,544	36,571,526	8,671,018	-3.80%

* The central scenario is the one using the final valuation assumptions.
The impact on P&L and equity cannot be determined as the profit is determined at the end of the year by the actuaries.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

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

4.2 Reinsurance - The Company

The Company is exposed to disputes on, and defects in, contract wordings and the possibility of default by their Re insurers. The Company monitors the financial strength of their Reinsurers. Allowance is made in the consolidated and separate financial statements for non-recoverability due to Reinsurer's default as required.

4.3 Impairment of available-for-sale financial assets

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

4.4 Impairment of other assets

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

4.5 Pension benefits

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

The Group and the Company determine the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

4.6 Fair value of securities not quoted in an active market

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

4.7 Asset lives and residual values

Property and equipment and intangible assets (except for goodwill) are depreciated and amortised respectively over their estimated useful lives taking into account residual values, where appropriate. The estimated lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing the estimated useful life an asset, 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. Consideration is also given to the extent of current profits and losses on the disposal of similar assets. The depreciation/amortisation rates and methods have been dis closed in note 2.2 and note 2.3.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

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

4.8 Involvement with unconsolidated structured entities

The Group and the Company have concluded that portfolio companies in which it invests, but that it does not consolidate, meet the definition of structured entities because:

- the voting rights in the funds are not dominant rights in deciding who controls them because they relate to ad ministrative tasks only; and

- the investee's activities are restricted by its prospectus.

Refer to note 8(f) for details of involvement with unconsolidated structured entities.

4.9 Control over subsidiaries

The Directors of the Group and the Company assessed whether or not the Group and the Company have control over the above subsidiaries based on whether the Group and the Company have the practical ability to direct their relevant activities unilaterally. In making their judgment, the Directors considered the Group's absolute size of holding in these subsidiaries and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the directors concluded that the Group and the Company have sufficient dominant voting interest to direct the relevant activities of these subsidiaries and therefore the Group and the Company have control over them. Note 8 describes all the entities that have been identified as subsidiaries of the Group and the Company.

4.10 Significant influence over associates

The Directors of the Group and the Company assessed whether or not the Group and the Company have significant influence over its associates. In making their judgment, the Directors considered the nature and structure of the relationship and other facts and circumstances. The Directors have concluded that the Group and the Company have significant influence over its associates as detailed in note 9.

The holding stakes in the associated companies is 49%/50%. Swan General Ltd, the holding company, controls these entities. Accordingly, the directors have concluded that Swan Life Ltd has significant influence over these entities.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

5. PROPERTY AND EQUIPMENT

	Freehold land and buildings	Furniture fixtures & fittings	Computer equipment	Electrical equipment	Motor vehicles	Total
(a) THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST						
At January 1, 2019	312,160	93,334	57,084	2,248	16,692	481,518
Additions	292	3,468	5,169	-	13,919	22,848
Disposals	-	-	-	-	(1,615)	(1,615)
Transfer to intangible assets *	-	-	(1,231)	-	-	(1,231)
Write-off	-	-	(160)	-	-	(160)
At December 31, 2019	**312,452**	**96,802**	**60,862**	**2,248**	**28,996**	**501,360**
Additions	**-**	**5,061**	**19,185**	**-**	**10,263**	**34,509**
Disposals	**-**	**-**	**-**	**-**	**(8,073)**	**(8,073)**
Write-off	**-**	**(15,270)**	**(11,683)**	**-**	**-**	**(26,953)**
At December 31, 2020	**312,452**	**86,593**	**68,364**	**2,248**	**31,186**	**500,843**
DEPRECIATION						
At January 1, 2019	74,967	74,293	43,027	2,248	11,500	206,035
Charge for the year	5,761	4,711	7,971	-	2,332	20,775
Disposal adjustments	-	-	-	-	(1,211)	(1,211)
Transfer to intangible assets *	-	-	(410)	-	-	(410)
Write-off	-	-	(53)	-	-	(53)
At December 31, 2019	**80,728**	**79,004**	**50,535**	**2,248**	**12,621**	**225,136**
Charge for the year	**5,771**	**4,747**	**13,894**	**-**	**3,186**	**27,598**
Disposal adjustments	**-**	**-**	**-**	**-**	**(2,458)**	**(2,458)**
Write-off	**-**	**(15,270)**	**(11,683)**	**-**	**-**	**(26,953)**
At December 31, 2020	**86,499**	**68,481**	**52,746**	**2,248**	**13,349**	**223,323**
CARRYING AMOUNT						
At December 31, 2020	**225,953**	**18,112**	**15,618**	**-**	**17,837**	**277,520**
At December 31, 2019	231,724	17,798	10,327	-	16,375	276,224
At January 01, 2019	237,193	19,041	14,057	-	5,192	275,483

For both 2020 and 2019, all additions have been financed by cash and there were no transactions under finance lease.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

5. PROPERTY AND EQUIPMENT

	Buildings	Furniture fixtures & fittings	Computer equipment	Motor vehicles	Total
(b) THE COMPANY	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2019	288,061	85,037	51,892	15,411	440,401
Additions	-	3,185	4,885	13,919	21,989
Disposals	-	-	-	(1,615)	(1,615)
Transfer to intangible assets *	-	-	(1,231)	-	(1,231)
Write-off	-	-	(160)	-	(160)
At December 31, 2019	**288,061**	**88,222**	**55,386**	**27,715**	**459,384**
Additions	**-**	**5,015**	**18,357**	**10,262**	**33,634**
Disposals	**-**	**-**	**-**	**(8,073)**	**(8,073)**
Write-off	**-**	**(15,270)**	**(11,683)**	**-**	**(26,953)**
At December 31, 2020	**288,061**	**77,967**	**62,060**	**29,904**	**457,992**
DEPRECIATION					
At January 1, 2019	74,299	65,962	39,236	10,224	189,721
Charge for the year	5,761	4,487	7,632	2,332	20,212
Disposal adjustments	-	-	-	(1,211)	(1,211)
Transfer to intangible assets *	-	-	(410)	-	(410)
Write-off	-	-	(53)	-	(53)
At December 31, 2019	**80,060**	**70,449**	**46,405**	**11,345**	**208,259**
Charge for the year	**5,761**	**4,631**	**13,473**	**3,187**	**27,052**
Disposal adjustments	**-**	**-**	**-**	**(2,458)**	**(2,458)**
Write-off	**-**	**(15,270)**	**(11,683)**	**-**	**(26,953)**
At December 31, 2020	**85,821**	**59,810**	**48,195**	**12,074**	**205,900**
CARRYING AMOUNT					
At December 31, 2020	**202,240**	**18,157**	**13,865**	**17,830**	**252,092**
At December 31, 2019	208,001	17,773	8,981	16,370	251,125
At January 01, 2019	213,762	19,075	12,656	5,187	250,680

For both 2020 and 2019, all additions have been financed by cash and there were no transactions under finance lease.

*The transfer to intangible assets refers to an asset which was wrongly classified in property and equipment instead of intangible asset. Since amount was insignificant, no prior year restatement was made.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

5A. (i) RIGHT-OF-USE ASSETS

	THE GROUP	THE COMPANY
Buildings	**Rs'000**	**Rs'000**
Carrying amount at January 1, 2019	-	-
Recognition on initial application of IFRS 16	18,799	13,176
Depreciation	(3,716)	(2,685)
Carrying amount at December 31, 2019	**15,083**	**10,491**
Depreciation	**(3,949)**	**(2,825)**
Carrying amount at December 31, 2020	**11,134**	**7,666**

(ii) LEASE LIABILITIES

	THE GROUP	THE COMPANY
	Rs'000	**Rs'000**
At January 1, 2019	-	-
Recognition on initial application of IFRS 16	18,799	13,176
Interest expense	907	640
Lease payments	(4,152)	(2,968)
At December 31, 2019	**15,554**	**10,848**
Interest expense	**779**	**542**
Lease payments	**(4,462)**	**(3,170)**
At December 31, 2020	**11,871**	**8,220**

Analysed as:	THE GROUP		THE COMPANY	
	2020	**2019**	**2020**	**2019**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Current	**3,984**	3,710	**2,868**	2,655
Non-current	**7,887**	11,844	**5,352**	8,193
	11,871	15,554	**8,220**	10,848

The Group and the Company lease properties in the jurisdiction from which they operate. There are no variable lease payments, extension and termination options included in the lease agreements.

(iii) The maturity analysis of the lease liabilities has been disclosed in the note 3.2.3.

(iv) Nature of leasing activities (in the capacity as lessee)

The Group and the Company leases a number of office space in the following regions in Mauritius; Black River, Goodlands, Rose Belle, Quatre Bornes and Ebène.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

(v) 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.

(vi)

	THE GROUP		THE COMPANY	
	2020	**2019**	**2020**	**2019**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Interest expense (Included in finance costs - Note 25)	**779**	907	**542**	640

The total cash outflows for leases in 2020 was Rs 4,462,000 (2019: Rs 4,152,000) for the Group and Rs 3,170,000 (2019: Rs 2,968,000) for the Company.

6A. INVESTMENT PROPERTIES

	THE GROUP	THE COMPANY
	Rs'000	**Rs'000**
COST		
At January 1, 2019	593,301	553,231
Additions	2,679	2,679
Disposals	(58,076)	(55,485)
At December 31, 2019	**537,904**	**500,425**
Additions	**1,171**	**1,136**
Disposals	-	-
At December 31, 2020	**539,075**	**501,561**
DEPRECIATION		
At January 1, 2019	114,405	114,157
Charge for the year	9,015	9,015
Disposal adjustment	(18,707)	(18,707)
At December 31, 2019	**104,713**	**104,465**
Charge for the year	**9,045**	**9,038**
Disposal adjustment	-	-
At December 31, 2020	**113,758**	**113,503**
CARRYING AMOUNT		
At December 31, 2020	425,317	388,058
At December 31, 2019	433,191	395,960
At January 01, 2019	478,896	439,074

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

6A. INVESTMENT PROPERTIES (CONT'D)

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
At December 31,	**1,563,835**	1,454,050	**1,469,110**	1,345,775

The investment properties were revalued in November 2020 by Messrs Noor Dilmohamed & Associates, an independent professionally qualified valuer. The fair value was determined on an open market value basis by reference to market evidence of transaction prices for similar properties using comparative cost approach and income capitalisation approach. The valuation is performed every 3 years. The directors have reassessed the fair values of the investment properties at December 31, 2020.

The valuation of the investment properties has been valued using unobservable inputs and are classified under level 3 hierarchy in the fair value hierarchy table as per IFRS 13 *Fair value measurements.*

The following have been recognised in the profit or loss.

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Rental income	**42,326**	46,722	**39,540**	44,386
Direct operating expenses from investment properties that generate rental income	**11,850**	13,518	**11,323**	12,991
Direct operating expenses from investment properties that do not generate rental income	**14,089**	21,448	**14,089**	21,448

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Less than one year	**27,640**	26,059	**22,517**	22,012
One to two years	**22,663**	20,527	**18,276**	16,207
Two to three years	**15,255**	20,286	**10,935**	15,966
Three to four years	**9,513**	15,255	**5,438**	10,935
Four to five years	**8,458**	9,513	**4,558**	5,438
More than five years	**42,437**	50,895	**5,387**	9,945
Total	**125,966**	142,535	**67,111**	80,503

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

6B. SEIZED PROPERTIES

	THE GROUP AND THE COMPANY	
	2020	2019
	Rs'000	Rs'000
Carrying amount at January 1,	**55,489**	55,338
Additions	**8,829**	698
Disposals	**(1,721)**	(547)
Impairment	**(9,359)**	-
Carrying amount at December 31,	**53,238**	55,489

7. INTANGIBLE ASSETS

	Goodwill	Computer software	VOBA	Customer portfolio	Total
(a) THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2019	59,598	19,501	28,477	55,375	162,951
Additions	-	889	-	-	889
Acquisition of subsidiary (note 34)	3,841	-	-	-	3,841
Reclassified from property and equipment (note 5)	-	1,231	-	-	1,231
At December 31, 2019	**63,439**	**21,621**	**28,477**	**55,375**	**168,912**
Additions	-	**502**	-	-	**502**
Adjustment *	**2,683**	-	-	-	**2,683**
Write-off	-	**(3,152)**	-	-	**(3,152)**
At December 31, 2020	**66,122**	**18,971**	**28,477**	**55,375**	**168,945**
AMORTISATION					
At January 1, 2019	-	16,439	17,084	33,226	66,749
Charge for the year	-	2,301	1,898	5,537	9,736
Reclassified from property and equipment (note 5)	-	410	-	-	410
At December 31, 2019	-	**19,150**	**18,982**	**38,763**	**76,895**
Charge for the year	-	**2,195**	**1,898**	**5,537**	**9,630**
Write-off	-	**(3,152)**	-	-	**(3,152)**
At December 31, 2020	-	**18,193**	**20,880**	**44,300**	**83,373**
CARRYING AMOUNT					
At December 31, 2020	**66,122**	**778**	**7,597**	**11,075**	**85,572**
At December 31, 2019	63,439	2,471	9,495	16,612	92,017
At January 01, 2019	59,598	3,062	11,393	22,149	96,202

* This adjustment relates to goodwill on acquisition of Swan Actuarial Services Ltd where the amount was understated in the prior year. The adjustment made during the year is not material.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

7. INTANGIBLE ASSETS (CONT'D)

(b)

THE COMPANY	Computer software	VOBA	Total
	Rs'000	Rs'000	Rs'000
COST			
At January 1, 2019	13,135	28,477	41,612
Additions	304	-	304
Reclassified from property and equipment (note 5)	1,231	-	1,231
At December 31, 2019	**14,670**	**28,477**	**43,147**
Additions	**502**	**-**	**502**
Write-off	**(3,152)**	**-**	**(3,152)**
At December 31, 2020	**12,020**	**28,477**	**40,497**
AMORTISATION			
At January 1, 2019	10,521	17,083	27,604
Charge for the year	1,976	1,898	3,874
Reclassified from property and equipment (note 5)	410	-	410
At December 31, 2019	**12,907**	**18,981**	**31,888**
Charge for the year	**2,142**	**1,898**	**4,040**
Write-off	**(3,152)**	**-**	**(3,152)**
At December 31, 2020	**11,897**	**20,879**	**32,776**
NET BOOK VALUE			
At December 31, 2020	**123**	**7,598**	**7,721**
At December 31, 2019	1,763	9,496	11,259
At January 01, 2019	2,614	11,394	14,008

8. INVESTMENTS IN SUBSIDIARY COMPANIES

		THE COMPANY	
		2020	2019
		Rs'000	Rs'000
(a)	UNQUOTED		
	At January 1,	**548,512**	540,012
	Additions	**-**	8,500
	At December 31,	**548,512**	548,512

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) The financial statements of the following subsidiaries, incorporated in Mauritius, have been included in the consolidated and separate financial statements for the year ended December 31, 2020, and 2019. The subsidiaries have a reporting date of December 31st and operate on the local market.

Name of subsidiaries	Class of shares held	Stated capital	Nominal value of invest-ment	Proportion of ownership interest Direct	Proportion of ownership interest Indirect	Proportion of ownership interests held by non-controlling interests	Place of business	Country of incorporation	Main business
		Rs'000	Rs'000	%	%	%			
· Manufacturers' Distributing Station Limited	Ordinary	961	47,686	99.80%	-	0.20%	Port Louis	Mauritius	· Investment company
· Société de la Croix (c)	Parts	2,500	-	0%	99.80%	0.20%	Port Louis	Mauritius	· Investment holding
· Société de la Montagne (c)	Parts	45,604	-	0%	99.80%	0.20%	Port Louis	Mauritius	· Investment holding
· Société de la Rivière (c)	Parts	2,500	-	0%	99.80%	0.20%	Port Louis	Mauritius	· Investment entity
· Swan Pensions Ltd	Ordinary	4,100	22,825	100%	-	-	Port Louis	Mauritius	· Pension and fund administration
· Swan Financial Solutions Ltd	Ordinary	586,876	469,500	80.00%	-	20.00%	Port Louis	Mauritius	· Investment company
· Swan Wealth Managers Ltd	Ordinary	1,600	-	0%	80.00%	20.00%	Port Louis	Mauritius	· Fund management and investment consulting
· Swan Securities Ltd	Ordinary	10,000	-	0%	80.00%	20.00%	Port Louis	Mauritius	· Stockbroking
· Swan Corporate Advisors Ltd	Ordinary	1,300	-	0%	80.00%	20.00%	Port Louis	Mauritius	· Advisory
· Swan Pensions Rwanda (SPR) Ltd	Ordinary	2,485	-	0%	60.00%	40.00%	Rwanda	Rwanda	· Pension administration
· Swan Foundation**	Limited by guarantee	1	1	50.00%	-	50.00%	Port Louis	Mauritius	· Management of Swan Group CSR fund (not consolidated)
· Swan Actuarial Services Ltd *	Ordinary	1,107	8,500	100%	-	0%	Port Louis	Mauritius	· Actuarial services
			548,512						

*Swan Actuarial Services Ltd (previously known as RCAS Actuarial Ltd) was acquired by Swan Life Ltd in 2019 for a cash consideration of Rs 8.5m.

** Swan foundation is not consolidated. Refer to note 8 (f) for details.

(c) The Company owns 99.80% of the three above-named Sociétés through Manufacturers' Distributing Station Limited.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(d) Details for subsidiaries are as follows:

Name of subsidiary	Profit/(loss) allocated to non-controlling interests during the year	Accumulated non-controlling interests at December 31,
2020	**Rs'000**	**Rs'000**
· Manufacturers' Distributing Station Limited (group)	**6**	**226**
· Swan Financial Solutions Ltd	**(1,330)**	**(4,124)**
· Swan Wealth Managers Ltd	**38,850**	**208,301**
· Swan Securities Ltd	**2,323**	**16,567**
· Swan Corporate Advisors Ltd	**(50)**	**(94)**
· Swan Pensions Rwanda (SPR) Ltd	**(22)**	**717**
	39,777	**221,593**
2019		
· Manufacturers' Distributing Station Limited (group)	6	225
· Swan Financial Solutions Ltd	(1,471)	14,806
· Swan Wealth Managers Ltd	28,569	169,726
· Swan Securities Ltd	448	15,645
· Swan Corporate Advisors Ltd	76	(44)
· Swan Pensions Rwanda (SPR) Ltd	(27)	788
	27,601	201,146

Notes to the Consolidated and Separate Financial Statements

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8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) Summarised financial information on subsidiaries

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income of the subsidiaries are shown below:

Name of subsidiary	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit/(loss) after tax	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non-controlling interests
2020	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
· Manufacturers' Distributing Station Limited (group)	**9,277**	**41,580**	**949**	**-**	**4,783**	**3,118**	**-**	**3,118**	**5**
· Swan Pensions Ltd	**94,309**	**4,847**	**33,711**	**4,640**	**69,407**	**17,064**	**487**	**17,551**	**-**
· Swan Financial Solutions Ltd	**67,017**	**542,584**	**469**	**-**	**95,000**	**88,351**	**-**	**88,351**	**17,600**
· Swan Wealth Managers Ltd *	**304,045**	**201,711**	**44,521**	**11,258**	**231,688**	**183,777**	**(1,371)**	**182,406**	**-**
· Swan Securities Ltd	**87,700**	**34,762**	**53,965**	**6,520**	**31,853**	**11,545**	**(7,322)**	**4,223**	**-**
· Swan Corporate Advisors Ltd *	**1,287**	**-**	**463**	**-**	**-**	**(252)**	**-**	**(252)**	**-**
· Swan Pensions Rwanda (SPR) Ltd *	**6,220**	**473**	**194**	**-**	**-**	**(54)**	**-**	**(54)**	**-**
· Swan Actuarial Services Ltd	**7,934**	**182**	**3,715**	**-**	**8,956**	**2,506**	**-**	**2,506**	**-**
2019									
· Manufacturers' Distributing Station Limited (group)	11,749	41,562	4,021	-	4,333	2,882	-	2,882	3
· Swan Pensions Ltd	76,180	2,821	22,105	3,386	62,710	16,673	217	16,890	-
· Swan Financial Solutions Ltd	147,680	548,185	87,084	-	95,000	87,643	-	87,643	17,300
· Swan Wealth Managers Ltd	438,319	55,066	135,355	5,992	230,975	142,844	(858)	141,986	-
· Swan Securities Ltd	117,047	40,458	92,753	6,999	25,783	2,239	1,854	4,093	-
· Swan Corporate Advisors Ltd	1,298	-	222	-	-	(382)	-	(382)	-
· Swan Pensions Rwanda (SPR) Ltd	2,880	526	195	-	-	(67)	794	727	-
· Swan Actuarial Services Ltd	5,338	-	679	-	-	-	-	-	-

*The amounts are based on unaudited financial statements.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) Summarised financial information on subsidiaries (cont'd)

(ii) Summarised cash flow information:

Name of subsidiary	Operating activities	Investing activities	Financing activities	Net increase/ (decrease) in cash and cash equivalents
2020	Rs'000	Rs'000	Rs'000	Rs'000
· Manufacturers' Distributing Station Limited (group)	**2,344**	**(18)**	**(4,500)**	**(2,174)**
· Swan Pensions Ltd	**21,757**	**-**	**(9,733)**	**12,024**
· Swan Financial Solutions Ltd	**(1,167)**	**190,000**	**(174,500)**	**14,333**
· Swan Wealth Managers Ltd *	**166,943**	**(143,589)**	**(191,412)**	**(168,058)**
· Swan Securities Ltd	**(33,590)**	**386**	**(1,056)**	**(34,260)**
· Swan Corporate Advisors Ltd *	**(11)**	**-**	**-**	**(11)**
· Swan Pensions Rwanda (SPR) Ltd *	**(2)**	**-**	**-**	**(2)**
· Swan Actuarial Services Ltd	**3,216**	**-**	**-**	**3,216**
2019				
· Manufacturers' Distributing Station Limited (group)	3,104	2,271	-	5,375
· Swan Pensions Ltd	13,760	(209)	(10,693)	2,858
· Swan Financial Solutions Ltd	(1,488)	(36)	-	(1,524)
· Swan Wealth Managers Ltd	147,288	(21,889)	(1,412)	123,987
· Swan Securities Ltd	58,392	2,019	(1,184)	59,227
· Swan Corporate Advisors Ltd	598	-	700	1,298
· Swan Pensions Rwanda (SPR) Ltd	2,671	(586)	-	2,085
· Swan Actuarial Services Ltd	-	-	-	-

*The amounts are based on unaudited financial statements.
The summarised financial information above is the amount before intra-group eliminations.

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YEAR ENDED DEC 31, 2020

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(f) **Interest in structured entities not consolidated**

(i) **Swan Foundation**

Swan Foundation is a non-profit and limited by guarantee organisation.

Being a limited by guarantee entity, Swan Foundation does not have share capital nor shareholders, but instead has members who act as guarantors.

As at December 2020, both Swan Life Ltd and Swan General Ltd have made a capital injection of Rs.500 to Swan Foundation, which represents the Group's maximum exposure to loss from its interests in Swan Foundation.

The main activity of the organisation is to collect Corporate Social Responsibility (CSR) contributions from the Group companies in order to donate to approved Non-Governmental Organisations (NGO) and other approved corporate partners. Swan Foundation is governed by CSR guidelines.

Yearly contribution made to Swan Foundation represents 50% of CSR amount (equivalent to 2% of Taxable profit of Group Companies). The amount paid is recognised as an expense within the 'Income tax expense' in the Statement of Profit and Loss and accrued as 'Other payables' within Current Liabilities in the Statement of Financial Position.

During the year ended December 31, 2020, the Group and the Company did not provide any financial support to the unconsolidated structured entity and has no intention of providing financial or other support.

Name of Entity	Country of incorporation	Contributors	Amount	Holdings
Swan Foundation	Mauritius	Swan Life Ltd	Rs.500	50%

Below are the summarised results and financial position of the unconsolidated structured entity:

	2020	2019
	Rs'000	Rs'000
Revenue	**1,385**	1,679
Surplus for the year	**90**	45
Current Assets	**819**	683
Current Liabilities	**818**	682
Total Equity	**1**	1

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

9. INVESTMENTS IN ASSOCIATED COMPANIES

		2020	2019
		Rs'000	Rs'000
(a)	The Company		
	At January 1,	**4,364**	614
	Additions	**-**	3,750
	At December 31,	**4,364**	4,364
(b)	**Group's share of net assets**	2020	2019
		Rs '000	Rs '000
	At January 1,	**39,519**	36,945
	Additions	**-**	3,750
	Share of results of associated companies	**(9,268)**	5,747
	Dividends	**-**	(1,212)
	Repayment of loan *	**(13,439)**	-
	Share of other comprehensive income	**(11,587)**	530
	Exchange differences on translation	**3,129**	(6,241)
	Other equity movement	**17,315**	-
	At December 31,	**25,669**	39,519

*This is a non-cash transaction.

(c) Details of each of the associates at the end of the reporting year are as follows:

Name	Carrying Amount	Year end	Nature of business	Principal place of business	Country of incorporation	Proportion of ownership interest Direct
	2020					
	Rs'000					
Swan Corporate Affairs Ltd	**500**	Dec-31	Secretarial	Port Louis	Mauritius	50%
Swan International Co Ltd	**114**	Dec-31	Reinsurance brokers and consultants	Port Louis	Mauritius	49%
Swan Wealth International Ltd *	**3,750**	Dec-31	Investment holding	Port Louis	Mauritius	50%
	4,364					

* Swan Wealth International Ltd was incorporated in 2019 with a stated capital of Rs 7.5m.

There has been no change during the year in the percentage holding in the above associated companies The associated companies are not listed companies and thus, there are no quoted market prices available for their shares.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

9. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

(d) Summarised financial information in respect of each of the associated companies is set out below:

Name	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit/ (loss) after tax	Other comprehensive income for the year	Total comprehensive income for the year	Dividend received for the year
2020	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Swan Corporate Affairs Ltd	**10,360**	**1,984**	**4,244**	**-**	**4,320**	**1,023**	**-**	**1,023**	**-**
Swan International Co Ltd	**6,281**	**32,685**	**3,400**	**-**	**-**	**(12,659)**	**(22,746)**	**(35,405)**	**-**
Swan Wealth International Ltd*	**7,500**	**-**	**560**	**-**	**-**	**(6)**	**-**	**(6)**	**-**
2019									
Swan Corporate Affairs Ltd	9,332	1,944	4,239	-	4,364	824	-	824	-
Swan International Co Ltd	11,924	102,124	2,734	46,403	-	11,453	(11,586)	(133)	1,212
Swan Wealth International Ltd	7,500	-	(554)	-	-	(553)	-	(553)	-

*The amounts are based on unaudited financial statements.

(e) Reconciliation of summarised financial information

Name	Opening net assets January 1,	Profit/ (loss) for the year	Other comprehensive income for the year	Other equity movement	Dividend	Closing net assets December 31,	Ownership interest	Interest in associates	Goodwill	Carrying value
2020	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	%	Rs'000	Rs'000	Rs'000
Swan Corporate Affairs Ltd	**7,037**	**1,063**	**-**	**-**	**-**	**8,100**	**50%**	**4,050**	**-**	**4,050**
Swan International Co Ltd	**64,908**	**(19,992)**	**(17,261)**	**7,909**	**-**	**35,564**	**49%**	**17,427**	**721**	**18,148**
Swan Wealth International Ltd*	**6,947**	**(6)**	**-**	**-**	**-**	**6,941**	**50%**	**3,471**	**-**	**3,471**
										25,669
2019										
Swan Corporate Affairs Ltd	6,213	824	-	-	-	7,037	50%	3,519	-	3,519
Swan International Co Ltd	67,586	11,453	(11,586)	-	(2,545)	64,908	49%	31,805	721	32,526
Swan Wealth International Ltd	-	(553)	-	7,500	-	6,947	50%	3,474	-	3,474
										39,519

*The amounts are based on unaudited financial statements.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

10. INVESTMENTS IN FINANCIAL ASSETS

(a)

	THE GROUP			
	2020			
		Available-for-sale		
	Held-to-maturity	Debt	Equities	Total
Local Securities	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1,				
- As previously stated	14,282,712	65,137	13,002,022	27,349,871
- Prior year adjustments (note 33)	(217,465)	188,368	-	(29,097)
- Restated balance at January 1,	14,065,247	253,505	13,002,022	27,320,774
Reclassification to/from foreign securities	(61,250)	-	1,544	(59,706)
Additions	980,291	61,605	1,356,068	2,397,964
(Decrease)/increase in fair value**	-	20,298	(3,480,306)	(3,460,008)
Disposals	-	(10,958)	(331,517)	(342,475)
Impairment	-	-	-	-
Matured during the year	(2,314,804)	-	-	(2,314,804)
Movement in accrued interests	(82,579)	-	-	(82,579)
Exchange Differences	12,107	-	-	12,107
At December 31,	12,599,012	324,450	10,547,811	23,471,273

		Available-for-sale		
	Held-to- maturity	Debt	Equities	Total
Foreign Securities	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1,				
- As previously stated	-	-	11,441,846	11,441,846
- Prior year adjustments (note 33)	-	-	-	-
- Restated balance at January 1,	-	-	11,441,846	11,441,846
Reclassification to/from local securities	61,250	-	(1,544)	59,706
Additions	1,516,073	-	3,886,788	5,402,861
Increase/(decrease) in fair value**	-	-	634,740	634,740
Disposals	-	-	(3,704,275)	(3,704,275)
Matured during the year	(9,017)	-	-	(9,017)
Movement in accrued interests	(1,064)	-	-	(1,064)
Exchange differences	7,729	-	-	7,729
At December 31,	1,574,971	-	12,257,555	13,832,526
Total	14,173,983	324,450	22,805,366	37,303,799

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

	THE GROUP			
	2019			
		Available-for-sale		
	Held-to-maturity	Debt	Equities	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Local Securities				Restated*
Balance at January 1,				
- As previously stated	12,808,123	145,744	13,145,310	26,099,177
- Prior year adjustments (note 33)	(33,518)	-	-	(33,518)
- Restated balance at January 1,	12,774,605	145,744	13,145,310	26,065,659
Additions - Restated *	3,149,899	199,195	981,341	4,330,435
(Decrease)/increase in fair value**	-	(75,585)	(512,282)	(587,867)
Disposals	-	(15,849)	(590,420)	(606,269)
Impairment	-	-	(21,927)	(21,927)
Matured during the year	(1,956,603)	-	-	(1,956,603)
Movement in accrued interests - Restated	87,385	-	-	87,385
Exchange Differences	9,961	-	-	9,961
At December 31,	14,065,247	253,505	13,002,022	27,320,774

		Available-for-sale		
	Held-to-maturity	Debt	Equities	Total
	Rs'000	Rs'000	Rs'000	Rs'000
				Restated*
Foreign Securities				
Balance at January 1,				
- As previously stated	-	-	8,486,400	8,486,400
- Prior year adjustments (note 33)	-	-	-	-
- Restated balance at January 1,	-	-	8,486,400	8,486,400
Additions	-	-	1,109,295	1,109,295
Increase/(decrease) in fair value**	-	-	2,377,719	2,377,719
Disposals	-	-	(531,568)	(531,568)
At December 31,	-	-	11,441,846	11,441,846
Total	14,065,247	253,505	24,443,868	38,762,620

** Increase/(decrease) in fair value consists of Rs000's. 2,024,192 (2019:Rs000's.412,108), which has been recycled to profit or loss upon disposal of the investments.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

Analysed as follows:

	2020	2019
	Rs'000	Rs'000
		Restated*
Non-current:		
Available-for-sale	23,129,816	24,697,373
Held-to-maturity	11,238,790	11,660,554
	34,368,606	36,357,927
Current		
Held-to-maturity	2,935,193	2,404,693
	37,303,799	38,762,620
Cumulative accrued interests	436,537	520,180

(i)

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2020				
Available-for-sale	20,880,528	281,776	1,967,512	23,129,816
At December 31, 2019				
Available-for-sale	23,401,471	261,137	1,034,765	24,697,373

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

(b)

	THE COMPANY			
	2020			
		Available-for-sale		
	Held-to-maturity	Debt	Equities	Total
Local Securities	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1,				
- As previously stated	14,221,263	65,137	12,974,512	27,260,912
- Prior year adjustments (note 33)	(217,465)	188,368	-	(29,097)
- Restated balance at January 1,	14,003,798	253,505	12,974,512	27,231,815
Additions	980,490	61,605	1,309,371	2,351,466
(Decrease)/increase in fair value**	-	20,298	(3,473,376)	(3,453,078)
Disposals	-	(10,958)	(284,886)	(295,844)
Impairment	-	-	-	-
Matured during the year	(2,314,804)	-	-	(2,314,804)
Movement in accrued interests	(82,579)	-	-	(82,579)
Exchange differences	12,107	-	-	12,107
At December 31,	12,599,012	324,450	10,525,621	23,449,083
		Available-for-sale		
	Held-to- maturity	Debt	Equities	Total
Foreign Securities	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1,				
- As previously stated	-	-	11,439,937	11,439,937
- Prior year adjustments (note 33)	-	-	-	-
- Restated balance at January 1,	-	-	11,439,937	11,439,937
Additions	1,362,885	-	3,886,788	5,249,673
Increase/(decrease) in fair value**	-	-	634,816	634,816
Disposals	-	-	(3,704,275)	(3,704,275)
At December 31,	1,362,885	-	12,257,266	13,620,151
Total	13,961,897	324,450	22,782,887	37,069,234

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

	THE COMPANY			
	2019			
		Available-for-sale		
	Held-to- maturity	Debt	Equities	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Local Securities				Restated *
Balance at January 1,				
- As previously stated	12,769,440	145,744	13,120,012	26,035,196
- Prior year adjustments (note 33)	(33,518)	-	-	(33,518)
- Restated balance at January 1,	12,735,922	145,744	13,120,012	26,001,678
Additions -Restated *	3,124,097	199,195	911,985	4,235,277
(Decrease)/increase in fair value**	-	(75,585)	(513,955)	(589,540)
Disposals	-	(15,849)	(521,603)	(537,452)
Impairment	-	-	(21,927)	(21,927)
Matured during the year	(1,951,366)	-	-	(1,951,366)
Movement in accrued interests	87,090	-	-	87,090
Exchange differences	8,055	-	-	8,055
At December 31,	14,003,798	253,505	12,974,512	27,231,815

		Available-for-sale		
	Held-to- maturity	Debt	Equities	Total
Foreign Securities	Rs'000	Rs'000	Rs'000	Rs'000
				Restated *
Balance at January 1,				
- As previously stated	-	-	8,483,457	8,483,457
- Prior year adjustments (note 33)	-	-	-	-
- Restated balance at January 1,	-	-	8,483,457	8,483,457
Additions	-	-	1,109,219	1,109,219
Increase/(decrease) in fair value**	-	-	2,377,718	2,377,718
Disposals	-	-	(530,457)	(530,457)
At December 31,	-	-	11,439,937	11,439,937
Total	14,003,798	253,505	24,414,449	38,671,752

** Increase/(decrease) in fair value consists of Rs000's. 2,017,255 (2019:Rs000's. 411,860), which has been recycled to profit or loss upon disposal of the investments.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

Analysed as follows:

	2020	2019
	Rs'000	Rs'000
Non-current		Restated*
Available-for-sale	**23,107,337**	24,667,954
Held-to-maturity	**11,044,817**	11,607,409
	34,152,154	36,275,363
Current		
Held-to-maturity	**2,917,080**	2,396,389
	37,069,234	38,671,752
Cumulative accrued interests	**408,504**	491,083

		Level 1	Level 2	Level 3	Total
		Rs'000	Rs'000	Rs'000	Rs'000
(i)	**At December 31, 2020**				
	Available-for-sale	**20,862,199**	**277,626**	**1,967,512**	**23,107,337**
	At December 31, 2019				
	Available-for-sale	23,372,052	261,137	1,034,765	24,667,954

(c) Non-cash additions and disposals for both the Group and the Company amounted to Rs 98m (2019: Rs 218m and Rs 101m respectively).

(d) Available for sale investments consist of Investments in funds which are classified as Level 2 within the fair value hierarchy. It is based on the net assets value of the funds and amounts to Rs 281.8m (2019: Rs 261.1m) and Rs 277.6m (2019: Rs 261.1m) for the Group and the Company respectively. The net asset value is based on the market price of the underlying quoted securities as at December 31, 2020. There has been no change in the valuation technique.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

(e) The Group and the Company recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

During the financial year, there were transfers from level 1 to level 3 amounting to Rs. 3,527k for both the Group and the Company. (2019: Nil). There were no other transfers.

The transfers relate to the following:

1) Air Mauritius Ltd - During the financial year, Air Mauritius Ltd went into voluntary administration.

2) Eagle Insurance Ltd - The entity withdrew itself from the Stock Exchange Market of Mauritius since July 15, 2020.

(f) The table below shows the changes in level 3 instruments:

	THE GROUP AND THE COMPANY	
	2020	2019
	Rs'000	Rs'000
At January 1,	**1,034,765**	1,076,332
Additions	**1,132,351**	98,509
Transfer from Level 1	**3,527**	-
Disposals	**(80,487)**	(12,925)
Decrease in fair value	**(122,644)**	(127,151)
At December 31,	**1,967,512**	1,034,765

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

(g) The table below sets out information about significant unobservable inputs used at December 31, 2020 in measuring Available-for-sale investments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at December 31, 2020	Valuation technique	Unobservable inputs	Range (weighted average)	Sensitivity to changes in significant unobservable inputs
	Rs'000				
A.	237,177	Dividend yield multiple	(i) Market multiple	2.28x - 4.05x	A decrease in market multiple by 10% would increase value of the unquoted investment by Rs000's. 26,354 while an increase in market multiple by 10% would decrease the value of the unquoted investment by Rs000's. 21,479.
			(ii) Discount rate	10%	A decrease in discount rate by 10% would increase value of the unquoted investment by Rs000's. 2,185 while an increase in discount rate by 10% would decrease the value of the unquoted investment by Rs000's. 2,138.
B.	99,068	Price-Earning multiple	(i) Market multiple	8.62x	A decrease in market multiple by 10% would decrease value of the unquoted investment by Rs000's. 9,907 while an increase in market multiple by 10% would increase the value of the unquoted investment by Rs000's. 9,907.
			(ii) Discount rate	10%	A decrease in discount rate by 10% would increase value of the unquoted investment by Rs000's. 1,102 while an increase in discount rate by 10% would decrease the value of the unquoted investment by Rs000's. 1,102.
C.	57,382	Present Book Value	(i) Market multiple	0.45x - 0.88x	A decrease in market multiple by 10% would decrease value of the unquoted investment by Rs000's. 5,725 while an increase in market multiple by 10% would increase the value of the unquoted investment by Rs000's. 5,738.
			(ii) Discount rate	10%	A decrease in discount rate by 10% would increase value of the unquoted investment by Rs000's 556 while an increase in discount rate by 10% would decrease the value of the unquoted investment by Rs000's. 573.
D.	112,213	Discounted net asset value (NAV)	(i) Discount rate	10%	A decrease in discount rate by 10% would increase value of the unquoted investment by Rs000's 1,218 while an increase in discount rate by 10% would decrease the value of the unquoted investment by Rs000's. 1,218.
E.	1,461,672	Price of recent transaction	No unobservable input is used	NA	NA
	1,967,512				

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YEAR ENDED DEC 31, 2020

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

The table below sets out information about significant unobservable inputs used at December 31, 2019 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at December 31, 2019	Valuation technique	Unobservable inputs	Range (weighted average)	Sensitivity to changes in significant unobservable inputs
	Rs'000				
A.	151,662	Dividend yield multiple	(i) Market multiple	2.19x	A decrease in market multiple by 10% would increase value of the unquoted investment by Rs000's. 16,852 while an increase in market multiple by 10% would decrease the value of the unquoted investment by Rs000's. 13,787.
			(ii) Discount rate	10%	A decrease in discount rate by 10% would increase value of the unquoted investment by Rs000's.1,391 while an increase in discount rate by 10% would decrease the value of the unquoted investment by Rs000's. 1,366.
B.	266,190	Price-Earning multiple	(i) Market multiple	8.97x-23.28x	A decrease in market multiple by 10% would decrease value of the unquoted investment by Rs000's.26,637 while an increase in market multiple by 10% would increase the value of the unquoted investment by Rs000's. 26,597.
			(ii) Discount rate	10%-50%	A decrease in discount rate by 10% would increase value of the unquoted investment by Rs000's. 12,279 while an increase in discount rate by 10% would decrease the value of the unquoted investment by Rs000's. 12,320.
C.	28,717	Present Book Value	(i) Market multiple	0.86x	A decrease in market multiple by 10% would decrease value of the unquoted investment by Rs000's. 2,872 while an increase in market multiple by 10% would increase the value of the unquoted investment by Rs000's. 2,872.
			(ii) Discount rate	10%	A decrease in discount rate by 10% would increase value of the unquoted investment by Rs000's 319 while an increase in discount rate by 10% would decrease the value of the unquoted investment by Rs000's. 319.
D.	24,740	Discounted net asset value (NAV)	(ii) Discount rate	10%	A decrease in discount rate by 10% would increase value of the unquoted investment by Rs000's 275 while an increase in discount rate by 10% would decrease the value of the unquoted investment by Rs000's. 275.
E.	563,456	Price of recent transaction	No unobservable input is used	NA	NA
	1,034,765				

Notes to the Consolidated and Separate Financial Statements

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10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

(h) Held-to-maturity investments comprise of Mauritius Government Securities, listed and unquoted Debenture Stocks and Treasury Bills with interest rates varying from 1.70% to 12.25% (2019: 2.56% to 12.75%).

(i) Available-for-sale financial assets comprise of listed, quoted and unquoted financial assets.

(j) None of the financial assets are either past due or impaired.

(k) The maturity of financial assets is disclosed in note 3.2.3.

(l) Financial instruments by category and fair values are disclosed in note 3.2.6.

11. LOANS AND RECEIVABLES

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Policy loans	**53,125**	56,645	**53,125**	56,644
Loans on residential properties	**2,820,207**	2,955,515	**2,820,207**	2,955,515
Loans on business properties	**3,567,216**	1,400,358	**3,567,216**	1,400,358
Loans to related corporations	**-**	-	**-**	13,439
Personal loans	**46,745**	5,645	**46,745**	5,645
Cumulative accrued interests	**153,874**	128,070	**153,874**	128,070
Less impairment provision				
(see note (a) below)	**(93,616)**	(93,561)	**(93,616)**	(93,561)
	6,547,551	4,452,672	**6,547,551**	4,466,110
Analysed as follows:-				
Non-current	**5,733,624**	4,239,180	**5,733,624**	4,252,618
Current	**813,927**	213,492	**813,927**	213,492
	6,547,551	4,452,672	**6,547,551**	4,466,110

(a) Movements on the provisions for impairments of loans and receivables are as follows:

	THE GROUP AND THE COMPANY	
	2020	2019
	Rs'000	Rs'000
At January 1,	**93,561**	86,970
Charge for the year	**5,582**	19,271
Recoveries	**(5,527)**	(780)
Amounts written off	**-**	(11,900)
At December 31,	**93,616**	93,561

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

11. LOANS AND RECEIVABLES (CONT'D)

(b) The rate of interest on loans vary from 3.125% to 14.95% (2019: 4.25% to 14.00%).

(c) The non-covered portion of impaired loans and receivables are secured by fixed charge collaterals on immovable properties. Impairment provision has been booked where recovery was estimated as doubtful.

(d) The ageing of loans and receivables is disclosed in note 3.2.3.

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

(f) The carrying value of loans and receivables that have been provided for impairment is disclosed in note 3.2.2.

(g) Interest income accrued on non-performing loans amounted to Rs 5.5m during the year for the Group and the Company. (2019: Rs 6.0m)

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
		Restated *		Restated *
· Receivables arising from insurance contracts				
· Due from contract holders - Individuals	93,996	75,944	93,996	75,944
- Schemes	442,593	403,462	442,593	403,462
· Claims recoverable from Reinsurers	7,021	16,826	7,021	16,826
· Interest and other receivables	355,215	332,940	250,432	231,724
· Receivables from related parties:				
- Holding company	99,402	21,400	98,548	19,422
- Subsidiary companies	-	-	75,338	133,536
	998,227	850,572	967,928	880,914
Less provisions for impairment on				
Receivables arising from insurance contracts -Schemes	30,182	-	30,182	-
Other receivables	10,287	5,572	5,000	5,000
	40,469	5,572	35,182	5,000
Net Trade and other receivables	957,758	845,000	932,746	875,914
Non-current receivables				
· Interest and other receivables	7,594	5,444	-	-

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) The ageing of trade and other receivables is disclosed in note 3.2.3.

(b) The other classes within trade and other receivables do not include impaired assets except as mentioned in note 3.2.2.

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

(d) The Group and the Company do not hold any collateral security for trade and other receivables. Impairment provision has been booked where recovery was estimated as doubtful.

Movements on the provisions for impairment of trade and other receivables are as follows:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	5,572	5,000	5,000	5,000
Charge for the year	34,897	-	30,182	-
Acquisition of subsidiary	-	572	-	-
At December 31,	40,469	5,572	35,182	5,000

(e) The carrying value of trade and other receivables which have been impaired is disclosed in note 3.2.2.

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

(g) Currency analysis of trade and other receivables is disclosed in note 3.2.1.

(h) The non-current other receivables are due and payable within 10 years from the end of the reporting period.

13. SHORT-TERM DEPOSITS

	THE GROUP AND THE COMPANY	
	2020	2019
	Rs'000	Rs'000
Short-term deposits (note 28(b))	796,488	1,427,588

(a) Short-term deposits comprise of foreign deposits, money-at-call and savings accounts. The rates of interest vary between 0.00% to 0.50% (2019: 2.00% to 3.60%).

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

14. SHARE CAPITAL AND RESERVES

(a) Share Capital

	THE GROUP AND THE COMPANY	
	2020	2019
	Rs'000	Rs'000
Authorised:		
At 31 December, 2,632,210 ordinary shares at a par value of Rs. 10	26,322	26,322
Issued and fully paid:		
At 31 December, 2,632,210 ordinary shares at a par value of Rs. 10	26,322	26,322

Each share confers to its holders the right to one vote at general meetings of the Company and a proportional right to dividends.

(b) Reserves

For the Company, the fair value gains/losses in available-for-sale financial assets and actuarial gains/losses on retirement benefit obligations is recognised in other comprehensive income and then transferred to the 'Life Assurance Fund' through the 'Movement in Life Assurance Fund' as shown in the consolidated and separate statement of profit or loss and other comprehensive income.

For the subsidiaries, the fair value gains/losses in available-for-sale financial assets and actuarial gains/losses on retirement benefit obligations is recognised in other comprehensive income and hence, booked in the below Reserves categories:

Fair value reserve
Fair value reserve comprises of the cumulative net change in the fair value of available-for-sale financial assets recognised in Equity until the investments is derecognised or impaired.

Other reserves
These reserves comprise mainly of reserves of associates. The Group's share of its associates' post acquisition other comprehensive income movements are recognised in other reserves.

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

Foreign exchange difference reserves
These reserves include exchange differences arising on retranslation of the financial statements of foreign subsidiaries.

Amalgamation reserves
The amalgamation reserves relate to the amalgamation of Cim Life Ltd (CLL) with and into the Company on June 30, 2012, whereby the Company issued 132,210 new ordinary shares of Rs.10 each to Rogers and Company Limited (RCL) in consideration for the net assets of CLL.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

15. NON-CONTROLLING INTERESTS

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
At January 1,	201,146	190,331
Issue of shares	-	-
Share of profit (note 8(d))	39,777	27,601
Share of reserves	(1,725)	517
	38,052	28,118
Dividend declared	(17,605)	(17,303)
At December 31,	221,593	201,146

16. LIFE ASSURANCE FUND

	THE GROUP AND THE COMPANY							
	2020				2019			
	Actuarial liabilities	Fair value reserve	Actuarial gains/ (losses)	Total	Actuarial liabilities	Fair value reserve	Actuarial gains/ (losses)	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1:								
- As previously stated	35,553,546	9,754,436	(108,178)	45,199,804	33,244,077	7,966,258	(112,027)	41,098,308
- Prior year adjustments (note 33)	(33,351)	-	-	(33,351)	(33,518)	-	-	(33,518)
- As restated	35,520,195	9,754,436	(108,178)	45,166,453	33,210,559	7,966,258	(112,027)	41,064,790
Movement in Life Assurance Fund for the year - restated*	2,775,799	(2,818,262)	(39,651)	(82,114)	2,281,703	1,788,178	3,849	4,073,730
Transfer from retirement benefit obligations (note 18(a)(ii))	-	-	-	-	27,933	-	-	27,933
At December 31,	38,295,994	6,936,174	(147,829)	45,084,339	35,520,195	9,754,436	(108,178)	45,166,453

The Life Assurance Fund pertains to net assets attributable to the policyholders and shareholders. Refer to 4.1 for the sensitivity analysis around the Life Assurance Fund.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

17. DEFERRED TAX ASSETS

Deferred income taxes are calculated on all temporary differences under the balance sheet method at 17% (2019: 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. The following amounts are shown in the consolidated and separate statement of financial position:

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
Deferred tax assets	**4,658**	2,929
Deferred tax liabilities	**(956)**	(1,121)
	3,702	1,808

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

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
At January 1,	**1,808**	822
Credited to profit or loss (note 20)	**1,488**	1,068
Credited/(charged) to other comprehensive income	**406**	(82)
At December 31,	**3,702**	1,808

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

(i) Deferred tax liabilities

	Accelerated capital	Right-of- use assets	Total
	Rs'000	Rs'000	Rs'000
At January 1, 2019	-	956	956
Charged/(credited) to profit or loss	340	(175)	165
At December 31, 2019	340	781	1,121
Charged/(credited) to profit or loss	26	(191)	(165)
At December 31, 2020	366	590	956

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

17. DEFERRED TAX ASSETS (CONT'D)

(ii) Deferred tax assets

	Accelerated capital	Retirement benefit obligations	Lease liabilities	Expected credit losses	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2019	74	748	956	-	1,778
(Charged)/credited to profit or loss	(74)	1,455	(148)	-	1,233
Charged to other comprehensive income	-	(82)	-	-	(82)
At December 31, 2019	-	2,121	808	-	2,929
(Charged)/credited to profit or loss	-	(184)	(179)	1,686	1,323
Charged to other comprehensive income	-	406	-	-	406
At December 31, 2020	-	2,343	629	1,686	4,658

*Unrecognised deferred tax assets for the Company has been disclosed in note 20 (e).

18. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Amount recognised in the statement of financial position:				
Defined pension benefits (note (a) (ii))	**124,118**	62,426	**118,288**	58,827
Other post retirement benefits (note (b) (i))	**35,932**	35,808	**26,009**	26,681
	160,050	98,234	**144,297**	85,508
Analysed as follows:				
Non-current liabilities	**160,050**	98,234	**144,297**	85,508
Amount charged to profit or loss (note 24):				
Defined pension benefits (note (a) (v))	**16,679**	18,515	**16,150**	16,609
Other post retirement benefits (note (b) (iv))	**4,729**	36,189	**3,519**	26,681
	21,408	54,704	**19,669**	43,290
Amount credited to other comprehensive income:				
Defined pension benefits (note (a) (vi))	**45,785**	(3,089)	**43,842**	(3,849)
Other post retirement benefits (note (b) (v))	**(4,605)**	(381)	**(4,191)**	-
	41,180	(3,470)	**39,651**	(3,849)

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

18. RETIREMENT BENEFIT OBLIGATIONS

(a) Defined pension benefits

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

The plan is a defined benefit top-up arrangement, whereby ex-CIM employees who are members of the Rogers Pension Fund receive a top-up to their defined contribution benefit at normal retirement age to ensure that the pension they will receive is at least as much as the pension they would have received under the previous defined benefit plan rules.

The assets of the plan are invested in a combination of 60% growth assets (equities, property and alternative investments) and 40% matching assets (fixed income and cash).

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

The most recent actuarial valuation of the present value of the defined benefits obligations were carried out at December 31, 2020. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The Group and the Company have historically paid discretionary bonuses to their pensioners which are also taken into account in the actuarial valuation of the pension fund for funding purposes.

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
The amount recognised in the statement of financial position are as follows:				
Present value of funded obligations	387,597	311,830	372,787	299,906
Fair value of plan assets	(263,479)	(249,404)	(254,499)	(241,079)
Liability in the statement of financial position	124,118	62,426	118,288	58,827

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
At January 01,	62,426	76,831	58,827	74,000
Charged to profit or loss	16,679	18,515	16,150	16,609
Credited to other comprehensive income	45,785	(3,089)	43,842	(3,849)
Transfer to Life Assurance Fund (note 16)	-	(27,933)	-	(27,933)
Employer's contributions	(772)	(1,898)	(531)	-
At December 31,	124,118	62,426	118,288	58,827

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
At January 01,	311,830	295,753	299,906	288,266
Current service cost	13,582	14,837	13,222	11,843
Interest cost	15,575	17,676	14,995	16,977
Actuarial gains	46,610	(4,867)	44,664	(5,611)
Benefits paid	-	(11,569)	-	(11,569)
At December 31,	387,597	311,830	372,787	299,906

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1	249,404	218,922	241,079	214,266
Expected return on plan assets	12,478	15,175	12,067	13,315
Actuarial gains	825	(1,778)	822	(1,762)
Schemes expenses	-	(1,177)	-	(1,104)
Transfer to Life Assurance Fund (note 16)	-	27,933	-	27,933
Employer contributions	772	1,898	531	-
Benefits paid	-	(11,569)	-	(11,569)
At December 31,	263,479	249,404	254,499	241,079

The Company and its subsidiaries have a retirement pension fund for its employees which is internally managed. The assets, which are not legally separate, are included as part of available-for-sale financial assets and held-to-maturity assets.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	**13,582**	14,837	**13,222**	11,843
Interest cost	**3,097**	2,501	**2,928**	3,662
Scheme expenses	**-**	1,177	**-**	1,104
Total included in employee benefit expense (note 24(a))	**16,679**	18,515	**16,150**	16,609

(vi) The amount recognised in the statement of other comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Liability experience gains	**8,022**	(2,649)	**7,687**	(3,726)
Losses on pension scheme assets	**(825)**	1,778	**(822)**	1,762
Actuarial gains arising from changes in financial assumptions	**38,588**	(2,218)	**36,977**	(1,885)
	45,785	(3,089)	**43,842**	(3,849)

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

The assets backing the Deposit Administration Policy form part of the Life Assurance Fund of Swan Life Ltd so that the breakdown of the assets above corresponds to a notional allocation of the underlying investments based on long term strategic asset allocation of the Deposit Administration policy.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	%	%	%	%
Discount rate	**2.00% to 2.60%**	4.7% to 5.0%	**2.40%**	5.00%
Future long-term salary increases	**2.00%**	4.00%	**2.00%**	4.00%
Future guarantee pension increases	**0% to 3%**	0% to 3%	**0% to 3%**	3.00%
NPS ceiling increases	**4.00%**	4.00%	**4.00%**	4.00%
Post retirement annuity rates	**Swan rates 2020/ RPF rates 2020**	Swan rates 2019/ RPF rates 2019	**Swan rates 2020/ RPF rates 2020**	Swan rates 2019/ RPF rates 2019

(ix) Sensitivity analysis on defined benefit obligations at end of reporting period:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Increase due to 1% decrease in discount rate	**40,442**	34,317	**39,413**	33,286
Decrease due to 1% increase in discount rate	**35,173**	29,724	**34,251**	28,889
Increase due to 1% increase in salary increase assumption	**40,799**	36,220	**39,767**	35,219
Decrease due to 1% decrease in salary increase assumption	**35,970**	32,077	**35,069**	31,176

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

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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YEAR ENDED DEC 31, 2020

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

(x) The defined benefit pension plan exposes the Group and the Company to actual risks, such as investment, interest, longevity and salary risks.

- **Interest rate risk** – If the yields on Government Bonds and Treasury Bills decrease, the liabilities would be calculated using a lower discount rate, and would therefore increase.
- **Investment risk** – For funded benefits, the expected returns on assets is aligned with the discount rate. Should the actual return on the assets of the plan be lower than the discount rate, a deficit will arise.
- **Salary risk** – If salary increases are higher than assumed, the liabilities would increase giving rise to actuarial losses.
- **Mortality/Longevity risk** – Lower pensioner mortality in retirement will result in pensions being paid for longer than expected.
- **Withdrawal risk** – Lower than expected withdrawals before retirement will result in more employees receiving pension benefits than expected giving rise to actuarial losses.
- **Liquidity risk** – This risk arises if the Company's actual net cash flows are not sufficient to pay for the unfunded gratuity benefits when they become due.

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

(xii) The Group and the Company expect to pay Rs 15.8m and Rs 14.6m respectively in contributions to their post-employment benefit plans for the year ending December 31, 2021.

(xiii) The weighted average duration of the defined benefit obligation is 4 - 17 years for the Group and 10 - 17 years for the Company at the end of the reporting period (2019: 5 - 17 years for the Group and 10 - 17 years for the Company)

(b) Other post retirement benefits

Other post retirement benefits comprise of residual retirement gratuities. Under the Workers' Rights Act 2019 (WRA), employees are entitled to a retirement gratuity from which a portion of equivalent amount of the pension from the define benefit and define contribution can be offset. It is possible to have a residual liability from the retirement gratuity and any residual liabilities have been recognised in the Retirement Benefit Obligations at December 31, 2020.

The plan provides statutory benefits in terms of the Workers' Rights Act in the form of a lump sum on retirement or death in service. For employees who are members of a pension plan, half of any lump sum plus 5 years of pension payments (in respect of the employer's share of contributions only) payable from the pension plan are offset against the gross benefit due.

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18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

(i) The amount recognised in the statement of financial position in respect of funded obligation are as follows:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Post retirement benefits	**35,932**	35,808	**26,009**	26,681

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	**35,808**	-	**26,681**	-
Charged to profit or loss	**4,729**	36,189	**3,519**	26,681
Credited to other comprehensive income	**(4,605)**	(381)	**(4,191)**	-
At December 31,	**35,932**	35,808	**26,009**	26,681

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	**35,808**	-	**26,681**	-
Past service costs	-	34,831	-	26,681
Current service cost	**2,956**	813	**2,185**	-
Net interest cost	**1,773**	545	**1,334**	-
Actuarial gains	**(4,605)**	(381)	**(4,191)**	-
At December 31,	**35,932**	35,808	**26,009**	26,681

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Past service costs	-	34,831	-	26,681
Current service cost	2,956	813	2,185	-
Net interest cost	1,773	545	1,334	-
Total included in employee benefit expense	4,729	36,189	3,519	26,681

(v) The amount recognised in the statement of other comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Actuarial loss/(gains) arising from changes in financial assumptions	5,520	-	4,749	-
Liability experience gain due to change in financial assumptions	(10,125)	(381)	(8,940)	-
	(4,605)	(381)	(4,191)	-

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
Discount rate	2.00% to 2.70%	4.70% to 5%	2.40%	5.00%
Salary increase	2.00%	4.00%	2.00%	4.00%
Future pension increases	0% to 3%	0% or 3%	0% or 3%	0% or 3%
NPS ceiling increases	4.00%	4.00%	4.00%	4.00%
Average retirement age	60 years	60 years	60 years	60 years
Post retirement annuity rates	Swan Rates 2020 or RPF Rates 2020	Swan Rates 2019 or RPF Rates 2019	Swan Rates 2020 or RPF Rates 2020	Swan Rates 2019 or RPF Rates 2019

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Impact on present value of defined benefit obligation:				
Increase due to 1% decrease in discount rate	7,178	6,588	5,194	4,680
Decrease due to 1% increase in discount rate	5,796	5,396	4,177	3,826
Increase due to 1% increase in salary increase assumption	5,934	5,275	3,979	3,397
Decrease due to 1% decrease in salary increase assumption	4,833	4,350	3,192	2,780

The 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 Group and 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 12 - 17 years for the Group and 17 years for the Company at the end of the reporting period (2019: 9-18 years for the Group and 14 years for the Company).

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
		Restated *		Restated *
- Trade payables:				
- Insurance contracts	239,136	144,714	239,136	144,714
- Other payables and accruals	486,803	781,184	445,257	688,168
- Amounts due to related parties:				
- Holding company	51,073	14,700	41,269	8,374
- Subsidiary companies	-	-	18,504	18,682
	777,012	940,598	744,166	859,938

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current:				
Other payables (Refer to note (c))	53,421	53,667	53,421	53,667

Notes to the Consolidated and Separate Financial Statements

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19. TRADE AND OTHER PAYABLES (CONT'D)

(a) Currency analysis of trade and other payables is disclosed in note 3.2.1.

(b) The carrying amounts of other payables, accruals and payables to related parties approximate their fair values.

(c) During the financial year ended December 31, 2019, the Company sold the rights and benefits of a 20-years government bonds to Swan Smart Achievers Notes Ltd, a related company, for Rs 54m with a repurchase agreement in five years for Rs 52m.

20. TAXATION

(a)

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
Income tax charge		
Current tax on the adjusted profit for the year at 15% (2019: 15%)	**13,314**	32,763
Corporate social responsibility tax at 2% (2019: 2%)	**287**	4,401
Over provision in prior year	**(8,463)**	(326)
Movement in deferred tax (note 17)	**(1,488)**	(1,068)
Tax charge for the year	**3,650**	35,770
Tax rates applicable in:		
Mauritius (Subsidiaries)	**15%**	15%
Rwanda (Subsidiary)	**30%**	30%

The Company provides services related to long-term insurance business and it is liable to income tax at a rate of 15% (2019: 15%) on its profit as adjusted for tax purposes. However, based on provisions in the income tax law in Mauritius applicable for companies engaging in long term insurance business, the Company will have no taxable income in the foreseeable future. No deferred tax asset has also been recognised, at Company level, due to unpredictability of future taxable income to utilise these losses.

Following a change in legislation, as from the year of assessment 2021/22, a company carrying out life insurance business will have to pay tax at the rate of 10% of its relevant profit or its income tax payable as computed under the current tax rules, whichever is the higher. The relevant profit is the annual profit, adjusted for any capital gain or loss, attributable to the shareholders of the Company included in the statement of profit or loss as capital gain or loss is disregarded for tax purposes.

Relevant profit relates to profit attributable to shareholders in respect of an income year:

(i) as reduced by capital gain attributable to shareholders where such gain has been credited to the separate statement of profit and loss; and

(ii) as increased by any capital loss attributable to shareholders where such loss has been debited to the separate statement of profit and loss.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

20. TAXATION (CONT'D)

No deferred tax asset will arise as relevant profit which is attributable to the shareholders cannot be offset against the unused tax losses, attributable to the insurance business. Refer to note 20(e).

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

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
Profit before taxation	**561,118**	455,282
Add/(less) share of results of associates	**9,268**	(5,747)
Less Company profit for the year *	**(428,258)**	(338,578)
Add dividend income from related parties	**176,895**	177,409
	319,023	288,366

* Based on current tax laws, profit for the Company attributable to the shareholders are not taxable.

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
Tax calculated at 15% (2019: 15%)	**49,342**	44,323
Corporate social responsibility tax at 2% (2019: 2%)	**287**	4,401
Deferred tax (note 14)	**(1,488)**	(1,068)
Income not subject to tax	**(44,902)**	(15,349)
Expenses not deductible for tax purposes	**8,828**	3,779
Over provision in prior year	**(8,463)**	(326)
Deferred tax asset not recognised	**46**	10
	3,650	35,770

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

20. TAXATION (CONT'D)

(c) Net Current liabilities

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
Balance as at January 1,	**13,253**	9,201
Current tax on the adjusted profit		
for the year at 15% (2019: 15%)	**13,314**	32,763
Corporate social responsibility tax at 2% (2019: 2%)	**287**	4,401
Over provision in prior year	**(8,463)**	(326)
Advances from Government - Government Wage Assistance Scheme	**284**	-
Acquisition of subsidiary (note 34)	**-**	319
Amount paid during the year	**(438)**	(11,110)
Payment under Advance Payment System (APS)	**(11,118)**	(21,995)
	7,119	13,253
Current tax assets	**1,175**	-
Current tax liabilities	**(8,294)**	(13,253)
	(7,119)	(13,253)

(d) Non-deductible expenses comprise mostly of depreciation of property, plant and equipment, amortisation of intangible assets and loss on foreign exchange and income not subject to tax which mainly includes dividends received and interest income.

(e) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profits will be available against which the Group and the Company can use the benefits therefrom.

	THE GROUP & THE COMPANY			
	2020		2019	
	Gross amount	Tax effect	Gross amount	Tax effect
	Rs'000	Rs'000	Rs'000	Rs'000
Deductible temporary differences	**268,721**	**45,683**	231,355	39,330
Tax losses	**4,439,246**	**909,858**	4,873,303	1,053,500
	4,707,967	**955,541**	5,104,658	1,092,831

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

20. TAXATION (CONT'D)

(f) Tax losses carried forward

Tax losses for which no deferred tax asset was recognised expire as follows:

	THE COMPANY	
	2020	2019
	Rs'000	Rs'000
Year 1	**-**	-
Year 2	**1,002,438**	962,507
Year 3	**2,021,202**	2,172,086
Year 4	**-**	-
Year 5	**2,852,880**	2,809,604
Lapsed during the year	**(1,437,274)**	(1,070,894)
	4,439,246	4,873,303

* The tax losses expire on a rolling basis over 5 years.

21. GROSS EARNED PREMIUMS

	THE GROUP AND THE COMPANY					
	2020			2019		
	Non-Linked	Linked	Total	Non-Linked	Linked	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
				Restated*	Restated*	Restated*
Gross Premiums	**1,837,019**	**1,861,201**	**3,698,220**	1,592,459	2,417,581	4,010,040
Consideration for annuities	**1,020,771**	**-**	**1,020,771**	849,618	-	849,618
	2,857,790	**1,861,201**	**4,718,991**	2,442,077	2,417,581	4,859,658

Gross earned premiums comprise of premiums received from individuals, corporates (in terms of defined benefit schemes ("DB Schemes" and defined contribution schemes ("DC Schemes"). Gross earned premiums also comprise of premiums received from Group Credit Insurance ("GCI") also.

22. INVESTMENT INCOME

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
		Restated*
Interest income	**1,052,364**	1,125,986
Dividend income	**115,665**	379,690
	1,168,029	1,505,676

Notes to the Consolidated and Separate Financial Statements

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22. INVESTMENT INCOME (CONT'D)

	THE COMPANY					
	2020			2019		
	Non-Linked	Linked	Total	Non-Linked	Linked	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
						Restated*
Interest income	**592,391**	**458,512**	**1,050,903**	639,764	484,928	1,124,692
Dividend income	**169,094**	**27,240**	**196,334**	358,966	101,823	460,789
	761,485	**485,752**	**1,247,237**	998,730	586,751	1,585,481

23. OTHER INCOME

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
Profit on disposal of financial assets	**1,242,385**	616,628
Miscellaneous income	**171,001**	2,410
Profit on disposal of investment properties	**-**	50,496
Loss on disposal of property and equipment	**(927)**	(316)
	1,412,459	669,218

	THE COMPANY					
	2020			2019		
	Non-Linked	Linked	Total	Non-Linked	Linked	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Profit on disposal of financial assets	**1,166,097**	**76,220**	**1,242,317**	459,235	157,393	616,628
Miscellaneous income	**170,756**	**-**	**170,756**	1,874	-	1,874
Profit on disposal of investment properties	**-**	**-**	**-**	50,515	-	50,515
Loss on disposal of property and equipment	**(927)**	**-**	**(927)**	(316)	-	(316)
	1,335,926	**76,220**	**1,412,146**	511,308	157,393	668,701

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

24. MARKETING AND ADMINISTRATIVE EXPENSES

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
Marketing and administrative expenses mainly include:	Rs'000	Rs'000	Rs'000	Rs'000
- Internal auditors' fees	**1,675**	906	**1,525**	656
- Staff costs (see note (a) below)	**276,008**	298,481	**225,059**	241,053

(a)

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
Analysis of staff costs:	Rs'000	Rs'000	Rs'000	Rs'000
Salaries and wages	**158,675**	152,839	**121,379**	118,467
Retirement benefit obligations:				
- defined benefit plans (note 18)	**21,408**	54,704	**19,669**	43,290
- defined contribution plans	**9,263**	8,075	**6,655**	4,990
Other costs	**86,662**	82,863	**77,356**	74,306
	276,008	298,481	**225,059**	241,053

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

25. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Interest expense:				
- Lease (note 5A(vi))	779	907	542	640
- Others	801	840	-	-
	1,580	1,747	542	640

26. DIVIDEND PAYABLE

	THE GROUP AND THE COMPANY	
	2020	2019
	Rs'000	Rs'000
Declared and Payable		
Final dividend of Rs.59.40 per ordinary share (2019: Rs. 59.40)	156,353	156,353

27. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Profit attributable to equity holders of the Company	517,691	391,911	428,258	338,578
Weighted Average Number of ordinary shares (Basic)	2,632,210	2,632,210	2,632,210	2,632,210
Basic/Diluted Earnings per share (Rs/cts)	196.68	148.89	162.70	128.63

The calculation of basic earnings per share has been based on the above profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

28. NOTES TO THE STATEMENT OF CASH FLOWS

			THE GROUP		THE COMPANY	
		Notes	2020	2019	2020	2019
				Restated*		Restated*
			Rs'000	Rs'000	Rs'000	Rs'000
(a)	**Cash generated from operations**					
	Profit for the year before taxation		561,118	455,282	428,258	338,578
	Adjustments for:					
	Depreciation on property and equipment	5	27,598	20,775	27,052	20,212
	Depreciation on investment properties	6A	9,045	9,015	9,038	9,015
	Amortisation/impairment of intangible assets	7	9,630	9,736	4,040	3,874
	Depreciation on right-of-use asset	5A	3,949	3,716	2,825	2,685
	Loss on sale of property and equipment	23	927	316	927	316
	Loss/(profit) on sale of seized properties		191	(13)	191	(13)
	Write off of property and equipment	5	-	107	-	107
	Impairment on investments in financial assets	10	-	21,927	-	21,927
	Impairment on loans	11	5,582	7,371	5,582	7,371
	Reversal of impairment on loans	11	(5,527)	(780)	(5,527)	(780)
	Impairment on seized properties	6B	9,359	-	9,359	-
	Impairment on trade and other receivables	12	45,246	13,241	40,531	13,241
	Interest expense	5A	1,580	1,747	542	640
	Investment income	22	(1,168,029)	(1,505,676)	(1,247,237)	(1,585,481)
	Net gain on exchange		(133,560)	(52,050)	(112,157)	(44,504)
	Profit on sale of financial assets	23	(1,242,448)	(616,628)	(1,242,378)	(616,628)
	Loss on sale of investment properties	23	-	(50,496)	-	(50,515)
	Change in accrued interest		-	-	-	-
	Change in gross unearned premium		(15,928)	(60,806)	(15,928)	(60,806)
	Amortisation of non-current payable		(246)	(409)	(246)	(409)
	Net movement in Life Assurance Fund		2,775,799	2,281,703	2,775,799	2,281,703
	Other movements		(16,418)	-	(13,735)	-
	Changes in working capital					
	- Trade and other receivables		(137,683)	(38,387)	(144,092)	(60,187)
	- Trade and other payables		(146,284)	367,254	(115,772)	331,825
	- Retirement benefit obligations	18	20,636	52,806	19,138	43,290
	- Outstanding claims		60,314	(17,812)	60,314	(17,812)
	Share of results of associated companies, net of dividend		9,268	(4,535)	-	-
	Cash generated from operations		674,119	897,404	486,524	637,649

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

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

(b)

Cash and cash equivalents	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
		Restated		Restated
	Rs'000	Rs'000	Rs'000	Rs'000
Short-term deposits (note 13)	**796,488**	1,427,588	**796,488**	1,427,588
Cash and cash equivalents	**1,937,873**	1,791,908	**1,501,466**	1,216,252
	2,734,361	3,219,496	**2,297,954**	2,643,840

(c) Non-cash transactions

Non-cash transaction during the year for the Group relates to the acquisition of plant and equipment amounting to Rs 414,000 and for the Company, there were none. In 2019, the principal non-cash transactions were the acquisition of right-of-use assets (note 5A) and additions and disposals of investment in financial assets (note 10).

(d) Reconciliation of liability arising from financing activities

	THE GROUP			
	2019	Recognised on adoption of IFRS 16	Cash flows	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Lease liabilities	**15,554**	-	**(3,683)**	**11,871**

	THE COMPANY			
	2019	Recognised on adoption of IFRS 16	Cash flows	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Lease liabilities	**10,848**	-	**(2,628)**	**8,220**

Notes to the Consolidated and Separate Financial Statements

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29. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP AND THE COMPANY		
	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000
(a) Outstanding claims			
2020			
At January 1, Notified claims	**261,096**	**(16,826)**	**244,270**
Increase in liabilities due to the notification of additional claims	**3,461,963**	**(52,676)**	**3,409,287**
Cash paid for claims during the year	**(3,401,649)**	**62,481**	**(3,339,168)**
At December 31,	**321,410**	**(7,021)**	**314,389**
2019			
At January 1, Notified claims	278,908	(963)	277,945
Increase in liabilities due to the notification of additional claims	3,736,043	(31,156)	3,704,887
Cash paid for claims during the year	(3,753,855)	15,293	(3,738,562)
At December 31,	261,096	(16,826)	244,270

(b) Gross unearned premiums	THE GROUP AND THE COMPANY	
	2020	2019
	Rs'000	Rs'000
		Restated*
At January 1, Notified claims		
- As previously stated	**86,362**	122,160
- Prior year adjustments (note 33)	**(25,008)**	-
- As restated	**61,354**	122,160
Decrease in liabilities due to premium being earned- Restated	**(15,928)**	(60,806)
At December 31,	**45,426**	61,354

Notes to the Consolidated and Separate Financial Statements

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30. COMMITMENTS AND CONTINGENCIES

(a)

Financial Commitments	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Outstanding commitments for the following:-				
Investments in financial assets	**544,354**	540,000	**544,354**	540,000
Loans to be granted	**97,841**	130,240	**97,841**	130,240

The amounts above represents the Group and the Company's maximum exposure to credit risk.

(b)

Contingent Liabilities	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Bank guarantees	**12,600**	12,600	**-**	-
Letter of credit	**2,500**	2,500	**-**	-
	15,100	15,100	**-**	-

The amounts above represents the Group and the Company's maximum exposure to credit risk.

Bank guarantees

At December 31, 2020, the Group had contingent liabilities in respect of bank and other guarantees amounting to Rs. 12,600,000 arising in the ordinary course of business, from which it is anticipated that no material liabilities would arise.

The guarantee has not materialised during the year and accordingly is not material.

Letter of credit

The Group has letter of credit facility amounting to Rs.2,500,000 as security in favour of the Central Depository & Settlement Co Ltd (CDS) in the ordinary course of business.

31. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The Directors regard Swan General Ltd, which owns 82.72 % (2019: 82.72%) of the Company's share capital, as the holding and ultimate holding company. The remaining shares are widely held. The Company is incorporated in Mauritius and its registered offices are situated at Swan Centre, 10 Intendance Street, Port Louis.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

32. SEGMENT INFORMATION

The Company is in itself an operating segment and strategic business unit of the SWAN. It carries out exclusively long term insurance business, which is reported to the Group Chief Executive.

33. PRIOR YEAR RESTATEMENTS

In preparing the consolidated and separate financial statements for the year ended December,31 2020, the Group and the Company identified prior year restatements and made necessary corrections. Restatements were made to the consolidated and separate financial statements, presentation and disclosures of certain transactions and balances, in accordance with International Accounting Standard, IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. They refer to the comparatives for January 01, 2019, and December 31, 2019, unless where specified.

(i) Impact on the consolidated financial statements

Consolidated statement of financial position

Restatement of impact lines of the consolidated financial statements for prior periods are as follows:

The Group

	See note below	DECEMBER 31, 2019			JANUARY 01, 2019		
		Previously stated	Prior year adjustment	Restated	Previously stated	Prior year adjustment	Restated
ASSETS		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Non-current assets							
Property and equipment		**276,224**	-	**276,224**	**275,483**	-	**275,483**
Right-of-use assets		**15,083**	-	**15,083**	**-**	-	**-**
Investment properties		**433,191**	-	**433,191**	**478,896**	-	**478,896**
Intangible assets		**92,017**	-	**92,017**	**96,202**	-	**96,202**
Investments in subsidiary companies		**-**	-	**-**	**-**	-	**-**
Investments in associated companies		**39,519**	-	**39,519**	**36,945**	-	**36,945**
Investments in financial assets	a	**36,387,024**	(36,387,024)	**-**	**33,284,111**	(33,284,111)	**-**
Available-for-sale financial assets	a	**-**	24,509,005	**24,697,373**	**-**	21,777,454	**21,777,454**
	g		188,368				
Held-to-maturity financial assets	a	**-**	11,878,019	**11,660,554**	**-**	11,506,657	**11,473,139**
	h		(29,097)			(33,518)	
	g		(188,368)				
Loans and receivables		**4,239,180**	-	**4,239,180**	**3,966,249**	-	**3,966,249**
Deferred tax assets		**1,808**	-	**1,808**	**822**	-	**822**
Other receivables		**5,444**	-	**5,444**	**-**	-	**-**
Total non-current assets		**41,489,490**	(29,097)	**41,460,393**	**38,138,708**	(33,518)	**38,105,190**

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

33. PRIOR YEAR RESTATEMENTS (CONT'D)

Consolidated statement of financial position (cont'd)

The Group

	See note below	DECEMBER 31, 2019 Previously stated	Prior year adjustment	Restated	JANUARY 01, 2019 Previously stated	Prior year adjustment	Restated
Current assets		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Trade and other receivables	i	779,739	64,965	845,000	796,153	3,161	799,314
	j		13,537				
	m		(13,241)				
Investments in financial assets	a	2,404,693	(2,404,693)	-	1,301,466	(1,301,466)	-
Held-to-maturity financial assets	a	-	2,404,693	2,404,693	-	1,301,466	1,301,466
Loans and receivables		213,492	-	213,492	531,146	-	531,146
Seized properties		55,489	-	55,489	55,338	-	55,338
Short term deposits		1,427,588	-	1,427,588	1,174,142	-	1,174,142
Cash and cash equivalents	i	1,532,043	259,865	1,791,908	1,291,345	90,619	1,381,964
Total current assets		6,413,044	325,126	6,738,170	5,149,590	93,780	5,243,370
Total assets		47,902,534	296,029	48,198,563	43,288,298	60,262	43,348,560
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital		26,322	-	26,322	26,322	-	26,322
Reserves		1,204,533	-	1,204,533	973,192	-	973,192
		1,230,855	-	1,230,855	999,514	-	999,514
Non-controlling interests		201,146	-	201,146	190,331	-	190,331
Total equity		1,432,001	-	1,432,001	1,189,845	-	1,189,845
Technical provisions							
Life Assurance Fund	n/h	45,199,804	(29,097)	45,166,453	41,098,308	(33,518)	41,064,790
	n/j		11,574				
	n/k		25,008				
	n/l		(27,595)				
	n/m		(13,241)				
Gross outstanding claims		261,096	-	261,096	278,908	-	278,908
Gross unearned premiums	k	86,362	(25,008)	61,354	122,160	-	122,160
Total technical provisions		45,547,262	(58,359)	45,488,903	41,499,376	(33,518)	41,465,858

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

33. PRIOR YEAR RESTATEMENTS (CONT'D)

Consolidated statement of financial position (cont'd)

The Group

	See note below	DECEMBER 31, 2019 Previously stated	Prior year adjustment	Restated	JANUARY 01, 2019 Previously stated	Prior year adjustment	Restated
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Non-current liabilities							
Retirement benefit obligations		98,234	-	98,234	76,831	-	76,831
Lease liabilities		11,844	-	11,844	-	-	-
Other payables		53,667	-	53,667	54,076	-	54,076
Total non-current liabilities		163,745	-	163,745	130,907	-	130,907
Current liabilities							
Trade and other payables	i	586,210	324,830	940,598	458,969	93,780	552,749
	j		1,963				
	l		27,595				
Lease liabilities		3,710	-	3,710	-	-	-
Current tax liabilities		13,253	-	13,253	9,201	-	9,201
Dividend payable		156,353	-	156,353	-	-	-
Total current liabilities		759,526	354,388	1,113,914	468,170	93,780	561,950
Total equity and liabilities		47,902,534	296,029	48,198,563	43,288,298	60,262	43,348,560

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

33. PRIOR YEAR RESTATEMENTS (CONT'D)

(i) Impact on the consolidated financial statements (cont'd)

Consolidated statement of profit or loss

The Group	See note below	DECEMBER 31, 2019 Previously stated	Prior year adjustment	Restated
		Rs'000	Rs'000	Rs'000
Gross earned premiums	j	4,821,113	13,537	4,859,658
	k		25,008	
Premiums ceded to reinsurers	l	(144,881)	(27,595)	(172,476)
Net earned premiums		4,676,232	10,950	4,687,182
Fee income on insurance and investment contracts	f	512,291	(183,728)	328,563
Investment income	h	1,501,255	4,421	1,505,676
Other income		669,218	-	669,218
Gain on exchange		52,205	-	52,205
Other operating income	e	12,283	34,439	46,722
		7,423,484	(133,918)	7,289,566
Gross death and disablement insurance claims		216,234	-	216,234
Recoverable from reinsurers		(31,156)	-	(31,156)
Net death and disablement insurance claims		185,078	-	185,078
Maturity claims		2,163,511	-	2,163,511
Surrenders		659,914	-	659,914
Annuities		696,384	-	696,384
Commissions payable to agents and brokers	j	194,601	1,963	196,564
Fees payable	f	251,799	(183,728)	68,071
Depreciation, amortisation and write-off		43,349	-	43,349
Provision for bad debts and impairment loss	b	55,560	(55,560)	-
Movement in allowances for credit impairment	b	-	6,591	6,591
Impairment of financial assets	b	-	48,969	62,210
	m		13,241	

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

33. PRIOR YEAR RESTATEMENTS (CONT'D)

(i) Impact on the consolidated financial statements (cont'd)

Consolidated statement of profit or loss

The Group	See note below	DECEMBER 31, 2019 Previously stated	Prior year adjustment	Restated
		Rs'000	Rs'000	Rs'000
Marketing and administrative expenses	c	442,062	(1,747)	474,754
	e		34,439	
Loss on exchange		155	-	155
		4,692,413	(135,832)	4,556,581
Movement in Life Assurance Fund	n	(2,281,536)	(167)	(2,281,703)
Finance costs	c	-	1,747	1,747
Share of results of associated companies, net of tax		5,747	-	5,747
Profit before taxation		455,282	-	455,282
Taxation		(35,770)	-	(35,770)
Profit for the year		419,512	-	419,512
Profit for the year				
Attributable to:				
Owners of the parent		391,911	-	391,911
Non-controlling interests		27,601	-	27,601
		419,512	-	419,512
Basic/Diluted earnings per share (Rs/cts)		148.89	-	148.89

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

33. PRIOR YEAR RESTATEMENTS (CONT'D)

(i) Impact on the consolidated financial statements (cont'd)

Consolidated statement of cashflows

The Group	See note below	DECEMBER 31, 2019 Previously stated Rs'000	Prior year adjustment Rs'000	Restated Rs'000
Net cash generated from operating activities	d	**2,082,379**	(907)	**2,250,718**
	i		169,246	
Net cash used in investing activities		**(1,626,172)**	-	**(1,626,172)**
Net cash used in financing activities	d	**(4,152)**	907	**(3,245)**
Increase in cash and cash equivalents		**452,055**	169,246	**621,301**
Movement in cash and cash equivalents				
At January 1,	i	**2,465,487**	90,619	**2,556,106**
Increase during the year		**452,055**	169,246	**621,301**
Effects of exchange rate changes		**42,089**	-	**42,089**
At December 31,	i	**2,959,631**	259,865	**3,219,496**

The details of the corrections made in the consolidated financial statements are as follows:

Reclassification and presentation restatements

According to IAS 1 'presentation of financial statements', transactions with different nature or functions, use of difference measurement bases for different classes of assets, should be presented as separate line item:

(a) Previously 'Available-for-sale financial assets' and 'Held to maturity financial assets' were presented as 'Investment in Financial assets' in the consolidated statement of financial position. Management has determined that separately presenting would be more appropriate. This has led to reclassifying Rs000's. 24,509,005 (January 01, 2019: Rs000's. 21,777,454) to 'Available-for-sale financial assets' and Rs000's.14,282,712 (January 01, 2019: Rs000's. 12,808,123) to 'Held-to-maturity financial assets', out of which Rs000's. 2,404,693 (January 01, 2019: Rs000's. 1,301,466) is classified within current assets.

The above corrections have no impact on basic/diluted earnings per share, consolidated statements of cash flows, life assurance fund and tax.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

33. PRIOR YEAR RESTATEMENTS (CONT'D)

(i) **Impact on the consolidated financial statements (Cont'd)**

b 'Provision for bad debts and impairment loss' of Rs000's. 55,560 in the year ended December 31, 2019, has been split into 'Movement in allowances for credit impairment' and 'Impairment of financial assets' amounting to Rs000's. 6,591 and Rs000's. 48,969 respectively to reflect the classification.

The above corrections have no impact on basic/diluted earnings per share, consolidated statements of cash flows, life assurance fund and tax.

c Finance cost of Rs000's. 1,747 in year ended December 31, 2019, which was previously disclosed under 'marketing and administrative expenses', has been now been reclassified to 'Finance costs' in the consolidated statement of profit or loss.

The above corrections have no impact on basic/diluted earnings per share, consolidated statements of cash flows, life assurance fund and tax.

d Finance cost paid on Lease liabilities amounting to Rs000's. 907 for the financial year ended December 31, 2019, which was previously included under 'principles paid on lease liabilities' within financing activities, has been reclassified into a separate line item 'Interest paid' within operating activities in the consolidated statement of cash flows.

The above corrections have no impact on basic/diluted earnings per share, life assurance fund and tax.

Refer to note 33 (ii) for details of impact on consolidated statement of cashflows.

e Rental expense amounting to Rs000's. 34,439 for the financial year ended December 31, 2019, were previously netted off with Rental income and presented on a net basis. Rental expense has now been reclassified into 'Marketing and administrative expense', in the consolidated statement of profit or loss. Accordingly, rental income for the year ended December 31, 2019, shown within "other operating income "has increased by Rs000's. 34,439.

The above corrections have no impact on basic/diluted earnings per share, consolidated statements of cash flows, life assurance fund and tax.

f An amount of (Rs000's. 183,728) representing inter-fund transaction were incorrectly treated within 'Fees payable' on the consolidated statement of profit or loss. The amount has now been reclassified, resulting in a decrease of Rs000's. 183,728 in 'Fee income on insurance and investment contracts' and a decrease of Rs000's. 183,728 in 'Fees payable'.

The above corrections have no impact on basic/diluted earnings per share, consolidated statements of cashflows, life assurance fund and tax.

g As per IAS 39, financial assets are classified as either fair value through profit & loss, available for sale, held to maturity and loans and receivables. The Group had incorrectly classified an Available-for-sale equity instrument of Rs000's. 188,368 as Held-to-maturity financial assets as at December 31, 2019.

Correction has been made to increase Available-for-sale financial assets by Rs000's. 188,368 and decrease Held-to-maturity financial assets by Rs000's. 188,368. The fair value adjustment on the available for sale financial assets was not material and hence not adjusted for.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

33. PRIOR YEAR RESTATEMENTS (CONT'D)

(i) Impact on the consolidated financial statements (Cont'd)

Other prior year restatements

h The Group did not measure Held-to-maturity financial assets at amortised cost in line with the requirements of IAS 39 for the year ended December 31, 2019 and December 31, 2018. The error has now been rectified to recognise the Held-to-maturity financial assets at amortised cost, with retrospective adjustments of Rs000's. 33,518 at January 01, 2019, and Rs000's. 29,097 at December 31, 2019.

The adjustment of Rs000's. 33,518 at January 01, 2019, and Rs000's. 29,097 at December 31, 2019, has an impact on the Life Assurance Fund as of same date.

Interest income on held-to maturity financial assets were previously being accrued using a straight-line approach (i.e. pro-rata basis based on number of days). Adjustment of Rs000's. 4,421 has been recognised within "investment income" line item in the consolidated statement of profit or loss, to reflect the use of amortised cost measurement, i.e. interest income recognised using the effective interest rate method.

i The Group accounted within cash and cash equivalents as at December 31, 2019, an amount of Rs000's. 259,865 (January 01, 2019: Rs000's. 90,619) which represents reconciling items namely unpresented cheques and outstanding deposits.

An amount of Rs000's. 64,965 at December 31, 2019 (Rs000's. 3,161 at January 01, 2019) did not meet the definition of 'Cash and cash equivalents' and hence reclassified to 'Trade and other receivables' on the consolidated statement of financial position.

An amount of Rs000's. 324,830 at December 31, 2019, (Rs000's. 93,780 at January 01, 2019) represented unpresented cheques. These unpresented cheques represent cheques which have been written and accounted for but not yet paid out by the bank. Since the amount was not yet paid out by the bank, the derecognition criteria for financial liabilities is not met, and hence the amounts have been reclassified to 'Trade and other payables' on the consolidated statement of financial position.

The above adjustments resulted in an increase in cash balance at January 01, 2019, of Rs000's. 90,619 and of Rs000's 169,246 on the cash movements for year ended December 31, 2019. Hence, impact on cash and cash equivalents at December 31, 2019, amounts to Rs000's. 259,865 as shown on the consolidated statement of cash flows.

j During the financial year ended December 31, 2019, premiums of Rs000's. 13,537 and commissions payable of Rs000's. 1,963 relating to the month of November 2019 was omitted from the consolidated financial statements. The figures for the financial year December 31, 2019, has been restated accordingly to reflect the adjustments.

'Gross premiums' and 'Trade and other receivables' have increased by Rs000's. 13,537 whilst 'Commission payable to agents and brokers' and 'Trade and other payables' have increased by Rs000's. 1,963.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

33. PRIOR YEAR RESTATEMENTS (CONT'D)

(i) Impact on the consolidated financial statements (Cont'd)

k Gross unearned premiums of Rs000's. 25,008 were understated in the financial year December 31, 2019, which has consequently led to an understatement in Gross Earned Premiums. Restatements have been effected to account for the adjustment in the correct period. 'Gross Earned Premiums' on the consolidated statement of profit or loss has been increased by Rs000's. 25,008 and 'Gross unearned premiums' on the consolidated statement of financial position has been decreased by Rs'000's. 25,008.

l Management has omitted an amount of Rs000's. 27,595 relating to Premium ceded to reinsurers for the financial year December 31, 2019, which has consequently led to an understatement in other payables. This amount has therefore been adjusted retrospectively. 'Premium ceded to reinsurers' on the consolidated statement of profit or loss has been decreased by Rs000's. 27,595 and 'Trade and other payables' on the consolidated statement of financial position has increased by Rs000's. 27,595.

m Impairment of receivables from insurance contracts were understated by Rs000's. 13,241 during the financial year December 31, 2019. Accordingly, 'Impairment of financial assets' on the consolidated statement of profit or loss has been increased by Rs000's. 13,241 and 'Trade and other receivables' on the consolidated statement of financial position has been decreased by Rs000's. 13,241.

n The adjustments (b), (c), (e), (f), (h), (j), (k), (l) and (m) for the year ended December 31, 2019, has had the following impact:

- a net impact of (Rs'000s 167) on the 'Movement in Life Assurance Fund' on the consolidated statement of profit or loss. There is no resulting impact on tax.
- a net impact of (Rs'000s. 33,518) on the 'Life Assurance Fund' on the consolidated statement of financial position at January 01, 2019.
- a net impact of (Rs'000s. 33,351) on the 'Life Assurance Fund' on the consolidated statement of financial position at December 31, 2019, which includes the impact of (Rs'000s. 33,518) at January 01, 2019.
- no impact on basic/diluted earnings per share.

These restatements impact Life Assurance Fund as they relate to the income and expenses for policyholders.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

33. PRIOR YEAR RESTATEMENTS (CONT'D)

(ii) Impact on the separate financial statements

Separate statement of financial position

Restatement of impact lines of the separate financial statements for prior periods are as follows:

The Company		DECEMBER 31, 2019			JANUARY 01, 2019		
	See note below	Previously stated	Prior year adjustment	Restated	Previously stated	Prior year adjustment	Restated
ASSETS		**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Non-current assets							
Property and equipment		**251,125**	-	**251,125**	**250,680**	-	**250,680**
Right-of-use assets		**10,491**	-	**10,491**	**-**	-	**-**
Investment properties		**395,960**	-	**395,960**	**439,074**	-	**439,074**
Intangible assets		**11,259**	-	**11,259**	**14,008**	-	**14,008**
Investments in subsidiary companies		**548,512**	-	**548,512**	**540,012**	-	**540,012**
Investments in associated companies		**4,364**	-	**4,364**	**614**	-	**614**
Investments in financial assets	a	**36,304,460**	(36,304,460)	**-**	**33,222,441**	(33,222,441)	**-**
Available-for-sale financial assets	a	**-**	24,479,586	**24,667,954**		21,749,213	**21,749,213**
	g		188,368				
		-	-	**-**	**-**		**-**
Held-to-maturity financial assets	a	**-**	11,824,874	**11,607,409**	**-**	11,473,228	**11,439,710**
	h		(29,097)			(33,518)	
	g		(188,368)				
Loans and receivables		**4,252,618**	-	**4,252,618**	**3,979,687**	-	**3,979,687**
Deferred tax assets		**-**	-	**-**	**-**	-	**-**
Other receivables		**-**	-	**-**	**-**	-	**-**
Total non-current assets		**41,778,789**	(29,097)	**41,749,692**	**38,446,516**	(33,518)	**38,412,998**

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

33. PRIOR YEAR RESTATEMENTS (CONT'D)

(ii) Impact on the separate financial statements

Separate statement of financial position (cont'd)

The Company		DECEMBER 31, 2019			JANUARY 01, 2019		
	See note below	Previously stated	Prior year adjustment	Restated	Previously stated	Prior year adjustment	Restated
		Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Current assets							
Trade and other receivables	i	**810,653**	64,965	**875,914**	**733,930**	3,161	**737,091**
	j		13,537				
	m		(13,241)				
Investments in financial assets	a	**2,396,389**	(2,396,389)	**-**	**1,296,212**	(1,296,212)	**-**
Held-to-maturity financial assets	a	**-**	2,396,389	**2,396,389**	**-**	1,296,212	**1,296,212**
Loans and receivables		**213,492**	-	**213,492**	**531,146**	-	**531,146**
Seized properties		**55,489**	-	**55,489**	**55,338**	-	**55,338**
Short term deposits		**1,427,588**	-	**1,427,588**	**1,174,142**	-	**1,174,142**
Cash and cash equivalents	i	**956,387**	259,865	**1,216,252**	**918,125**	90,619	**1,008,744**
Total current assets		**5,859,998**	325,126	**6,185,124**	**4,708,893**	93,780	**4,802,673**
Total assets		**47,638,787**	296,029	**47,934,816**	**43,155,409**	60,262	**43,215,671**
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital		**26,322**	-	**26,322**	**26,322**	-	**26,322**
Reserves		**1,253,277**	-	**1,253,277**	**1,071,052**	-	**1,071,052**
		1,279,599	-	**1,279,599**	**1,097,374**	-	**1,097,374**
Non-controlling interests		**-**	-	**-**	**-**	-	**-**
Total equity		**1,279,599**	-	**1,279,599**	**1,097,374**	-	**1,097,374**

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

33. PRIOR YEAR RESTATEMENTS (CONT'D)

(ii) Impact on the separate financial statements (cont'd)

Separate statement of financial position (cont'd)

Restatement of impact lines of the separate financial statements for prior periods are as follows:

The Company	See note below	DECEMBER 31, 2019			JANUARY 01, 2019		
		Previously stated	Prior year adjustment	Restated	Previously stated	Prior year adjustment	Restated
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Technical provisions							
Life Assurance Fund	n/h	**45,199,804**	(29,097)	**45,166,453**	**41,098,308**	(33,518)	**41,064,790**
	n/j		11,574				
	n/k		25,008				
	n/l		(27,595)				
	n/m		(13,241)				
Gross outstanding claims		**261,096**	-	**261,096**	**278,908**	-	**278,908**
Gross unearned premiums	k	**86,362**	(25,008)	**61,354**	**122,160**	-	**122,160**
Total technical provisions		**45,547,262**	(58,359)	**45,488,903**	**41,499,376**	(33,518)	**41,465,858**
Non-current liabilities							
Retirement benefit obligations		**85,508**	-	**85,508**	**74,000**	-	**74,000**
Lease liabilities		**8,193**	-	**8,193**	**-**	-	**-**
Other payables		**53,667**	-	**53,667**	**54,076**	-	**54,076**
Total non-current liabilities		**147,368**	-	**147,368**	**128,076**	-	**128,076**
Current liabilities							
Trade and other payables	i	**505,550**	324,830	**859,938**	**430,583**	93,780	**524,363**
	j		1,963				
	l		27,595				
Lease liabilities		**2,655**	-	**2,655**	**-**	-	**-**
Current tax liabilities		**-**	-	**-**	**-**	-	**-**
Dividend payable		**156,353**	-	**156,353**	**-**	-	**-**
Total current liabilities		**664,558**	354,388	**1,018,946**	**430,583**	93,780	**524,363**
Total equity and liabilities		**47,638,787**	296,029	**47,934,816**	**43,155,409**	60,262	**43,215,671**

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

33. PRIOR YEAR RESTATEMENTS (CONT'D)

(ii) Impact on the separate financial statements (cont'd)

Separate statement of profit and loss

The Company	See note below	DECEMBER 31, 2019		
		Previously stated	Prior year adjustment	Restated
		Rs'000		Rs'000
Gross earned premiums	j	**4,821,113**	13,537	**4,859,658**
	k		25,008	
Premiums ceded to reinsurers	l	**(144,881)**	(27,595)	**(172,476)**
Net earned premiums		**4,676,232**	10,950	**4,687,182**
Fee income on insurance and investment contracts	f	**306,295**	(183,728)	**122,567**
Investment income	h	**1,581,060**	4,421	**1,585,481**
Other income		**668,701**	-	**668,701**
Gain on exchange		**44,504**	-	**44,504**
Other operating income	e	**9,947**	34,439	**44,386**
		7,286,739	(133,918)	**7,152,821**
Gross death and disablement insurance claims		**216,234**	-	**216,234**
Recoverable from reinsurers		**(31,156)**	-	**(31,156)**
Net death and disablement insurance claims		**185,078**	-	**185,078**
Maturity claims		**2,163,511**	-	**2,163,511**
Surrenders		**659,914**	-	**659,914**
Annuities		**696,384**	-	**696,384**
Commissions payable to agents and brokers	j	**194,601**	1,963	**196,564**
Fees payable	f	**364,698**	(183,728)	**180,970**
Depreciation, amortisation and write-off		**35,893**	-	**35,893**
Provision for bad debts and impairment loss	b	**55,560**	(55,560)	**-**
Movement in allowances for credit impairment	b	**-**	6,591	**6,591**
Impairment of financial assets	b	**-**	48,969	**62,210**
	m		13,241	
Marketing and administrative expenses	c	**310,986**	(640)	**344,785**
	e		34,439	
Loss on exchange		**-**	-	**-**
		4,666,625	(134,725)	**4,531,900**
Movement in Life Assurance Fund	n	**(2,281,536)**	(167)	**(2,281,703)**

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

33. PRIOR YEAR RESTATEMENTS (CONT'D)

(ii) Impact on the separate financial statements (cont'd)

Separate statement of profit and loss (cont'd)

Restatement of impact lines of the separate financial statements for prior periods are as follows:

The Company	See note below	DECEMBER 31, 2019 Previously stated	Prior year adjustment	Restated
		Rs'000		Rs'000
Finance costs	c	-	640	640
Share of results of associated companies, net of tax		-	-	-
Profit before taxation		338,578	-	338,578
Taxation		-		-
Profit for the year		338,578	-	338,578
Profit for the year attributable to:				
Owners of the parent		338,578	-	338,578
Non-controlling interests		-	-	-
		338,578	-	338,578
Basic/Diluted earnings per share (Rs/cts)		128.63	-	128.63

Separate statement of cash flows

The Company	See note below	Previously stated	Prior year adjustment	Restated
Net cash generated from operating activities	d	1,867,469	(640)	2,036,075
	i		169,246	
Net cash used in investing activities		(1,609,242)	-	(1,609,242)
Net cash used in financing activities	d	(2,968)	640	(2,328)
Increase in cash and cash equivalents		255,259	169,246	424,505
Movement in cash and cash equivalents				
At January 1,	i	2,092,267	90,619	2,182,886
Increase during the year		255,259	169,246	424,505
Effects of exchange rate changes		36,449	-	36,449
At December 31,	i	2,383,975	259,865	2,643,840

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

33. PRIOR YEAR RESTATEMENTS (CONT'D)

(ii) Impact on the separate financial statements (cont'd)

Separate statement of profit and loss (cont'd)

The details of the corrections made in the separate financial statements are as follows:

Reclassification and presentation restatements

According to IAS 1 'presentation of financial statements', transactions with different nature or functions, use of difference measurement bases for different classes of assets, should be presented as separate line item:

a Previously 'Available-for-sale financial assets' and 'Held to maturity financial assets' were presented as 'Investment in Financial assets' in the separate statement of financial position. Management has determined that separately presenting would be more appropriate. This has led to reclassifying Rs000's. 24,479,586 (January 01, 2019: Rs000's 21,749,213) to 'Available-for-sale financial assets' and Rs000's.14,221,263 (January 01, 2019: Rs000's. 12,769,440) to 'Held-to-maturity financial assets', out of which Rs000's. 2,396,389 (January 01, 2019: Rs000's. 1,296,212) is classified within current assets.

The above corrections have no impact on basic/diluted earnings per share, separate statements of cash flows, life assurance fund and tax.

b 'Provision for bad debts and impairment loss' of Rs000's. 55,560 in the year ended December 31, 2019 has been split into 'Movement in allowances for credit impairment' and 'Impairment of financial assets' amounting to Rs000's. 6,591 and Rs000's. 48,969 respectively to reflect the classification.

The above corrections have no impact on basic/diluted earnings per share, separate statements of cash flows, life assurance fund and tax.

c Finance cost of Rs000's. 640 in year ended December 31,2019, which was previously disclosed under 'marketing and administrative expenses', has been now been reclassified to 'Finance costs' in the separate statement of profit or loss.

The above corrections have no impact on basic/diluted earnings per share, separate statements of cash flows, life assurance fund and tax.

d Finance cost paid on Lease liabilities amounting to Rs000's. 640 for the financial year ended December 31, 2019 which was previously included under 'principles paid on lease liabilities' within financing activities, has been reclassified into a separate line item 'Interest paid' within operating activities in the separate statement of cash flows.

The above corrections have no impact on basic/diluted earnings per share, life assurance fund and tax.

Refer to note 33 (ii) for details of impact on separate statement of cashflows.

e Rental expense amounting to Rs000's. 34,439 for the financial year ended December 31, 2019, were previously netted off with Rental income and presented on a net basis. Rental expense has now been reclassified into 'Marketing and administrative expense' in the separate statement of profit or loss. Accordingly, rental income for the year ended December 31, 2019, shown within "other operating income "has increased by Rs000's. 34,439.

The above corrections have no impact on basic/diluted earnings per share, separate statements of cash flows, life assurance fund and tax.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

33. PRIOR YEAR RESTATEMENTS (CONT'D)

(ii) Impact on the separate financial statements (cont'd)

The details of the corrections made in the separate financial statements are as follows:

f An amount of (Rs000's. 183,728) representing inter-fund transaction were incorrectly treated within 'Fees payable' on the separate statement of profit or loss. The amount has now been reclassified, resulting in a decrease of Rs000's. 183,728 in 'Fee income on insurance and investment contracts' and a decrease of Rs000's. 183,728 in 'Fees payable'.

The above corrections have no impact on basic/diluted earnings per share, separate statements of cashflows, life assurance fund and tax.

g As per IAS 39, financial assets are classified as either fair value through profit & loss, available for sale, held to maturity and loans and receivables. The Company had incorrectly classified an Available-for-sale equity instrument of Rs000's. 188,368 as Held-to-maturity financial assets as at December 31, 2019.

Correction has been made to increase Available-for-sale financial assets by Rs000's. 188,368 and decrease Held-to-maturity financial assets by Rs000's. 188,368. The fair value adjustment on the available for sale financial assets was not material and hence not adjusted for.

Other prior year restatements

h The Company did not measure Held-to-maturity financial assets at amortised cost in line with the requirements of IAS 39 for the year ended December 31, 2019 and December 31, 2018. The error has now been rectified to recognise the Held-to-maturity financial assets at amortised cost, with retrospective adjustments of Rs000's. 33,518 at January 01, 2019, and Rs000's. 29,097 at December 31, 2019.

The adjustment of Rs000's. 33,518 at January 01, 2019, and Rs000's. 29,097 at December 31, 2019, has an impact on the Life Assurance Fund as of same date.

Interest income on held-to maturity financial assets were previously being accrued using a straight-line approach (i.e. pro-rata basis based on number of days). Adjustment of Rs000's. 4,421 has been recognised within "investment income" line item in the separate statement of profit or loss, to reflect the use of amortised cost measurement, i.e. interest income recognised using the effective interest rate method.

i The Company accounted within cash and cash equivalents as at December 31, 2019, an amount of Rs000's. 259,865 (January 01, 2019: Rs000's. 90,619) which represents reconciling items namely unpresented cheques and outstanding deposits.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

33. PRIOR YEAR RESTATEMENTS (CONT'D)

(ii) Impact on the separate financial statements (cont'd)

An amount of Rs000's. 64,965 at December 31, 2019, (Rs000's. 3,161 at January 01, 2019) did not meet the definition of 'Cash and cash equivalents' and hence reclassified to 'Trade and other receivables' on the separate statement of financial position.

An amount of Rs000's. 324,830 at December 31, 2019, (Rs000's. 93,780 at January 01, 2019) represented unpresented cheques. These unpresented cheques represent cheques which have been written and accounted for but not yet paid out by the bank. Since the amount was not yet paid out by the bank, the derecognition criteria for financial liabilities is not met, and hence the amounts have been reclassified to 'Trade and other payables' on the separate statement of financial position.

The above adjustments resulted in an increase in cash balance at January 01, 2019, of Rs000's. 90,619 and of Rs000's 169,246 on the cash movements for year ended December 31, 2019. Hence, impact on cash and cash equivalents at December 31, 2019, amounts to Rs000's. 259,865 as shown on the separate statement of cash flows.

j During the financial year ended December 31, 2019, premiums of Rs000's. 13,537 and commissions payable of Rs000's. 1,963 relating to the month of November 2019, was omitted from the separate financial statements. The figures for the financial year December 31, 2019, has been restated accordingly to reflect the adjustments.

'Gross premiums' and 'Trade and other receivables' have increased by Rs000's. 13,537 whilst 'Commission payable to agents and brokers' and 'Trade and other payables' have increased by Rs000's. 1,963.

k Gross unearned premiums of Rs000's. 25,008 were understated in the financial year December 31, 2019, which has consequently led to an understatement in Gross Earned Premiums. Restatements have been effected to account for the adjustment in the correct period. "Gross Earned Premiums' on the separate statement of profit or loss has been increased by Rs000's. 25,008 and 'Gross unearned premiums' on the separate statement of financial position has been decreased by Rs'000's. 25,008.

l Management has omitted an amount of Rs000's. 27,595 relating to Premium ceded to reinsurers for the financial year December 31, 2019, which has consequently led to an understatement in other payables. This amount has therefore been adjusted retrospectively. 'Premium ceded to reinsurers' on the separate statement of profit or loss has been decreased by Rs000's. 27,595 and 'Trade and other payables' on the separate statement of financial position has increased by Rs000's. 27,595.

m Impairment of receivables from insurance contracts were understated by Rs000's. 13,241 during the financial year December 31, 2019. Accordingly, 'Impairment of financial assets' on the separate statement of profit or loss has been increased by Rs000's. 13,241 and 'Trade and other receivables' on the separate statement of financial position has been decreased by Rs000's. 13,241.

n The adjustments (b), (c), (e), (f), (h), (j), (k), (l) and (m) for the year ended December 31, 2019, has had the following impact:

- a net impact of (Rs'000s 167) on the 'Movement in Life Assurance Fund' on the separate statement of profit or loss. There is no resulting impact on tax.
- a net impact of (Rs'000s. 33,518) on the 'Life Assurance Fund' on the separate statement of financial position at January 01, 2019.
- a net impact of (Rs'000s. 33,351) on the 'Life Assurance Fund' on the separate statement of financial position at December 31, 2019, which includes the impact of (Rs'000s. 33,518) at January 01, 2019.
- no impact on basic/diluted earnings per share.

These restatements impact Life Assurance Fund as they relate to the income and expenses for policyholders.

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

34. BUSINESS COMBINATION

(a) Acquisition of subsidiary

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

	2019
	Rs.'000
Consideration paid	
Cash and cash equivalents	8,500
Total consideration paid	8,500

	2019
Recognition amounts of identifiable assets acquired and liabilities assumed	Rs.'000
Trade and other receivables	3,327
Cash in hand and at bank	2,011
Trade and other payables	(360)
Current tax liabilities	(319)
Total identifiable net assets	4,659
Goodwill (note 7(a))	3,841

	2019
Net cash outflow on acquisition of subsidiary	Rs.'000
Consideration paid in cash	8,500
Less: cash and cash equivalent balances acquired	(2,011)
Total consideration net of cash	6,489

The residual goodwill of Rs 3,841k represents future synergies expected to arise in the combined operations, the value of new business from new customers going forward, and the value of the workforce and management and other future business not included in the intangibles and the existing business.

The identifiable net assets of Swan Actuarial Services Ltd were overstated by Rs000's. 2,683 which has led to an understatement of goodwill in prior year and the impact is not material. Refer to note 7(a).

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

35. RELATED PARTY TRANSACTIONS

(a)

THE GROUP	Sales of services	Purchases of services	Investment income	Recharges	Rental charge	Lease liabili-ties	Interest expense	Financial assets	Loans/ deposits	Amount receivable from related parties	Amount payable to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2020											
Holding company	26,887	24,964	1,293	56,026	-	3,651	237	-	-	99,402	51,073
Associated companies	-	2,445	-	5,477	-	-	-	25,669	-	6,851	4,070
Entities under common control	10,913	518	6,665	11,852	-	-	-	112,810	-	49,586	57,926
Shareholders with significant influence	92,552	-	108,305	-	-	-	-	2,406,673	3,167,647	24,498	-
Enterprise that have a number of key management/directors in common	930,712	-	-	-	-	-	-	-	-	72,008	-
Key management personnel	818	-	217	-	-	-	-	-	10,061	-	7
	1,061,882	27,927	116,480	73,355	-	3,651	237	2,545,152	3,177,708	252,345	113,076

	Sales of services	Purchases of services	Investment income	Recharges	Rental charge	Lease liabili-ties	Interest expense	Financial assets	Loans/ deposits	Amount receivable from relat-ed parties	Amount payable to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2019											
Holding company	30,585	22,053	5,470	15,450	-	4,706	267	-	180,312	21,400	14,700
Associated companies	-	-	-	4,774	-	-	-	39,519	13,440	6,148	3,984
Entities under common control	-	-	2,580	11,639	-	-	-	103,950	-	28,710	56,807
Shareholders with significant influence	82,834	-	151,231	-	-	-	-	2,316,452	1,601,734	16,308	17,300
Enterprise that have a number of key management/directors in common	1,018,142	-	-	-	-	-	-	-	-	82,688	34,073
Key management personnel	797	-	251	-	-	-	-	-	4,562	-	7
	1,132,358	22,053	159,532	31,863	-	4,706	267	2,459,921	1,800,048	155,254	126,871

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

35. RELATED PARTY TRANSACTIONS (CONT'D)

(b)

THE COMPANY	Sales of services	Purchase of services	Investment income	Recharges	Rental Income	Financial assets	Loans/ deposits	Amount receivable from related parties	Amount payable to related parties
2020	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Holding company	**20,000**	**20,703**	**1,293**	**56,026**	**-**	**-**	**-**	**98,548**	**41,269**
Subsidiary companies	**1,225**	**123,547**	**81,895**	**48,805**	**1,997**	**-**	**-**	**75,338**	**18,504**
Associated companies	**-**	**1,440**	**-**	**5,477**	**-**	**4,364**	**-**	**6,348**	**3,750**
Entities under common control	**-**	**-**	**6,665**	**11,852**	**-**	**112,810**	**-**	**31,842**	**53,421**
Shareholders with significant influence	**92,552**	**-**	**108,305**	**-**	**-**	**2,406,673**	**3,167,647**	**16,904**	**-**
Enterprise that have a number of key management/directors in common	**930,712**	**-**	**-**	**-**	**-**	**-**	**-**	**72,008**	**-**
Key management personnel	**818**	**-**	**217**	**-**	**-**	**-**	**10,061**	**-**	**7**
	1,045,307	**145,690**	**198,375**	**122,160**	**1,997**	**2,523,847**	**3,177,708**	**300,988**	**116,951**

	Sales of services	Purchase of services	Investment income	Recharges	Rental Income	Financial assets	Loans/ deposits	Amount receivable from related parties	Amount payable to related parties
2019	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Holding company	25,333	20,162	5,470	15,347	-	-	180,312	19,422	8,374
Subsidiary companies	3,436	111,219	81,196	43,516	1,997	-	-	133,536	18,682
Associated companies	-	-	1,248	4,774	-	4,364	13,440	5,645	3,750
Entities under common control	-	-	2,580	11,639	-	103,950	-	27,150	56,323
Shareholders with significant influence	82,834	-	151,231	-	-	2,316,452	1,601,734	9,870	-
Enterprise that have a number of key management/directors in common	1,018,142	-	-	-	-	-	-	82,688	34,073
Key management personnel	797	-	251	-	-	-	4,562	-	7
	1,130,542	131,381	241,976	75,276	1,997	2,424,766	1,800,048	278,311	121,209

Notes to the Consolidated and Separate Financial Statements

YEAR ENDED DEC 31, 2020

35. RELATED PARTY TRANSACTIONS (CONT'D)

(c)

Key management personnel compensation	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Salaries and short-term employee benefits	**54,205**	44,811	**32,077**	28,013
Post-employment benefits	**1,985**	1,222	**1,226**	774
	56,190	46,033	**33,303**	28,788

(d) The terms and conditions in respect of receivables and payables have been disclosed under respective notes. For the year ended December 31, 2020, the Group and the Company have not recorded any impairment of receivables relating to amounts owed by related parties (2019: Nil). There have been no guarantees provided for any related party receivables or payables.

36. THREE YEAR FINANCIAL REVIEW

	THE GROUP			THE COMPANY		
	2020	2019	2018	2020	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Statement of profit or loss and other comprehensive income		Restated *	Restated *		Restated *	Restated *
Gross earned premiums	**4,718,991**	4,859,658	4,394,991	**4,718,991**	4,859,658	4,394,991
Net earned premiums	**4,531,615**	4,687,182	4,232,930	**4,531,615**	4,687,182	4,232,930
Investment and other income	**3,092,960**	2,602,384	2,357,492	**2,915,841**	2,465,639	2,225,872
Share of (loss)/profit of associates	**(9,268)**	5,747	2,121	**-**	-	-
	7,615,307	7,295,313	6,592,543	**7,447,456**	7,152,821	6,458,802
Transfer to Life Assurance Fund	**(2,775,799)**	(2,281,703)	(2,064,401)	**(2,775,799)**	(2,281,703)	(2,064,401)
Profit for the year before taxation	**561,118**	455,282	496,233	**428,258**	338,578	393,821
Taxation	**(3,650)**	(35,770)	(31,592)	**-**	-	-
Profit for the year	**557,468**	419,512	464,641	**428,258**	338,578	393,821
Other comprehensive income for the year, net of tax	**(2,874,525)**	1,788,327	(982,701)	**(2,857,913)**	1,792,027	(981,410)
Transfer to Life Assurance Fund	**-**	-	981,410	**-**	-	981,410
Total comprehensive income for the year	**(2,317,057)**	2,207,839	463,350	**(2,429,655)**	2,130,605	393,821

Other Statutory Disclosures

YEAR ENDED DEC 31, 2020

36. THREE YEAR FINANCIAL REVIEW (CONT'D)

	THE GROUP			THE COMPANY		
	2020	2019	2018	2020	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
		Restated *	Restated *		Restated *	Restated *
Profit for the year						
Attributable to:						
Owners of the parent	**517,691**	391,911	439,747	**428,258**	338,578	393,821
Non-controlling interests	**39,777**	27,601	24,894	**-**	-	-
	557,468	419,512	464,641	**428,258**	338,578	393,821
Total comprehensive income for the year						
Attributable to:						
Owners of the parent	**502,804**	387,694	439,068	**428,258**	338,578	393,821
Non-controlling interests	**38,052**	28,118	24,282	**-**	-	-
	540,856	415,812	463,350	**428,258**	338,578	393,821
Dividends	**156,353**	156,353	130,294	**156,353**	156,353	130,294
Earnings attributable to shareholders	**517,691**	391,911	439,747	**428,258**	338,578	393,821
Statement of Financial Position						
Non-current assets	**40,938,738**	41,460,393	38,105,190	**41,094,191**	41,749,692	38,412,998
Current assets	**7,495,652**	6,738,170	5,243,370	**7,014,945**	6,185,124	4,802,673
	48,434,390	48,198,563	43,348,560	**48,109,136**	47,934,816	43,215,671
Share capital	**26,322**	26,322	26,322	**26,322**	26,322	26,322
Retained earnings	**1,523,412**	1,162,074	926,516	**995,539**	723,634	541,409
Reserves	**44,887**	42,459	46,676	**529,643**	529,643	529,643
Non-controlling interests	**221,593**	201,146	190,331	**-**	-	-
Life Assurance Fund	**45,084,339**	45,166,453	41,064,790	**45,084,339**	45,166,453	41,064,790
Gross oustanding claims	**321,410**	261,096	278,908	**321,410**	261,096	278,908
Gross unearned premiums	**45,426**	61,354	122,160	**45,426**	61,354	122,160
Other non-current liabilities	**221,358**	163,745	130,907	**203,070**	147,368	128,076
Current liabilities	**945,643**	1,113,914	561,950	**903,387**	1,018,946	524,363
	48,434,390	48,198,563	43,348,560	**48,109,136**	47,934,816	43,215,671

Other Statutory Disclosures

YEAR ENDED DEC 31, 2020

37. GOING CONCERN AND COVID-19

The COVID-19 virus and its variants continue to pose a serious public health issue globally, keeping many regions under lock-down conditions, and weighing on social and economic activities. However, while economies sustained severe losses in the first half of 2020, an improvement was observed during the last quarter, with important catchups projected for 2021. In addition, the gradual availability of vaccines, combined with the initiation of massive vaccination campaigns, indicate that the world may be in a better position to cope and live with the virus.

Effect of COVID-19

International equity markets quickly recovered from the COVID-19 panic and even hit new all-time highs following massive stimulus deployed across the globe. On the local side, despite recovering some grounds in the last quarter of 2020, the stock market closed the year significantly lower than at the beginning of 2020.

Small, insular, yet open economies like Mauritius, despite their sector diversification, are vulnerable as they remain highly dependent on international customers for their development and growth. As a result, they will continue to be adversely impacted until and unless their economic arteries are re-oxygenated sustainably. The government's support to industries and its social measures have been important in holding the economic and social fabrics. However, as long as our frontiers remain closed, one of our most important industries, hotels & leisure, will continue to weigh on economic growth.

Whether our economy will weather this storm will greatly depend on the government's ability to continue supporting the weaker industries, on how long our frontiers are kept closed while quarantine formalities remain heavy, as well as the private sector's ability to adapt to the new economic context.

Despite these challenges, and provided that the world does not experience other major shocks, we are optimistic that the global economy and financial markets will improve further in 2021 on the back of massive fiscal and monetary policy support globally.

The Group and the Company do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak, however, it is anticipated that the fair value of the financial instruments asset which the group holds and the underlying transactions, in which the group currently operates, would be adversely affected as a result of market volatility and the deteriorating economic environment. The impact of this outbreak on the assets and exposures as well as on the macroeconomic forecasts will be incorporated in the estimates on impairment assessment provisions in 2020 and the fair value models for financial assets and collaterals will similarly be reassessed.

The capital and solvency margins have always been above the minimum required by the Insurance Act 2005. The Company does not foresee any pressure on its solvency ratio in the near term based on the different stress tests carried out. The Group and the Company also believe that their liquidity position is adequate to ensure any future commitments and obligations that may arise are settled. As such, the consolidated and separate financial statements as presented have been prepared on a going concern basis.

38. EVENTS AFTER REPORTING PERIOD

There have been no material events after the reporting date which would require disclosures or adjustments in the consolidated and separate financial statements for the year ended December 31, 2020.

Other Statutory Disclosures
(pursuant to Section 221 of the Mauritius Companies Act)

YEAR ENDED DEC 31, 2020

DIRECTORS OF THE COMPANY	
	Mr. M. E. Nicolas MAIGROT - Chairperson
	Mr. J. M. Louis RIVALLAND - Group Chief Executive
	Mr. Arif. F. CURRIMJEE
	Mr. M. M. Hector ESPITALIER-NOËL
	Mr. M. H. Philippe ESPITALIER-NOËL
	Mr. M. D. Henri HAREL
	Mr. J. M. René LECLÉZIO
	Mr. E. Jean-Sebastien MAMET
	Mr. P. Gopallen MOOROOGEN
	Mr. Victor C. SEEYAVE
DIRECTORS OF THE SUBSIDIARY COMPANIES	
Manufacturers' Distributing Station Limited	Mr. J. M. Louis RIVALLAND
	Mr. Jaiyansing SOOBAH
Swan Pensions Ltd	Mr. J. M .Alan GODER
	Mr. P. Gopallen MOOROOGEN
	Mr. J. M. Louis RIVALLAND
Swan Wealth Managers Ltd	Mr. J.M. Louis RIVALLAND
	Mr. P. MOOROOGEN
	Mr. Nitish BENI MADHU (resigned on January 29, 2021)
Swan Foundation	Mr. J. M. Louis RIVALLAND
	Mr. Jaiyansing SOOBAH
Swan Financial Solutions Ltd	Mr. Ashley C. RUHEE
	Mr. Nitish BENI MADHU (resigned on January 29, 2021)
	Mr. J. M. Louis RIVALLAND
Swan Securities Ltd	Mr. Jaiyansing SOOBAH
	Mrs. Karine MOREL
Swan Corporate Advisors Ltd	Mr. Gianduth JEEAWOCK
	Mr. Jaiyansing SOOBAH
Swan Pensions Rwanda (SPR) Ltd	Mr. J. M. Alan GODER
	Mr. Jean Pierre Mubiigi KANAMUGIRE
	Mr. J. M. Louis RIVALLAND
	Mrs. Charisma D. ROOPUN
Swan Actuarial Services Ltd	Mr. Richard LI TING CHUNG
	Mr. Jaiyansing SOOBAH

Other Statutory Disclosures
(pursuant to Section 221 of the Mauritius Companies Act)

YEAR ENDED DEC 31, 2020

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company and of the Subsidiary Companies have service contracts that need to be disclosed under Section 221 of the Mauritius Companies Act.

DIRECTORS' REMUNERATION AND BENEFITS

The total remuneration and benefits received, due and receivable:

(i) by each Director of Swan Life Ltd from the Company and its subsidiaries are as follows:

	From the Company		From the Subsidiaries	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Executive Directors				
Mr. J. M. Louis RIVALLAND	**7,117**	6,615	**7,236**	6,595
Non-executive Directors				
Mr. M. E. Nicolas MAIGROT	**175**	175	**-**	-
Mr. Arif CURRIMJEE	**140**	140	**-**	-
Mr. M. M. Hector ESPITALIER-NOËL	**90**	90	**-**	-
Mr. M. H. Philippe ESPITALIER-NOËL	**90**	90	**-**	-
Mr. M. D. Henri HAREL	**120**	120	**-**	-
Mr. J. M. René LECLÉZIO	**90**	90	**-**	-
Mr. Jean-Sebastien MAMET	**90**	90	**-**	-
Mr. P. Gopallen MOOROOGEN	**160**	160	**40**	40
Mr. Victor C. SEEYAVE	**140**	140	**-**	-
	8,212	7,710	**7,276**	6,635

(ii) by the Directors of Subsidiaries who are not Directors of the Company are provided below:

	From the Subsidiaries			
		2020		2019
	Rs'000	Rs'000	Rs'000	Rs'000
Manufacturers' Distributing Station Limited				
Non-executive Director				
Mr. Jaiyansing SOOBAH	**20**		20	
		20		20
Swan Pensions Ltd				
Executive Director				
Mr. Alan GODER	**20**		20	
		20		20

Other Statutory Disclosures

(pursuant to Section 221 of the Mauritius Companies Act)

YEAR ENDED DEC 31, 2020

DIRECTORS' REMUNERATION AND BENEFITS (CONT'D)

The total remuneration and benefits received, due and receivable:

(i) by each Director of Swan Life Ltd from the Company and its subsidiaries are as follows:

	From the Subsidiaries			
	2020		2019	
	Rs'000	Rs'000	Rs'000	Rs'000
Swan Wealth Managers Ltd				
Executive Director				
Mr. Nitish BENI MADHU	**20**		20	
		20		20
Swan Foundation				
Non-executive Director				
Mr. Jaiyansing SOOBAH	**-**		-	
		-		-
Swan Financial Solutions Ltd				
Executive Director				
Mr. Nitish BENI MADHU	**10**		10	
Non-executive Director				
Mr. Ashley Coomar RUHEE	**10**		10	
		20		20
Swan Securities Ltd				
Non-executive Directors				
Mr. Veenaye BUSGEETH	**-**		5	
Mrs. Karine MOREL	**20**		15	
Mr. Jaiyansing SOOBAH	**20**		20	
		40		40
Swan Corporate Advisors Ltd				
Non-executive Directors				
Mr. Gianduth JEEAWOCK	**-**		-	
Mr. Jaiyansing SOOBAH	**-**		-	
		-		-
Swan Pensions Rwanda (SPR) Ltd				
Non-executive Directors				
Mr. Alan GODER	**-**		-	
Mr. Jean Pierre Mubiigi KANAMUGIRE	**-**		-	
Mrs. Charisma Devi Roopun JAWAHEER	**-**		-	
		-		-

Other Statutory Disclosures

(pursuant to Section 221 of the Mauritius Companies Act)

YEAR ENDED DEC 31, 2020

DIRECTORS' REMUNERATION AND BENEFITS (CONT'D)

	From the Subsidiaries			
	2020		2019	
	Rs'000	Rs'000	Rs'000	Rs'000
Swan Actuarial Services Ltd				
Executive Director				
Mr. Richard LI TING CHUNG	**30**		**30**	
Non-executive Director				
Mr. Jaiyansing SOOBAH	**30**		**30**	
		60		60
		180		180

DONATIONS	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Political donations	**-**	2,850	**-**	350
Charitable donations	**15**	341	**15**	241

CONTRACT OF SIGNIFICANCE

During the year under review, there was no contract of significance to which the Company or one of its subsidiaries was a party and in which a Director of the Company was materially interested either directly or indirectly.

Other Statutory Disclosures

(pursuant to Section 221 of the Mauritius Companies Act)

YEAR ENDED DEC 31, 2020

AUDITORS' FEES

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees paid to:				
- KPMG	2,875	-	2,875	-
- BDO & Co	558	2,030	-	1,600
- Other firms	125	106	-	-
	3,558	2,136	2,875	1,600
Fees paid for other services provided by:				
- KPMG	575	-	575	-
- BDO & Co	1,256	775	1,256	775
	1,831	775	1,831	775
The breakdown of other services provided are as follows:				
Statutory services:				
-Review of insurance return	345	165	345	165
-Review of risk management framework	230	60	230	60
	575	225	575	225
Other services:				
-Review of quarterly consolidated accounts	336	400	336	400
-Review of year end consolidated accounts	-	150	-	150
-Preparation of Financial statements	920	-	920	-
	1,256	550	1,256	550
	1,831	775	1,831	775

Notice of Annual Meeting of Shareholders

Notice is hereby given that the Annual Meeting of Shareholders (the "Meeting") of Swan Life Ltd (the "Company") will be held on 29 September 2021 at 10:30 a.m. at Swan Centre, 10, Intendance Street, Port Louis, to transact the following business in the manner required for the passing of ORDINARY RESOLUTIONS:

AGENDA

1. To consider the 2020 Annual Report of the Company.
2. To receive the report of KPMG, the external auditors of the Company.
3. To consider and adopt the audited financial statements of the Company and the Group for the year ended 31st December 2020.
4. To confirm the appointment of Miss Grace Sarah Leung Shing as Director of the Company.
5. To re-appoint KPMG as auditors of the Company for the ensuing year in compliance with Section 40(3) of the Insurance Act 2005 and to authorise the Board of Directors to fix their remuneration.
6. To ratify the remuneration paid to the auditors for the financial year ended 31st December 2020.

BY ORDER OF THE BOARD

Jaiyansing Soobah
for Swan Corporate Affairs Ltd
Company Secretary

24 August 2021

NOTES

1. A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.

2. The instrument appointing a proxy or any general power of attorney shall be deposited at the Registered Office of the Company not less than twenty-four (24) hours before the start of the meeting and in default, the instrument of proxy shall not be treated as valid.

3. A proxy form is included in this Annual Report and is also available at the registered office of the Company.

4. For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting shall be those shareholders whose names are registered in the share register of the Company as at 30 August, 2021.

Proxy Form

I/We,

of

being a member/members of Swan Life Ltd ("the Company), do hereby appoint:

of

or failing him/her,

of

or failing him/her the Chairman of the Meeting, as my/our proxy to represent me/us and vote for me/us and on my/our behalf at the Annual Meeting of the Company to be held at Swan Centre, 10, Intendance Street, Port Louis on 29 September 2021 at 10:30 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote in the following manner (please vote with a tick):

RESOLUTIONS	*FOR*	*AGAINST*	*ABSTAIN*
1. To consider the 2020 Annual Report of the Company.			
2. To receive the report of Messrs. KPMG, the auditors of the Company.			
3. To consider and adopt the audited financial statements of the Company and the Group for the year ended 31st December 2020.			
4. To confirm the appointment of Miss Grace Sarah Leung Shing as Director of the Company.			
5. To re-appoint KPMG as auditors of the Company for the ensuing year in compliance with Section 40(3) of the Insurance Act 2005 and to authorise the Board of Directors to fix their remuneration.			
6. To ratify the remuneration paid to the auditors for the financial year ended 31st December 2020.			

Signed this ...... day of .... 2021. Signature(s) ....

NOTES

1. A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. If the instrument appointing a proxy or any general power of attorney is returned without an indication as to how the proxy shall vote on any particular resolution, the proxy will exercise his/her discretion as to whether and if so, how he/she votes.
3. To be valid, the instrument appointing a proxy or any general power of attorney, duly signed, shall be deposited at the Registered Office of the Company, Swan Centre, 10, Intendance Street, Port Louis 24 hours before the time fixed for holding the Annual Meeting.

Notes

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SWAN

Swan Life Ltd

Swan Centre
10 Intendance Street
Port Louis, Mauritius

T (230) 207 3500
F (230) 208 6898
W swanforlife.com