

**SWAN WEALTH MANAGERS LTD**

ANNUAL REPORT - YEAR ENDED

DECEMBER 31, 2021

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Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Swan Wealth Managers Ltd (the "Company") for the year ended December 31, 2021, contents of which are listed below:

<b>TABLE OF CONTENTS</b>	<b>PAGES</b>
Principal Activities and Other Statutory Disclosures	1(a)
Corporate Governance Report	2 - 2(m)
Secretary's Certificate	3
Statement of Compliance	4
Independent Auditor's Report	5 - 5(b)
Separate Financial Statements	
-Separate Statement of Financial Position	6
-Separate Statement of Profit or Loss and Other Comprehensive Income	7
-Separate Statement of Changes in Equity	8
-Separate Statement of Cash flows	9
Notes to the Separate Financial Statements	10 - 54

This report was approved and authorised for issue by the Board of Directors on: 24 March 2022



Chairperson  
**Name:** Louis Rivalland



Director  
**Name:** Gianduth Jeeawock

**PRINCIPAL ACTIVITIES AND OTHER STATUTORY DISCLOSURES - DECEMBER 31, 2021****PRINCIPAL ACTIVITIES**

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

**BOARD OF DIRECTORS**

The Directors of the Company as at December 31, 2021 and at the date of this annual report were:

Mr. Louis RIVALLAND

Mr. Peroomal Gopallen MOOROGEN

Mr. Nitish BENI MADHU (resigned January 29, 2021)

Mr. Gianduth JEEAWOCK (appointed March 29, 2021)

**DIRECTORS' SERVICE CONTRACTS**

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

**DIRECTORS' REMUNERATION AND BENEFITS**

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

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
<b><u>Executive Directors</u></b>		
Mr. Louis RIVALLAND	20,000	20,000
Mr. Nitish BENI MADHU (resigned January 29, 2021)	-	20,000
Mr. Gianduth JEEAWOCK (appointed March 29, 2021)	15,000	-
<b><u>Non-Executive Director</u></b>		
Mr. Peroomal Gopallen MOOROGEN	20,000	20,000
	<u>55,000</u>	<u>60,000</u>

**DONATION**

There was no donation made by the Company during the year (2020: Nil).

**AUDITOR'S FEES**

The fees payable to the auditor, for audit were as follows:

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
Audit fees paid to:		
- BDO & Co	150,000	110,000
	<u>150,000</u>	<u>110,000</u>

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

**CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2021**

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

**1. GOVERNANCE STRUCTURE**

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

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

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

The code of ethics and constitution have been published on Swan’s website.

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

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

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

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

All the directors are ordinarily resident in Mauritius.

### 3. STRUCTURE OF THE BOARD AND ITS COMMITTEES

The Directors of the Company for the year ended 31 December 2021 were:

Mr. Gopallen Moorooogen (Independent Non-Executive)

Mr. Louis Rivalland (Executive) (Group Chief Executive)

Mr. Gianduth (Alvin) Jeeawock (Executive) [Appointed on 29.03.2021]

Mr. Nitish Beni Madhu (Executive) [Resigned on 29.01.2021]

Directors profile:

#### **Louis RIVALLAND**

##### **Group Chief Executive – Executive Director**

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.

## CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2021

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

List of other directorships:

<b>SUBSIDIARIES OF PUBLIC COMPANIES</b>	<b>PARTICULARS OF DIRECTORSHIPS</b>
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 General Ltd	Director
Swan International Co Ltd	Director
Swan Life Ltd	Director
Swan Pensions Ltd	Director
Swan Reinsurance PCC	Director
Swan Special Risks Co Ltd	Director
Swan Wealth International Ltd	Director
Swan Wealth Managers Ltd	Director
Swan Wealth Structured Product Ltd	Director

**Gopallen MOOROGEN**

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

List of other directorships:

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

## CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2021

**3. STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)****Gianduth (Alvin) JEEAWOCK**

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.

List of other directorships:

<i>Company Name</i>	<i>Position</i>
MDA Properties	Director
Constance Hotels Services Ltd	Director
Moka City Ltd	Director
Swan Digital Ltd	Director
Swan Financial Solutions	Director
Dolberg Rental (Pty) Ltd	Director
Swan Wealth Structured Products Ltd	Director
Swan Digital Ltd	Director
Swan Financial Solutions Ltd	Director
Swan Wealth International Ltd	Director
Swan Corporate Advisors Ltd	Director
Swan Smart Achiever Notes Ltd	Director

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

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

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

**Jaiyansing (Shailen) SOOBAN – Group Company Secretary, Risk Officer  
FCCA, MBA, ACG, Dip CII**

Born in 1974, resident of Mauritius and is a Fellow of the Association of Chartered Certified Accountants and holds a Master in Business Administration. He is also a Chartered Governance professional. 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.

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

#### **Jaiyansing (Shailen) SOOBAH – Group Company Secretary, Risk Officer (cont'd)**

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

#### **Board Committees**

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

#### Audit & Risks Committee

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

- a) Mr. Arif Currimjee (independent)
- b) Mr. Henri Harel (non-executive)
- c) Miss Grace Leung Shing (non-executive) [Appointed on 02 August 2021]
- d) Mr. Gopallen Moorooogen (Chairperson) (independent)
- e) Mr. Victor Seeyave (independent) [Resigned on 07 December 2021]

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

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

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

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

- a) Yearly audited accounts – consideration and recommendation to the Board for approval;
- b) Taking cognizance of significant issues from the external auditors' management letter and agreeing on management actions to implement recommendations;
- c) Abridged quarterly accounts - consideration and recommendation to the Board for approval and publication;
- d) Internal audit – consideration of internal audit reports;
- e) Compliance plan – taking stock of the main areas of focus for 2021
- f) Approval of auditors' fees for audit and non-audit services;
- g) Risk management – consideration and status on implementation of the risk management framework and new regulatory rules, the Insurance (Risk Management) Rules 2016;

## CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2021

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

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

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

Corporate Governance Committee

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

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

The Committee consists of the following non-executive directors:

- a) Mr. Arif Currimjee (Independent)
- b) Mr. Nicolas Maigrot (Chairperson)
- c) Mr. Gopallen Moorooogen (independent)
- d) Miss Grace Leung Shing (non-executive) [Appointed on 02 August 2021]
- e) Mr. Victor Seeyave (independent) [Resigned on 07 December 2021]

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

Attendance of the directors at the Audit & Risk Committee for 2021 were as follows:

Directors	Audit & Risks Committee
<b>Number of meetings held</b>	<b>6</b>
ARIF CURRIMJEE	6
HENRI HAREL	5
GRACE LEUNG SHING [Appointed on 2 August 2021]	2
GOPALLEN MOOROGEN	6
VICTOR SEEYAVE [Resigned on 7 December 2021]	5

**CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2021**

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**4. DIRECTOR APPOINTMENT PROCEDURES**

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

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

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

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

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

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

**5. DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE**

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

The Company has a Code of Ethics, which is applicable to employees and Directors.

Monitoring day-to-day compliance with the code rests with senior management. Important issues, if any, are escalated to the Board. The code explains Swan's policies for how business is conducted in Mauritius and beyond. The principles of the code support full compliance with applicable laws. They also represent the practical ways that Swan 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.

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

In accordance with the Mauritian 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:

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

**Information, information technology and information security governance**

The Board is responsible for information governance. At Board level, the Chairperson, the Group Chief Executive and the Company Secretary ensure that Directors receive adequate, timely and accurate information to be able to discharge their duties. Directors are under obligations to keep all information confidential. Directors have unrestricted access to information.

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

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

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

The policies cover a range of aspects, including physical security, users access & passwords, computer viruses, installation & modifications of the IT systems, emails, internet, copyrights & license agreements, smart devices, confidentiality and remote access.

The Company has published a brief of its IT policies on its website.

It has been agreed that the Company will conduct Board Evaluation every 3 years. A Board evaluation was conducted for the year 2021 through questionnaires and appropriate actions, if required, would be taken based on feedback received.

## CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2021

**5. DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)****Remuneration Policy**

Remuneration of directors is determined by the Corporate Governance Committee. The Board is responsible for the remuneration policy of the Group and duties are delegated to the Group Human Resource (HR) management team.

The Remuneration policy has the following aims:

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

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

Directors' remuneration for the year was as follows:

	<b>From the Company (Rs)</b>
Executive Directors	35,000
Non-Executive Director (1)	20,000

**6. RISK GOVERNANCE AND INTERNAL CONTROL**

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

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

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

## 6. RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

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

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

The system of internal controls is designed to provide assurance against material misstatement or loss, and to manage risks of failure in operational systems. The main risks faced by the Company are compliance risk, legal risk, market risk, foreign exchange risk and interest rate risk.

Key areas of effective internal controls are as follows:

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

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

## 7. REPORTING WITH INTEGRITY

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

The Board considers that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders and other key stakeholders to assess the Company's position, performance and outlook. The annual report for the year ended 31 December 2021 will be published on the website of SWAN Group.

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

### **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 Mauritian Companies Act. The Company declares dividend in December based on best estimates of yearly results to 31 December.

### **Shareholder Agreement**

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

### **Environmental Issues**

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

The Company comply with all applicable laws and regulations. We adopt standards, procedures, contingency measures and management systems to ensure that our operations are managed safely, ecologically and in a sustainable way.

### **Health and Safety**

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

### **Social Issues**

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

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

## 8. AUDIT

### Internal Audit

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

Collectively, Audit Committee members have the necessary financial literacy and expertise. Internal auditors are appointed by the Board, following recommendation from the Audit and Risks Committee. Ernst & Young has been the Internal Auditor of the Company and Group till March 2021. PwC was thereafter appointed as Internal Auditor effective as from September 2021. The Internal Auditors are responsible for providing assurance to the Board, through the Group Audit & Risks Committee, regarding the implementation, operation and effectiveness of internal control and risks management.

**CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2021****8. AUDIT (CONT'D)**

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

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

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

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

External Audit

Our external auditor is BDO & Co. External auditor is appointed/re-appointed by the shareholder. Auditor's remuneration is fixed by the Board, following recommendation from the Group Audit & Risks Committee. External auditor has unrestricted access to the Group Audit & Risks Committee. The Company is satisfied with the external audit process.

The Group Audit & Risks Committee remain available to external auditor to discuss any key audit matters and significant issues of the management letter, if any.

BDO & Co. has been the auditor of the Company for more than 7 years. There has been a rotation of audit partner for 2021.

During 2021, the following fees apply to BDO & Co:

For audit services	Rs 150,000
Non-Audit Services	Nil

## CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2021

**9. RELATIONSHIP WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS**

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

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

<b>DIRECTORS</b>	<b>SWAN WEALTH MANAGERS LTD</b>	<b>SWAN FINANCIAL SOLUTIONS LTD</b>
Louis RIVALLAND	√	√
Gopallen MOOROGEN	√	-
Gianduth (Alvin) JEEAWOCK (Appointed on 29.03.2021)	√	-

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

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

Key events are set out below:

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

December Declaration and payment of dividend



**Jaiyansing Soobah**  
*for Swan Corporate Affairs Ltd*  
**Company Secretary**

24 March  
.....2022

**CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors acknowledge their responsibilities for:

- (i) the maintenance of adequate accounting records and maintenance of effective internal control systems;
- (ii) the preparation of separate financial statements which fairly present the separate statement of financial position at December 31, 2021 and separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for year ended December 31, 2021 and the notes to the separate financial statements, which include a summary of significant accounting policies and other explanatory notes, in compliance with International Financial Reporting Standards (IFRS) and Mauritian Companies Act 2001;
- (iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

The external auditor is responsible for reporting on whether the separate financial statements are fairly presented.

The Directors report that:

- (i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iii) International Financial Reporting Standards have been adhered to. Any departure in the fair presentation has been disclosed, explained and quantified and;
- (iv) the National Code of Corporate Governance for Mauritius (2016) (the Code) has been adhered to.

Signed on behalf of the Board of Directors on: 24 March 2022



Chairperson

**Name:** Louis Rivalland



Director

**Name:** Gianduth Jeeawock

**SECRETARY'S CERTIFICATE - YEAR ENDED DECEMBER 31, 2021**

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We certify, to the best of our knowledge and belief, that the Company has filed with the Registrar of Companies, for the year ended December 31, 2021, all such returns as are required of the Company under the Mauritian Companies Act 2001.



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

Date: 24 March 2022

## STATEMENT OF COMPLIANCE

### SECTION 75(3) OF THE FINANCIAL REPORTING ACT

**Name of PIE: SWAN WEALTH MANAGERS LTD (the ‘Company’)**

Throughout the year ended December 31, 2021, to the best of the Board’s knowledge the Company has complied with the National Code of Corporate Governance for Mauritius (2016) (the Code). The Company has applied all of the principles set out in the Code and explained how these principles have been applied.

**SIGNED BY:**



.....  
**Chairperson**

**Name:** Louis Rivalland

**Date:** 24 March 2022 .....



.....  
**Director**

**Name:** Gianduth Jeeawock

**Date:** 24 March 2022 .....

## SWAN WEALTH MANAGERS LTD

5

### INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Swan Wealth Managers Ltd

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

##### Opinion

We have audited the separate financial statements of Swan Wealth Managers Ltd (the "Company"), on pages 6 to 54 which comprise the separate statement of financial position as at December 31, 2021, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements on pages 6 to 54 give a true and fair view of the financial position of the Company as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

##### Basis for Opinion

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

##### Other Information

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

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

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### *Corporate Governance Report*

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Company has, pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

## SWAN WEALTH MANAGERS LTD

5(a)

### INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholder of Swan Wealth Managers Ltd

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors;
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern, and

**SWAN WEALTH MANAGERS LTD**

5(b)

**INDEPENDENT AUDITOR'S REPORT (CONT'D)**

To the Shareholder of Swan Wealth Managers Ltd

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

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

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

**Report on Other Legal and Regulatory Requirements**

*Mauritian Companies Act 2001*

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- We have no relationship with, or interests in, the Company, other than in our capacity as auditor and dealings in the ordinary course of business.
- We have obtained all information and explanations we have required.
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records, except for that the Company is not in compliance with Section 133 of the Mauritian Companies Act 2001, where all public companies should at all times have at least 2 independent directors effective as from January 2021.

**Other Matter**

This report is made solely to the Shareholder of Swan Wealth Managers Ltd (the "Company"), as a body, in accordance with Section 205 of the Mauritian Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's Shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholder as a body, for our audit work, for this report, or for the opinions we have formed.



**BDO & Co**  
*Chartered Accountants*



**Galina Rangasamy, FCCA**  
Licensed by FRC


Port Louis,  
Mauritius

**March 24, 2022**

## SEPARATE STATEMENT OF FINANCIAL POSITION - AS AT DECEMBER 31, 2021

	Notes	2021 Rs.	2020 Rs.
<b>ASSETS</b>			
<b>Non-current assets</b>			
Equipment	5	677,567	488,035
Right-of-use asset	5A	2,561,335	3,790,771
Investment in subsidiary company	6	1,300,000	1,300,000
Financial assets at amortised cost	7	456,297,281	193,972,745
Financial assets at fair value through other comprehensive income	8	10,000	10,000
Deferred tax assets	9	2,474,719	2,149,362
		<b>463,320,902</b>	<b>201,710,913</b>
<b>Current assets</b>			
Trade receivables	10	74,586,019	76,078,752
Financial assets at amortised cost	7	-	18,112,767
Other assets		1,403,232	358,683
Current tax assets	15(c)	-	1,175,457
Cash and cash equivalents	11(b)	147,118,686	208,319,618
		<b>223,107,937</b>	<b>304,045,277</b>
<b>Total assets</b>		<b>686,428,839</b>	<b>505,756,190</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	12	1,600,000	1,600,000
Retained earnings		640,443,037	448,376,792
<b>Total equity</b>		<b>642,043,037</b>	<b>449,976,792</b>
<b>Non-current liabilities</b>			
Lease liability	5B	1,370,503	2,666,537
Retirement benefit obligations	13	7,193,986	8,591,431
		<b>8,564,489</b>	<b>11,257,968</b>
<b>Current liabilities</b>			
Lease liability	5B	1,296,031	1,225,609
Other payables	14	29,253,130	43,295,821
Current tax liability	15(c)	5,272,152	-
		<b>35,821,313</b>	<b>44,521,430</b>
<b>Total equity and liabilities</b>		<b>686,428,839</b>	<b>505,756,190</b>

These separate financial statements have been approved and authorised for issue by the Board of Directors on 24 March 2022

  
 \_\_\_\_\_  
 Director

**Name:** Louis Rivalland

  
 \_\_\_\_\_  
 Director

**Name:** Gianduth Jeeawock

The notes on pages 10 to 54 form an integral part of these separate financial statements.  
 Auditor's report on pages 5 to 5(b).

**SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME -  
YEAR ENDED DECEMBER 31, 2021**

	<u>Notes</u>	<u>2021</u> Rs.	<u>2020</u> Rs.
Revenue from Contracts with Customers	17	<b>295,217,691</b>	231,687,804
Other income	18	<b>11,016,044</b>	4,017,922
Other gains	20	<b>36,559,405</b>	18,098,769
Impairment of financial assets	10 (i)	<b>(3,367,659)</b>	1,894,736
Employee benefit expenses	21 (a)	<b>(32,710,289)</b>	(26,866,089)
Administrative expenses	21	<b>(25,458,431)</b>	(36,730,359)
		<b>281,256,761</b>	192,102,783
Finance costs	19	<b>(186,820)</b>	(253,117)
Profit before taxation		<b>281,069,941</b>	191,849,666
Taxation	15(a)	<b>(11,761,681)</b>	(8,072,228)
<b>Profit for the year</b>		<b>269,308,260</b>	183,777,438
<b>Other comprehensive income:</b>			
<i>Item that will not be reclassified to profit or loss :</i>			
Remeasurements of post employment benefit obligations	13(a)(vii) & 13(b)(v)	<b>913,235</b>	(1,652,073)
Tax effect on remeasurements of post employment benefit obligations	9(b)	<b>(155,250)</b>	280,852
<b>Other comprehensive income for the year, net of tax</b>		<b>757,985</b>	(1,371,221)
<b>Total comprehensive income for the year</b>		<b>270,066,245</b>	182,406,217

The notes on pages 10 to 54 form an integral part of these separate financial statements.  
Auditor's report on pages 5 to 5(b).

## SEPARATE STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2021

	<u>Note</u>	<u>Share Capital</u> Rs.	<u>Retained Earnings</u> Rs.	<u>Total Equity</u> Rs.
Balance at January 1, 2021		1,600,000	448,376,792	449,976,792
<i>Total comprehensive income for the year:</i>				
Profit for the year		-	269,308,260	269,308,260
<i>Other comprehensive income for the year:</i>				
Remeasurements of defined benefit obligations, net of tax		-	757,985	757,985
<i>Transactions with owners of the Company:</i>				
Dividends	16	-	(78,000,000)	(78,000,000)
<b>Balance at December 31, 2021</b>		<b><u>1,600,000</u></b>	<b><u>640,443,037</u></b>	<b><u>642,043,037</u></b>
Balance at January 1, 2020		1,600,000	360,970,575	362,570,575
<i>Total comprehensive income for the year:</i>				
Profit for the year		-	183,777,438	183,777,438
<i>Other comprehensive income for the year:</i>				
Remeasurements of defined benefit obligations, net of tax		-	(1,371,221)	(1,371,221)
<i>Transactions with owners of the Company:</i>				
Dividends	16	-	(95,000,000)	(95,000,000)
<b>Balance at December 31, 2020</b>		<b><u>1,600,000</u></b>	<b><u>448,376,792</u></b>	<b><u>449,976,792</u></b>

The notes on pages 10 to 54 form an integral part of these separate financial statements.  
Auditor's report on pages 5 to 5(b).

## SEPARATE STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2021

	Notes	2021	2020
		Rs.	Rs.
<b>Cash flows from operating activities</b>			
Profit before taxation		<b>281,069,941</b>	191,849,666
Adjustments for:			
Depreciation on equipment	5	<b>462,791</b>	325,527
Amortisation of right-of-use assets	5A	<b>1,229,436</b>	1,229,437
Impairment of financial assets	10 (i)	<b>3,367,659</b>	(1,894,736)
Profit on disposal of equipment	20	<b>(130,000)</b>	-
(Decrease)/increase in provision for retirement benefit obligations	13	<b>(484,210)</b>	947,701
Dividend income	18	<b>(3,010,569)</b>	(1,042,193)
Interest income	18	<b>(8,005,475)</b>	(2,975,729)
Interest expense	5B/19	<b>186,820</b>	253,117
Net foreign exchange gains	20	<b>(36,388,116)</b>	(18,098,769)
Changes in working capital:			
- trade receivables	10	<b>(1,874,926)</b>	(17,190,355)
- other assets		<b>(1,044,549)</b>	728,082
- other payables	14	<b>(14,042,691)</b>	14,869,877
<b>Cash generated from operations</b>		<b>221,336,111</b>	169,001,625
Tax paid	15	<b>(5,794,679)</b>	(6,098,584)
<b>Net cash generated from operating activities</b>		<b>215,541,432</b>	162,903,041
<b>Cash flows from investing activities</b>			
Purchase of equipment	5	<b>(652,323)</b>	(460,400)
Purchase of financial assets at amortised cost	7	<b>(377,912,012)</b>	(152,145,969)
Proceeds from disposal of equipment		<b>130,000</b>	-
Proceeds from sale of financial assets at amortised cost	7	<b>165,407,768</b>	9,017,400
Interest received		<b>10,597,626</b>	4,039,498
<b>Net cash used in investing activities</b>		<b>(202,428,941)</b>	(139,549,471)
<b>Cash flows from financing activities</b>			
Principal paid on lease liability	5B	<b>(1,225,612)</b>	(1,159,013)
Interest paid on lease liability	5B	<b>(186,820)</b>	(253,117)
Dividends paid to Shareholder	16	<b>(78,000,000)</b>	(190,000,000)
<b>Net cash used in financing activities</b>		<b>(79,412,432)</b>	(191,412,130)
<b>Net decrease in cash and cash equivalents</b>		<b>(66,299,941)</b>	(168,058,560)
<b>Movement in cash and cash equivalents</b>			
At January 1,		<b>208,319,618</b>	366,008,023
Decrease		<b>(66,299,941)</b>	(168,058,560)
Effects of foreign exchange rate changes		<b>5,099,009</b>	10,370,155
<b>At December 31,</b>	11(b)	<b>147,118,686</b>	208,319,618

The notes on pages 10 to 54 form an integral part of these separate financial statements.

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

## 1. GENERAL INFORMATION

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

The separate financial statements of Swan Wealth Managers Ltd comply with the Mauritian Companies Act 2021 and Mauritian Financial Reporting Act 2004 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These separate financial statements are that of an individual entity. Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The separate financial statements are presented in Mauritian Rupees which is the Company's functional currency and all values are rounded to the nearest Rupee (Rs.). The separate financial statements are prepared using the going concern principle, under the historical cost

- (i) financial assets at fair value through other comprehensive income;
- (ii) financial assets and financial liabilities at amortised cost; and
- (iii) the liability for defined benefit obligations is recognised as the fair value of plan assets less the present value of the defined benefit obligations that are stated at their fair values.

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

##### ***Interest Rate Benchmark Reform - Phase 2***

**IFRS 4 Insurance Contracts:** The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. The amendment to IFRS 4 enables an insurer applying the temporary exemption from IFRS 9 to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform. The amendments have no impact on the Company's separate financial statements.

**IFRS 7 Financial Instruments - Disclosures:** The amendments relate to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. The amendment to IFRS 7 requires a company to make additional disclosures in its financial statements so that investors can better understand the effects of IBOR reform on that company. The amendments have no impact on the Company's separate financial statements.

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

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

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

##### *Interest Rate Benchmark Reform - Phase 2 (cont'd)*

IFRS 9 Financial Instruments: The amendments relate to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. The amendments to IFRS 9 enable a company to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform. The amendments to IFRS 9 enable (and require) companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform, by requiring companies to amend their hedging relationships to reflect:

- designating an alternative benchmark rate as the hedged risk; or
- changing the description of the hedged item, including the designated portion, or of the hedging instrument.

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

IFRS 16 Leases: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. The amendment to IFRS 16 enables a company to apply a practical expedient to account for a lease modification required by the IBOR reform. The amendments have no impact on the Company's separate financial statements.

##### *IFRS 16 Leases*

Covid 19 related rent concessions: Effective June 1, 2020, further to IFRS 16 amendment to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic. The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendments have no impact on the Company's separate financial statements.

#### *Standards, Amendments to published Standards and Interpretations issued but not yet effective*

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2022 or later periods, but which the Company has not early adopted.

At the reporting date, the following Standards, Amendments to published Standards and Interpretations were in issue but not yet effective. The Company is still evaluating the resulting effect on the presentation of its separate financial statements.

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

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

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

#### Effective date January 1, 2022

##### **IFRS 1 First-time Adoption of International Financial Reporting Standards**

*Annual Improvements to IFRS Standards 2018-2020*: Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. A similar election is available to an associate or joint venture.

##### **IFRS 3 Business Combinations**

*Reference to the Conceptual Framework*: The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

##### **IFRS 9 Financial Instruments**

*Annual Improvements to IFRS Standards 2018-2020*: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

##### **IAS 16 Property, Plant and Equipment**

*Property, Plant and Equipment: Proceeds before Intended Use*: The amendments prohibit an entity from 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.

##### **IAS 37 Provisions, Contingent Liabilities and Contingent Assets**

*Onerous Contracts-Cost of Fulfilling a Contract*: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.

##### **IAS 41 Agriculture**

*Annual Improvements to IFRS Standards 2018-2020*: The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

#### Effective date January 1, 2023

##### **IFRS 17 Insurance contracts**

IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts. The separate financial statements of an entity will reflect the time value of money in estimated payments required to settle incurred claims. Insurance contracts are required to be measured based only on the obligations created by the contracts. An entity will be required to recognise profits as an insurance service is delivered, rather than on receipt of premiums. This standard replaces IFRS 4-Insurance Contracts.

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

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

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

*Effective date January 1, 2023 (cont'd)*

#### **IAS 1 Presentation of Financial Statements**

Classification of Liabilities as Current or Noncurrent: Narrow scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.

*Disclosure of Accounting Policies:* The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.

#### **IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors**

Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The requirements for recognising the effect of change in accounting prospectively remain unchanged.

#### **IAS 12 Income Taxes**

Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.

#### **Amendment for which effective date has been deferred indefinitely until further notice**

#### **IFRS 10 Consolidated Financial Statements :**

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (*Amendments to IFRS 10 and IAS 28*): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

#### **IAS 28 Investments in Associates and Joint Ventures :**

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (*Amendments to IFRS 10 and IAS 28*): Narrow scope amendment to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

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

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

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

### 2.2 Equipment

Equipment is stated at historical cost less depreciation less 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 Company and the cost of the item can be measured reliably.

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

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

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

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

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

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

### 2.3 Financial assets

#### (i) *Recognition and initial measurement*

Financial assets are recognised when an entity becomes a party to the contractual provisions of the instruments.

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

### 2.3 Financial assets (cont'd)

#### (i) *Recognition and initial measurement (cont'd)*

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

#### (ii) *Classification and subsequent measurement*

IFRS 9 classification is based on two aspects; the business model within which the asset is held (the business model test) and the contractual cash flows of the asset which meet the solely payments of principal and interest (SPPI) test.

IFRS 9 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). The Company determines the classification at initial recognition.

#### (a) *Amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

#### *Solely Payments of principal and interest (SPPI)*

Under IFRS 9, the SPPI test requires that the contractual terms of the financial asset (as a whole) give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding i.e. cash flows that are consistent with a basic lending arrangement.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. Liquidity risks and administrative cost), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. Non-recourse arrangement); and
- features that modify consideration of the time value of money-e.g. periodical reset of interest rates.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to the expected credit loss requirements.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.3 Financial assets (cont'd)***(ii) Classification and subsequent measurement (cont'd)**(a) Amortised cost (cont'd)**Impairment*

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

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

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

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

*Specific instruments*

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 Company has elected to present the statement of cash flows using the indirect method.

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

### 2.3 Financial assets (cont'd)

#### (ii) *Classification and subsequent measurement (cont'd)*

##### (b) *Fair value through other comprehensive income*

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

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

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

#### (iii) *Derecognition of financial assets*

The Company derecognises a financial asset when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement and have neither transferred nor retained substantially all the risks and rewards of the asset nor have transferred their control, the asset is recognised to the extent of the company's continuing involvement in the asset. In that case, the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### (iv) *Offsetting*

Financial assets and liabilities are offset and the net amount presented in the separate statement of financial position when, and only when, 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.

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

### 2.3 Financial assets (cont'd)

#### (v) *Modification of financial assets*

If the terms of a financial asset are modified, then the Company evaluate whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Company plan to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost does not result in derecognition of the financial asset, then the Company first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the terms and conditions of the financial asset are not substantially different, the Company recalculates the new gross carrying amount of the financial asset by discounting the modified cash flows of the financial asset using the original effective interest rate (EIR). The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss in profit or loss.

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

### 2.4 Financial liabilities

(i) *Recognition and initial measurement*

Financial liabilities initially recognised at fair value plus or minus, transaction costs that are directly attributable to its acquisition or issue, when the Company becomes a party to the contractual provisions of the instrument. Other financial liabilities are recognised on the date on which they are originated.

(ii) *Classification and subsequent measurement*

Financial liabilities are classified as measured at amortised cost. They are subsequently measured at amortised cost using the effective interest method. Any interest expense is recognised in profit or loss. Any gain on derecognition is also recognised in profit or loss. Financial liabilities include other payables.

(iii) *Derecognition*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified term is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) *Modifications of financial liabilities*

The Company derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

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

### 2.5 Investment in subsidiary company

A subsidiary is an entity which the Company controls. The Company controls an investee if it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company performs a reassessment of control whenever there is a change in the substance of the relationship between the Company and an investee. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Investment in subsidiary company is carried at cost less impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

The company has an investment in a subsidiary. The separate financial statements contain information about Swan Wealth Managers Ltd as an individual company and do not contain consolidated financial information as the parent of the Group. Refer to Note 6 for details.

### 2.6 Share capital

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

### 2.7 Retirement benefit obligations

#### (a) *Defined contribution plans*

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

The Company operates a defined contribution retirement benefit plan for all qualifying employees (new entrants and their dependents). Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

#### (b) *Defined benefit plans*

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.7 Retirement benefit obligations (cont'd)****(b) Defined benefit plans (cont'd)**

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 they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset) , taking into account any changes in the net defined liability 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 profit or loss. Plan service cost is recognised in profit or loss in the period of a plan amendment.

**(c) Gratuity on retirement**

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Workers' Right Act 2019 (2018 - Employment Rights Act 2018) is calculated by a qualified actuary and provided for. The present value of this defined benefit obligation is calculated by a qualified actuary using the projected unit credit method and is provided for similarly to the defined benefit plan of the Company. The obligations arising under this plan are not funded.

**(d) 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 Company recognises a liability and expense for termination benefits at the earlier of the following dates:

- (a) when the Company can no longer withdraw the offer of those benefits; and
- (b) when the Company recognises 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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.7 Retirement benefit obligations (cont'd)****(d) Termination benefits (cont'd)**

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 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 (eg a legal, regulatory or contractual requirement or other restriction) on 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 Company's decision to terminate an employee's employment, 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.

**2.8 Current and deferred income tax**

The tax expense for the year comprises of current, 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 taxable income for the year calculated on the basis of tax laws enacted or substantially 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 separate financial statements and have concluded that there is no uncertain tax positions.

*Deferred Tax*

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

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

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

#### *Deferred Tax (cont'd)*

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

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

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.

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

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

#### *Corporate Social Responsibility (CSR)*

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

### 2.9 Impairment of non-financial assets

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

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

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

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

### 2.10 Leases (cont'd)

#### *Identifying Leases*

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

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

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

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

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

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

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

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

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

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

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

### 2.10 Leases (cont'd)

#### *Identifying Leases (cont'd)*

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.

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

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

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

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 can not be readily determined.

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

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

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

### 2.11 Revenue Recognition

#### (a) *Revenue from contracts with customers*

The Company provides fund management services, advisory services and other services under fixed-price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered.

Revenue is recognised at a point in time based on the actual service provided to the end of the reporting period and is determined based on the assets under management with the Company.

#### *Determining the transaction price*

Since the revenue generated by the Company is under fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

#### *Allocating amounts to performance obligations*

Revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Therefore, there is no judgement involved in allocating the contract price to each transaction in such contracts.

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

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

### 2.12 Provisions

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

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

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

### 2.13 Dividend distribution

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

### 2.14 Administrative expenses

Expenses are accounted under accrual basis in the separate financial statements.

### 2.15 Foreign currencies

#### (a) *Functional and presentation currency*

Items included in the separate financial statements of the Company are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The 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. All other foreign exchange gains and losses are presented in profit or loss within 'other gains'. 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 assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

### 2.16 Current versus non-current classification

The Company presents assets and liabilities in the separate statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

### 3. FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

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

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

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

##### (a) Credit risk

Credit risk is a risk that a counterparty will be unable to pay an amount in full when due. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables.

Credit risk is managed at a company basis.

##### Investments in financial assets at amortised cost

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

The Company's investment in financial assets at amortised cost comprises mainly of investment in bonds issued by corporates, governments and government agencies. Prior to any investment, a credit assessment is undertaken by the 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 local and international financial and non-financial entities.

##### Cash and cash equivalents

For banks and financial institutions, only independently rated parties are accepted. Cash and cash equivalents are held with renowned local banks. 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.

##### Trade receivables

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

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

## 3.1 Financial risk factors (cont'd)

(a) Credit risk (cont'd)*Trade receivables (cont'd)*

As at December 31, 2021, gross trade receivables amounted to **Rs.82,069,048** (2020: Rs.80,194,122) of which **Rs.7,483,029** (2020: Rs.4,115,370) were provided for in the separate statement of profit or loss as impairment.

	<b>Within 3 months Rs.</b>	<b>More than 3 months Rs.</b>	<b>Total Rs.</b>
<b><u>2021</u></b>			
<b>Trade receivables</b>	<b>64,136,378</b>	<b>10,449,641</b>	<b>74,586,019</b>
	Within 3 months Rs.	More than 3 months Rs.	Total Rs.
<b><u>2020</u></b>			
Trade receivables	71,220,614	4,858,138	76,078,752

Management has assessed that there are no significant concentrations of credit risk, whether through exposure to individual customers including transactions with related parties, specific industry sectors and/or regions.

Further disclosures on credit risk and expected credit losses (“ECL”) are provided in the following notes: Note 7 - Financial assets at amortised cost, Note 10 - Trade receivables, Note 11(b) - Cash and cash equivalents.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset. The Company aims at maintaining flexibility in funding by keeping committed credit lines available. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims at maintaining flexibility in funding by keeping committed credit lines available. Management does not foresee any liquidity risk problems in the future.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

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

## 3.1 Financial risk factors (cont'd)

(b) Liquidity risk (cont'd)

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

	<b>Undiscounted cashflows</b>						Total
	Carrying amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Non-maturity items	
<b><u>At December 31, 2021</u></b>	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b><u>Financial assets</u></b>							
Financial assets at amortised cost	<b>456,297,281</b>	<b>14,195,727</b>	<b>32,321,301</b>	<b>114,715,563</b>	<b>353,266,380</b>	-	<b>514,498,971</b>
Financial assets at fair value through other comprehensive income	<b>10,000</b>	-	-	-	-	<b>10,000</b>	<b>10,000</b>
Trade receivables	<b>74,586,019</b>	<b>74,586,019</b>	-	-	-	-	<b>74,586,019</b>
Other assets	<b>599,436</b>	<b>599,436</b>	-	-	-	-	<b>599,436</b>
Cash and cash equivalents	<b>147,118,686</b>	<b>147,118,686</b>	-	-	-	-	<b>147,118,686</b>
	<b>678,611,422</b>	<b>236,499,868</b>	<b>32,321,301</b>	<b>114,715,563</b>	<b>353,266,380</b>	<b>10,000</b>	<b>736,813,112</b>
<b><u>Financial liabilities</u></b>							
Lease liability	<b>2,666,534</b>	<b>1,412,430</b>	<b>1,412,430</b>	-	-	-	<b>2,824,860</b>
Other payables	<b>29,253,130</b>	<b>29,253,130</b>	-	-	-	-	<b>29,253,130</b>
	<b>31,919,664</b>	<b>30,665,560</b>	<b>1,412,430</b>	-	-	-	<b>32,077,990</b>
<b><u>At December 31, 2020</u></b>							
<b><u>Financial assets</u></b>							
Financial assets at amortised cost	212,085,512	22,122,058	34,293,407	26,077,973	141,889,540	-	224,382,978
Financial assets at fair value through other comprehensive income	10,000	-	-	-	-	10,000	10,000
Trade receivables	76,078,752	76,078,752	-	-	-	-	76,078,752
Other assets	83,562	83,562	-	-	-	-	83,562
Cash and cash equivalents	208,319,618	208,319,618	-	-	-	-	208,319,618
	496,577,444	306,603,990	34,293,407	26,077,973	141,889,540	10,000	508,874,910
<b><u>Financial liabilities</u></b>							
Lease liability	3,892,146	1,412,430	1,412,430	1,412,430	-	-	4,237,290
Other payables	43,295,821	43,295,821	-	-	-	-	43,295,821
	47,187,967	44,708,251	1,412,430	1,412,430	-	-	47,533,111

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

## 3.1 Financial risk factors (cont'd)

(c) Currency risk

The Company has investments in financial assets, receivables and bank balances denominated in foreign currencies namely US dollar (USD) and Euro (EUR). The Company is exposed to foreign currency risk due to fluctuations in exchange rates.

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

2021

	MUR	Equivalent in MUR		TOTAL
		USD	EURO	
<b><u>Financial assets</u></b>				
Financial assets at amortised cost	-	456,297,281	-	456,297,281
Financial assets at fair value through other comprehensive income	10,000	-	-	10,000
Trade receivables (gross amount)	55,062,649	27,006,399	-	82,069,048
Other assets	599,436	-	-	599,436
Cash and cash equivalents	104,884,530	39,290,180	2,943,976	147,118,686
	<u>160,556,615</u>	<u>522,593,860</u>	<u>2,943,976</u>	<u>686,094,451</u>
Less: loss allowances				<u>(7,483,029)</u>
				<u>678,611,422</u>
<b><u>Financial liabilities</u></b>				
Other payables	29,253,130	-	-	29,253,130
Lease liability	2,666,534	-	-	2,666,534
	<u>31,919,664</u>	<u>-</u>	<u>-</u>	<u>31,919,664</u>

2020

	MUR	Equivalent in MUR		TOTAL
		USD	EURO	
<b><u>Financial assets</u></b>				
Financial assets at amortised cost	-	212,085,512	-	212,085,512
Financial assets at fair value through other comprehensive income	10,000	-	-	10,000
Trade receivables (gross amount)	54,880,705	25,313,417	-	80,194,122
Other assets	83,562	-	-	83,562
Cash and cash equivalents	136,837,937	68,720,632	2,761,049	208,319,618
	<u>191,812,204</u>	<u>306,119,561</u>	<u>2,761,049</u>	<u>500,692,814</u>
Less: Loss allowances				<u>(4,115,370)</u>
				<u>496,577,444</u>
<b><u>Financial liabilities</u></b>				
Other payables	43,295,821	-	-	43,295,821
Lease liability	3,892,146	-	-	3,892,146
	<u>47,187,967</u>	<u>-</u>	<u>-</u>	<u>47,187,967</u>

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

#### 3.1 Financial risk factors (cont'd)

##### (c) Currency risk (cont'd)

If the rupee had weakened/strengthened against the currencies, mentioned above, 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.

	P&L	Equity
	Rs.	Rs.
<b><u>At December 31, 2021</u></b>		
5% change	26,276,892	26,276,892
<b><u>At December 31, 2020</u></b>		
5% change	15,444,031	15,444,031

The % change has been derived from the average change of all the currencies that the company deal in between rate as at the opening and closing financial year.

##### (d) Interest rate risk

The Company has no significant variable interest-bearing assets and liabilities as at December 31, 2021 and 2020. Hence there are no significant interest rate risk as the company are not exposed to fluctuations in interest rates in the market.

#### 3.2 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 Company determines 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 judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Company measures 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.

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

#### 3.2 Fair value estimation (cont'd)

Only financial assets at fair value through other comprehensive income are measured at fair value in the separate financial statements.

#### 3.3 Capital risk management

The Company's objectives when managing capital are:

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

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

The Company's gearing ratio is insignificant.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

#### 4.1 Significant judgement - Going concern

The Company's Board has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the separate financial statements have been prepared on a going concern basis.

#### 4.2 Critical accounting estimates and assumptions

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

##### (a) **Impairment of financial assets**

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

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****4.2 Critical accounting estimates and assumptions (cont'd)****(b) Pension benefits**

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

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

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

**(c) Limitation of sensitivity analysis**

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

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

**(d) Asset lives and residual values**

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

**(e) Depreciation policies**

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

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

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

4.2 Critical accounting estimates and assumptions (cont'd)(f) **Right-of-Use Assets and Lease Liabilities**

The Company was not able to readily determine the interest rate implicit in the lease; therefore, they used their incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Judgement is applied in determining the components of the IBR used for each lease including risk-free rates, the Company's credit risk and any lease-specific adjustments. Since the Company does not have any borrowings, the Company has used the Prime Lending Rate (PLR) as its IBR.

5. **EQUIPMENT**

	Motor Vehicles Rs.	Computer Equipment Rs.	Furniture & Fittings Rs.	Total Rs.
<b>COST</b>				
At January 1, 2020	1,280,000	2,193,148	366,718	3,839,866
Additions	-	414,000	46,400	460,400
At December 31, 2020	1,280,000	2,607,148	413,118	4,300,266
Additions	-	652,323	-	652,323
Disposals	(1,280,000)	-	-	(1,280,000)
<b>At December 31, 2021</b>	<b>-</b>	<b>3,259,471</b>	<b>413,118</b>	<b>3,672,589</b>
<b>DEPRECIATION</b>				
At January 1, 2020	1,280,000	1,925,482	281,222	3,486,704
Charge for the year	-	289,626	35,901	325,527
At December 31, 2020	1,280,000	2,215,108	317,123	3,812,231
Charge for the year	-	446,823	15,968	462,791
Disposal adjustment	(1,280,000)	-	-	(1,280,000)
<b>At December 31, 2021</b>	<b>-</b>	<b>2,661,931</b>	<b>333,091</b>	<b>2,995,022</b>
<b>NET BOOK VALUE</b>				
<b>At December 31, 2021</b>	<b>-</b>	<b>597,540</b>	<b>80,027</b>	<b>677,567</b>
At December 31, 2020	-	392,040	95,995	488,035

5A. **RIGHT-OF-USE ASSETS**

	Building	
	2021 Rs.	2020 Rs.
At January 1,	3,790,771	5,020,208
Amortisation	(1,229,436)	(1,229,437)
<b>At December 31,</b>	<b>2,561,335</b>	<b>3,790,771</b>

- (a) Depreciation charge of Rs. 1,229,436 (2020: Rs. 1,229,437) has been included in administrative expenses.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 5B. LEASE LIABILITY

	Building	
	2021	2020
	Rs.	Rs.
At January 1,	3,892,146	5,051,159
Interest expense	186,820	253,117
Lease payments	(1,412,432)	(1,412,130)
<b>At December 31,</b>	<b>2,666,534</b>	<b>3,892,146</b>
Current	1,296,031	1,225,609
Non-current	1,370,503	2,666,537
	<b>2,666,534</b>	<b>3,892,146</b>

The Company leases its office space from Swan Life Ltd. There are no variable lease payments, extension and termination options included in the lease agreement.

## (i) Lease term

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

	2021	2020
	Rs.	Rs.
(ii) Interest expense (included in finance costs)	<b>186,820</b>	253,117

The total cash outflow for leases in 2021 was Rs.1,412,432 (2020: Rs.1,412,130).

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 6. INVESTMENT IN SUBSIDIARY COMPANY

<u>2021</u>	<u>2020</u>
Rs.	Rs.

At December 31, 2021 and 2020

<b><u>1,300,000</u></b>	<u>1,300,000</u>
-------------------------	------------------

Details of the subsidiary company are as follows:

	<u>Class of shares held</u>	<u>Year end</u>	<u>Proportion of of ownership interest direct</u>	<u>Nominal value of investment</u>	<u>Country of incorporation and operation</u>	<u>Main business</u>
<b><u>2021</u></b>						
<b>Swan Corporate Advisors Ltd</b>	<b>Ordinary shares</b>	<b>December 31</b>	<b>100%</b>	<b>1,300,000</b>	<b>Mauritius</b>	<b>Services</b>
<b><u>2020</u></b>						
Swan Corporate Advisors Ltd	Ordinary shares	December 31	100%	1,300,000	Mauritius	Services

- (i) The Company has taken advantage of the exemption under IFRS 10 "Consolidated Financial Statements" paragraph 4, from the requirement to prepare consolidated financial statements as its intermediate holding company, Swan Life Ltd prepares consolidated financial statements that complies with IFRS. A copy of the consolidated financial statements is available at the head office of Swan Life Ltd found at Swan Centre, 10, Intendance Street, Port Louis.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

7. FINANCIAL ASSETS AT AMORTISED COST	2021	2020
	Rs.	Rs.
At January 1,	212,085,512	61,249,905
Additions*	380,922,582	153,188,162
Net interest accrued movement	8,005,475	2,975,729
Interest received	(10,597,626)	(4,039,498)
Maturity	(165,407,768)	(9,017,400)
Foreign exchange gains	31,289,106	7,728,614
<b>At December 31,</b>	<b>456,297,281</b>	<b>212,085,512</b>

\*Additions include the following:

- Local securities of Rs.99,893,029 which have matured during the year at an amount of Rs.100,000,000.
- Dividend reinvested of Rs.3,010,569 (2020: Rs.1,042,193) which is a non-cash item.

<i>Analysed as follows :</i>	2021	2020
	Rs.	Rs.
Current	-	18,112,767
Non-current	456,297,281	193,972,745
	<b>456,297,281</b>	<b>212,085,512</b>

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

	2021	2020
	Rs.	Rs.
<b>Foreign:</b>		
<i>Level 1:</i>		
Government and Corporate Bonds	332,081,198	111,691,661
Equity securities	121,669,411	110,584,467
	<b>453,750,609</b>	<b>222,276,128</b>

The fair values of the US Government and Corporate Bonds and the equity securities are based on published market prices.

## (b) Risk exposure

The carrying value of the financial assets at amortised cost is denominated in the following currency:

	2021	2020
	Rs.	Rs.
USD	456,297,281	212,085,512

- (c) Swan Wealth Managers Ltd, as a Participant in the Euroclear System, has provided a pledge of proprietary collateral in favour of Euroclear Bank, for a collateral value of not less than US Dollars One Million (USD 1,000,000), such pledge being in support of any borrowings that Swan Wealth Managers Ltd may resort to from Euroclear Bank. At December 31, 2021, the proprietary collateral comprised of international corporate bonds.

Swan Wealth Managers Ltd does not have any borrowings with Euroclear Bank.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

- (i) Equity investments at fair value through other comprehensive income at December 31:

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
<i>Local - Level 3:</i>		
Equity securities	<u>10,000</u>	<u>10,000</u>

- (ii) The financial assets at fair value through other comprehensive income represent management shares in Swan Global Funds Ltd.

- (iii) Financial assets measured at fair value through other comprehensive income include the Company's strategic equity investments not held for trading. The Company has made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these strategic investments.

- (iv) Fair value through other comprehensive income financial assets are denominated in the following currency:

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
MUR	<u>10,000</u>	<u>10,000</u>

- (v) Impairment and risk exposure

No loss allowance was recognised as at December 31, 2021 (2020: Nil). The entity's equity investments at FVOCI are considered to have low credit risk.

## 9. DEFERRED INCOME TAX

- (a) Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2020: 17%).

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

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
Deferred tax assets	<u>2,474,719</u>	<u>2,149,362</u>

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

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
At January 1,	<u>2,149,362</u>	2,289,500
Credited/(charged) to the separate statement of profit or loss (note 15(a))	<u>480,607</u>	(420,990)
(Charged)/credited to other comprehensive income (note c)	<u>(155,250)</u>	280,852
<b>At December 31,</b>	<u><b>2,474,719</b></u>	<u><b>2,149,362</b></u>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 9. DEFERRED INCOME TAX (CONT'D)

- (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:

<u>Deferred tax (liabilities)/assets:</u>	Accelerated tax depreciation	Retirement benefit obligations	Lease liability	Right-of-use assets	Expected credit losses	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At January 1, 2020	(47,784)	1,310,304	858,697	(853,435)	1,021,718	2,289,500
(Charged)/credited to the separate statement of profit or loss (note 15(a))	19,755	(130,614)	(197,032)	209,006	(322,105)	(420,990)
Credited to other comprehensive income	-	280,852	-	-	-	280,852
At December 31, 2020	(28,029)	1,460,542	661,665	(644,429)	699,613	2,149,362
(Charged)/credited to the separate statement of profit or loss (note 15(a))	(10,231)	(82,316)	(208,354)	209,004	572,504	480,607
Charged to other comprehensive income	-	(155,250)	-	-	-	(155,250)
<b>At December 31, 2021</b>	<b>(38,260)</b>	<b>1,222,976</b>	<b>453,311</b>	<b>(435,425)</b>	<b>1,272,117</b>	<b>2,474,719</b>

## 10. TRADE RECEIVABLES

	2021	2020
	Rs.	Rs.
Amounts receivable from related parties (note 23)	<b>36,149,210</b>	46,359,105
Trade receivables	<b>45,919,838</b>	33,835,017
Less: expected credit losses	<b>(7,483,029)</b>	(4,115,370)
	<b>74,586,019</b>	76,078,752

(i) *Impairment of Trade receivables*

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 10. TRADE RECEIVABLES (CONT'D)

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

The expected loss rates are based on the payment profiles of sales over a period of 48 months before December 31, 2021 or January 1, 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP of Mauritius to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in the GDP.

The Company does not expect any default from related parties and is certain of their ability to pay their debts as they become due in the normal course of business and/or in any adverse economic and business conditions. Consequently, the probability of default is therefore negligible and the Company has not accounted for any impairment loss.

On that basis, the loss allowance as at December 31, 2021 was determined as follows for trade receivables:

<b>At December 31, 2021</b>	<b>Not due</b>	<b>30-60 days</b>	<b>60-90 days</b>	<b>90-180 days</b>	<b>180-360 days</b>	<b>Above 360 days</b>	<b>Total</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Trade receivables							45,919,838
Less: commission receivable							(26,020,262)
Gross carrying amount - trade receivables							<u>19,899,576</u>
Expected loss rate (Limited to 2 decimal places)	0.23%	26.50%	26.51%	26.70%	43.56%	89.76%	37.60%
Gross carrying amount - trade receivables	5,331,051	1,983,779	2,135,105	3,101,662	2,261,041	5,086,938	19,899,576
Loss allowance	12,210	525,711	565,945	828,140	984,822	4,566,201	7,483,029

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 10. TRADE RECEIVABLES (CONT'D)

## (i) Impairment of trade receivables (cont'd)

At December 31, 2020	Not due	30-60 days	60-90 days	90-180 days	180-360 days	Above 360 days	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Trade receivables							33,835,017
Less: commission receivable							(25,235,286)
Gross carrying amount - trade receivables							<u>8,599,731</u>
Expected loss rate (Limited to 2 decimal places)	1.41%	1.41%	4.34%	12.44%	58.86%	87.94%	47.85%
Gross carrying amount - trade receivables	3,354,900	76,326	310,367	256,086	87,462	4,514,590	8,599,731
Loss allowance	47,420	1,079	13,483	31,850	51,482	3,970,056	4,115,370

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

	<b>2021</b> <b>Specific</b> <b>provision</b>	<b>2021</b> <b>ECL</b>	<b>2021</b> <b>Total</b>	<b>2020</b> <b>Total</b>
	Rs.	Rs.	Rs.	Rs.
At January 1,	<b>3,190,902</b>	<b>924,468</b>	<b>4,115,370</b>	6,010,106
Loss allowance recognised in profit or loss during the year	-	<b>3,367,659</b>	<b>3,367,659</b>	-
Amount reversed	-	-	-	(1,894,736)
<b>At December 31,</b>	<b><u>3,190,902</u></b>	<b><u>4,292,127</u></b>	<b><u>7,483,029</u></b>	<b><u>4,115,370</u></b>

## (ii) The carrying amounts of the Company's trade receivables are denominated in the following currencies:

	<b>2021</b>	<b>2020</b>
	Rs.	Rs.
MUR	<b>47,579,620</b>	50,765,335
USD	<b>27,006,399</b>	25,313,417
	<b><u>74,586,019</u></b>	<b><u>76,078,752</u></b>

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 11. NOTES TO THE STATEMENT OF CASH FLOWS

## (a) Reconciliation of liability arising from financing activities

	2020	Interest accrued	Cash flows	2021
	Rs.	Rs.	Rs.	Rs.
Lease liability	<b>3,892,146</b>	<b>186,820</b>	<b>(1,412,432)</b>	<b>2,666,534</b>

	2019	Interest accrued	Cash flows	2020
	Rs.	Rs.	Rs.	Rs.
Lease liability	5,051,159	253,117	(1,412,130)	<b>3,892,146</b>

## (b) Cash and cash equivalents

	2021	2020
	Rs.	Rs.
Cash in hand and at bank	<b>147,118,686</b>	208,319,618

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

## (c) Non-cash transactions

The principal non-cash transaction is the acquisition of financial assets at amortised cost amounting to Rs.3.01 M (Rs.1.04 M).

## 12. SHARE CAPITAL

	Number of shares	Authorised, Issued and Fully paid	
	2021 & 2020	2021	2020
		Rs.	Rs.
At Decemebr 31, 2021 and 2020	<b>16,000</b>	<b>1,600,000</b>	1,600,000

The total authorised number of ordinary shares is 16,000 shares (2020: 16,000 shares) with a par value of Rs.100 per share (2020: Rs.100 per share). All issued shares are fully paid.

## 13. RETIREMENT BENEFIT OBLIGATIONS

	2021	2020
	Rs.	Rs.
<b>Amounts recognised in the separate statement of financial position:</b>		
Defined pension benefits (note (a)(ii))	<b>2,332,242</b>	4,288,874
Other post retirement benefits (note (b)(i))	<b>4,861,744</b>	4,302,557
	<b>7,193,986</b>	8,591,431
<b>Analysed as follows:</b>		
Non-current liabilities	<b>7,193,986</b>	8,591,431

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)	2021	2020
	Rs.	Rs.
<b>Amounts charged to profit or loss</b>		
-Defined pension benefits (note (a)(vi))	383,946	374,887
-Other post retirement benefits (note (b)(iv))	685,376	572,814
	<b>1,069,322</b>	<b>947,701</b>
<b>Amounts (credited)/charged to other comprehensive income</b>		
-Defined pension benefits (note (a)(vii))	(787,046)	1,059,330
-Other post retirement benefits (note (b)(v))	(126,189)	592,743
	<b>(913,235)</b>	<b>1,652,073</b>

(a) **Defined pension benefits**

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

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out at December 31, 2021 by Swan Life Ltd (Actuarial Valuer). 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.

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

	2021	2020
	Rs.	Rs.
Present value of funded obligations	10,749,169	10,881,557
Fair value of plan assets	(8,416,927)	(6,592,683)
Liabilities in the separate statement of financial position	<b>2,332,242</b>	<b>4,288,874</b>

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

	2021	2020
	Rs.	Rs.
At January 1,	4,288,874	2,854,657
Charged to profit or loss	383,946	374,887
(Credited)/charged to other comprehensive income	(787,046)	1,059,330
Employer's contribution	(1,553,532)	-
<b>At December 31,</b>	<b>2,332,242</b>	<b>4,288,874</b>

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

	2021	2020
	Rs.	Rs.
At January 1,	10,881,557	9,117,604
Current service cost	213,513	240,202
Interest expense	280,164	441,569
Remeasurements:		
-Actuarial (gains)/ losses arising from:		
- plan experience	(1,182,600)	439,465
- financial assumptions	556,535	642,717
<b>At December 31,</b>	<b>10,749,169</b>	<b>10,881,557</b>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 13. RETIREMENT BENEFIT OBLIGATION (CONT'D)

## (a) Defined pension benefits (cont'd)

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

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
At January 1,	<b>6,592,683</b>	6,262,947
Remeasurements:		
- Expected return on plan assets	<b>190,805</b>	306,884
Employer contributions	<b>1,553,532</b>	-
Actuarial gains	<b>160,981</b>	22,852
Scheme expenses	<b>(61,561)</b>	-
Cost of insuring risk benefits	<b>(19,513)</b>	-
<b>At December 31,</b>	<b><u>8,416,927</u></b>	<b><u>6,592,683</u></b>
Actual return on plan assets	<b><u>351,786</u></b>	<b><u>329,736</u></b>

(vi) The amounts recognised in profit or loss are as follows:

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
Current service cost	<b>213,513</b>	240,202
Scheme expenses	<b>61,561</b>	-
Net interest cost	<b>89,359</b>	134,685
Cost of insuring risk benefits	<b>19,513</b>	-
Total included in employee benefit expenses	<b><u>383,946</u></b>	<b><u>374,887</u></b>

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

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
Experience gains on the liabilities	<b>(160,981)</b>	(22,852)
Changes in assumptions underlying the present value of the scheme	<b>(1,182,600)</b>	439,465
Losses on pension scheme assets	<b>556,535</b>	642,717
	<b><u>(787,046)</u></b>	<b><u>1,059,330</u></b>

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

## (a) Defined pension benefits (cont'd)

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

	<b>2021</b>	2020
Discount rate	<b>4.2%</b>	2.6%
Minimum guaranteed return	<b>4.0%</b>	4.0%
Future long-term salary increase	<b>3.0%</b>	2.0%
Future pension increase	<b>0.0%</b>	0.0%
Average retirement age	<b>60</b>	60
NPS ceiling increase	<b>4.0%</b>	4.0%
Post retirement annuity rates	<b>Swan rates</b>	Swan rates
	<b>2021</b>	2020

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

	<b>2021</b>	2020
	<b>Rs.</b>	Rs.
Increase in defined benefit obligation due to 1% decrease in discount rate	<b>623,927</b>	777,655
Decrease in defined benefit obligation due to 1% increase in discount rate	<b>563,285</b>	681,989
Increase in defined benefit obligation due to 1% increase in salary increase assumption	<b>545,748</b>	782,694
Decrease in defined benefit obligation due to 1% decrease in salary increase assumption	<b>507,423</b>	658,320

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

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(xi) The defined benefit pension plan exposes the Company to actuarial risks, such as investment, interest, longevity and salary risks.

- 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.
- 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.
- Mortality/Longevity risk - Lower pensioner mortality in retirement will result in pensions being paid for longer than expected.

## 13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

## (a) Defined pension benefits (cont'd)

- Salary risk - If salary increases are higher than assumed, the liabilities would increase giving rise to actuarial losses.
- (xii) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.
- (xiii) The Company expects to pay Rs.188,000 in contributions to its post-employment benefit plans for the year ending December 31, 2022.
- (xiv) The weighted average duration of the defined benefit obligation is 6 years at the end of the reporting period (2020: 8 years).

## (b) Other post retirement benefits

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

The plan provides statutory benefits in terms of the Workers' Rights Act (WRA) 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.

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

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
Present value of obligations	<b>4,861,744</b>	4,302,557
Liability in the separate statement of financial position	<b>4,861,744</b>	4,302,557

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

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
At January 1,	<b>4,302,557</b>	3,137,000
Amount recognised in profit or loss	<b>685,376</b>	572,814
Amount recognised in other comprehensive income	<b>(126,189)</b>	592,743
<b>At December 31,</b>	<b>4,861,744</b>	4,302,557

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

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

	<b>2021</b>	2020
	<b>Rs.</b>	Rs.
At January 1,	<b>4,302,557</b>	3,137,000
Current service cost	<b>570,754</b>	413,907
Interest expense	<b>114,622</b>	158,907
Actuarial (losses)/gains	<b>(126,189)</b>	592,743
<b>At December 31,</b>	<b>4,861,744</b>	4,302,557

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

	<b>2021</b>	2020
	<b>Rs.</b>	Rs.
Current service cost	<b>570,754</b>	413,907
Net interest cost	<b>114,622</b>	158,907
Total included in employee benefit expenses	<b>685,376</b>	572,814

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

	<b>2021</b>	2020
	<b>Rs.</b>	Rs.
Actuarial losses on liabilities due to experience assumptions	<b>347,539</b>	200,549
Changes in assumptions underlying the present value of the scheme	<b>(473,728)</b>	392,194
	<b>(126,189)</b>	592,743

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

	<b>2021</b>	2020
	<b>Rs.</b>	Rs.
Discount rate	<b>4.2%</b>	2.6%
Future long-term salary increase	<b>3.0%</b>	2.0%
Average retirement age	<b>60</b>	60
NPS ceiling increase	<b>4.0%</b>	4.0%
Post retirement annuity rates	<b>Swan Rates</b>	Swan Rates
	<b>2021</b>	2020

(vii) Sensitivity analysis on other post retirement benefits obligations at end of the reporting period

	<b>2021</b>	2020
	<b>Rs.</b>	Rs.
Impact on present value of defined benefit obligation:		
Increase in defined benefit obligation due to 1% decrease in discount rate	<b>1,158,752</b>	1,090,358
Decrease in defined benefit obligation due to 1% increase in discount rate	<b>932,932</b>	871,242
Increase in defined benefit obligation due to 1% increase in salary increase assumption	<b>1,161,236</b>	1,065,874
Decrease in defined benefit obligation due to 1% decrease in salary increase assumption	<b>950,947</b>	883,558

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

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

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

- (viii) The defined benefit pension plan exposes the Company to actuarial risks, such as investment, interest, longevity and salary risks.
- (ix) The Company does not expect to make any plan benefit payments for the year ending December 31, 2022.
- (x) The weighted average duration of the defined benefit obligation is 18 years at the end of the reporting period (2020: 17 years).

## 14. OTHER PAYABLES

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
Amounts due to related parties (note 23)	25,908,086	36,733,477
Other payables	3,345,044	6,562,344
	<u>29,253,130</u>	<u>43,295,821</u>

The carrying amounts of the Company's other payables are denominated in the following currency:

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
MUR	<u>29,253,130</u>	<u>43,295,821</u>

The carrying amounts of other payables approximate their fair values.

## 15. INCOME TAX

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
(a) Current tax on the adjusted profit for the year at 15% (2020: 15%)	8,970,605	6,751,092
Under provision in prior year	2,075,602	-
Deferred tax movement (note 9(b))	(480,607)	420,990
Corporate social responsibility liability	1,196,081	900,146
	<u>11,761,681</u>	<u>8,072,228</u>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 15. INCOME TAX (CONT'D)

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

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
Profit before tax	<u>281,069,941</u>	191,849,666
Tax calculated at the rate of 15% (2020: 15%)	42,160,491	28,777,450
Corporate social responsibility liability	1,196,081	900,146
Expenses not deductible for tax purposes	127,817	515,257
Expenses relating to exempt income	6,684,249	7,072,751
Income not subject to tax	(5,074,134)	(1,811,829)
Income from specified financial services	(35,371,764)	(27,802,537)
Under provision in prior year	2,075,602	-
Others	(36,661)	420,990
	<u><u>11,761,681</u></u>	<u><u>8,072,228</u></u>

- (c) *Current tax liabilities/(assets)*

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
At January 1,	(1,175,457)	(2,728,111)
Under provision in prior year	2,075,602	-
Corporate social responsibility liability	1,196,081	900,146
Charge for the year	8,970,603	6,751,092
Corporation tax paid during the year	-	4,351,412
Corporate social responsibility contributions during the year	(225,036)	(1,318,932)
Payment under Advance Payment System (APS)	(5,569,641)	(9,131,064)
At December 31,	<u><u>5,272,152</u></u>	<u><u>(1,175,457)</u></u>

## 16. DIVIDEND PER SHARE

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
<u>Declared and paid</u>		
Final dividend declared of Rs.4,875 (2020: Rs.5,937.50) per ordinary share	<u><u>78,000,000</u></u>	<u><u>95,000,000</u></u>

\*Included in the Separate Statement of Cash flows for the financial year ended December 31, 2020 is an amount of Rs.95,000,000 relating to dividend for the financial year ended December 31, 2019 paid in 2020.

## 17. REVENUE

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
The following is an analysis of the Company's revenue for the year:		
Revenue from rendering of services	<u>295,217,691</u>	231,687,804
Revenue from contracts with customers (note 17(a))	<u><u>295,217,691</u></u>	<u><u>231,687,804</u></u>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

17. REVENUE (CONT'D)		
(a) Disaggregation of revenue from contracts with customers:	2021	2020
	Rs.	Rs.
Timing of revenue recognition		
<i>At a point in time:</i>		
Management fees	190,698,544	157,708,551
Commision and fees	104,519,147	73,979,253
	<u>295,217,691</u>	<u>231,687,804</u>
	2021	2020
	Rs.	Rs.
<i>Group</i>		
-Management fees (note 23)	150,393,967	130,554,761
<i>Non-group</i>		
-Management fees	40,304,577	27,153,790
-Commision and fees	104,519,147	73,979,253
	<u>295,217,691</u>	<u>231,687,804</u>
18. OTHER INCOME		
	2021	2020
	Rs.	Rs.
Dividend income (note 7)	3,010,569	1,042,193
Interest income (note 7)	8,005,475	2,975,729
	<u>11,016,044</u>	<u>4,017,922</u>
19. FINANCE COSTS		
	2021	2020
	Rs.	Rs.
Interest expense: lease liability (note 5B)	<u>186,820</u>	<u>253,117</u>
20. OTHER GAINS		
	2021	2020
	Rs.	Rs.
Net foreign exchange gains	36,388,116	18,098,769
Profit on disposal of equipment	130,000	-
Other gains	41,289	-
	<u>36,559,405</u>	<u>18,098,769</u>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

21. ADMINISTRATIVE EXPENSES	2021	2020
	Rs.	Rs.
Depreciation on equipment (note 5)	462,791	325,527
Amortisation of right-of-use assets (note 5A)	1,229,436	1,229,437
Rebilling expenses	14,385,260	16,500,077
Advertising	4,200,414	3,301,077
Professional fees	1,109,405	2,931,320
Subscriptions	1,272,730	1,147,265
Insurances	515,847	1,209,742
Overseas travelling*	(236,134)	884,061
Other expenses**	2,518,682	9,201,853
	<b>25,458,431</b>	<b>36,730,359</b>

\* Overseas travelling consists of a negative amount of Rs.236,134 relating to a refund of air ticket during the year.

\*\* Other expenses mainly include communication fees, directors fees, administrative fees and license fees.

21(a) Analysis of employee benefit expenses:	2021	2020
	Rs.	Rs.
Salaries and wages	26,271,138	22,548,635
Retirement benefit obligations (note 13)	1,069,322	947,701
Other costs	5,369,829	3,369,753
	<b>32,710,289</b>	<b>26,866,089</b>

22. EARNINGS PER SHARE	2021	2020
	Rs.	Rs.
Profit attributable to equity holder of the Company	<b>269,308,260</b>	183,777,438
Weighted Average Number of ordinary shares (Basic)	<b>1,600,000</b>	1,600,000
Basic Earnings per share (Rs/cts)	<b>168.32</b>	114.86

The calculation of basic earning per share has been based on the above profit attributable to ordinary shareholder and weighted average number of ordinary shares outstanding.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 23. RELATED PARTY TRANSACTIONS

For the year ended December 31, 2021 and 2020, the Company traded with related parties. The nature and balances with related parties are as follows:

	Sales of services	Purchase of services	Rebilling expense	Interest expense	Dividend paid	Investment	Lease Liability	Amount owed from related parties	Amount owed to related parties
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>2021</b>									
Ultimate holding company	8,073,850	1,780,794	-	-	-	-	-	1,956,524	-
Intermediate holding company	122,829,723	-	14,385,260	186,820	-	-	2,666,534	21,655,237	23,680,895
Subsidiary	-	-	-	-	78,000,000	1,300,000	-	-	-
Entities under common control	19,490,394	180,000	-	-	-	-	-	12,537,449	2,227,191
<b>2020</b>									
Ultimate holding company	6,378,601	654,956	-	-	-	-	-	586,234	9,257,409
Intermediate holding company	108,374,289	-	16,500,077	253,117	-	-	3,892,146	35,820,551	23,105,541
Subsidiary	-	-	-	-	95,000,000	1,300,000	-	-	-
Entities under common control	15,801,871	180,000	-	-	-	-	-	10,072,005	4,370,527

Entities under common control include:

Entities	Nature of relationship
- Swan Digital Ltd	Owned by Swan General Ltd ( the ultimate holding company)
- Swan Wealth Structured Products Ltd	Owned by Swan General Ltd ( the ultimate holding company)
- Swan Smart Achiever Notes Ltd	Owned by Swan General Ltd ( the ultimate holding company)
- Swan Wealth International Ltd	Owned by Swan Life Ltd (the intermediate holding company) and Swan General Ltd (the ultimate holding company)
- Swan Corporate Affairs Ltd	Owned by Swan Life Ltd (the intermediate holding company) and Swan General Ltd (the ultimate holding company)
- Swan Reinsurance PCC	Owned by Swan General Ltd ( the ultimate holding company)
- Sacos Group Ltd	Owned by Swan General Ltd ( the ultimate holding company)
- Swan Special Risks Company Limited	Owned by Swan General Ltd ( the ultimate holding company)
- Swan Global Funds Ltd	Management shares owned by the Company (Note 8)
- Liberty Health Cell	Cell managed by Swan Reinsurance PCC (Owned by Swan General Ltd (the ultimate holding company))

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021****23. RELATED PARTY TRANSACTIONS (CONT'D)**

- (i) The above transactions have been made on normal commercial terms and in the normal course of business.
- (ii) Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash.
- (iii) There has been no guarantees provided or received for any related party receivables or payables.
- (iv) For the year ended December 31, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2020: Nil). This assessment is undertaken each financial year through examining the financial position of the related parties.

(a) Key management personnel compensation	<u>2021</u>	<u>2020</u>
	<u>Rs.</u>	<u>Rs.</u>
Salaries and short-term employee benefits	<b>12,389,461</b>	13,592,715
Post employment benefits	<b>398,604</b>	460,440
	<b><u>12,788,065</u></b>	<u>14,053,155</u>

**24. HOLDING, INTERMEDIATE AND ULTIMATE HOLDING COMPANIES**

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

**25. EVENTS AFTER THE REPORTING DATE**

There have been no material events since the end of the reporting period which would require disclosures or adjustments to these separate financial statements for the year ended December 31, 2021.