

**SWAN SPECIAL RISKS COMPANY LIMITED**

FINANCIAL STATEMENTS - YEAR ENDED

DECEMBER 31, 2021

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 Special Risks Company Limited (the 'Company'), for the year ended December 31, 2021, contents of which are listed below:

The Board of Directors of the holding company strives to apply principles of good corporate governance for the Company.

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This report was approved by the Board of Directors on: 21 June 2022.....



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Director



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Director

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

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**PRINCIPAL ACTIVITIES**

The principal activity of the Company is to underwrite short term insurance business.

**BOARD OF DIRECTORS**

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

	Date of appointment
Mr. J.M.Louis Rivalland	February 21, 2014
Mr. T.K. (Phillippe) Lo Fan Hin	February 21, 2014
Mr. P. Gopallen Moorroogen	February 21, 2014
Mr. M.D. Pierre Dinan, G.O.S.K	February 21, 2014
Mr. Victor C.Seeyave	February 21, 2014
Mr. A.Michel Thomas	February 21, 2014
Mrs. Karine Morel	February 20, 2019

**DIRECTORS' SERVICE CONTRACTS**

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

**CONTRACTS OF SIGNIFICANCE**

There was no contract of significance subsisting during the period to which the Company is a party and in which a director is or was materially interested, either directly or indirectly.

**DIRECTORS' REMUNERATION AND BENEFITS**

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

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
<b><u>Non-executive directors</u></b>		
Gopallen Moorroogen	<b>20,000</b>	20,000
Victor Seeyave	<b>20,000</b>	20,000
Pierre Dinan	<b>20,000</b>	20,000
	<b><u>60,000</u></b>	<b><u>60,000</u></b>

**DONATIONS**

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

**AUDITOR'S FEES**

The fees payable to the Auditor, BDO & Co. for audit and other services were as follows:

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
Audit fees	<b>321,780</b>	203,000
Fees for other services	<b>119,015</b>	73,000
Total fees	<b><u>440,795</u></b>	<b><u>276,000</u></b>

The non-audit services relate to review of risk management framework and insurance returns.

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

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

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Swan Special Risks Company Limited (the 'Company') is a Public Interest Entity as defined by the Mauritian Financial Reporting Act 2004.

**1. GOVERNANCE STRUCTURE**

The Company is headed by a unitary Board. The Board is ultimately responsible for providing effective leadership and is responsible and accountable for the affairs of the Company. The Board of Directors 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 of Directors is also the link between the Company and the shareholders.

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

The day-to-day operations are entrusted to the Management under the responsibility of the Group Chief Executive. Members of Senior Management have clearly defined job descriptions. Senior Management report directly to the Group Chief Executive. The Risk Officer reports to the Board and to the Audit & Risk Committee. Currently the Company has no employee.

The code of ethics is available for consultation on SWAN GROUP's website: [www.swanforlife.com](http://www.swanforlife.com)

**1.1 Company Structure**

As at December 31, 2021, Swan General Ltd held 100 % of the shareholding of the Company.

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

The Company is headed by a unitary Board comprising of 7 Directors, including one female Director. There are 3 Executive Directors, 1 Non-Executive Director and 3 Independent Non-Executive Directors. Board Members have a diverse mix of skills, knowledge and experience and are distinguished by their professional ability, integrity and independence of opinion. Collectively, the Board of Directors is well structured and of sufficient size to discharge its duties, having regard to the activities and size of the Company and it being part of a group where certain functions are established at group level.

The Independent Directors bring a wide range of experience and skills to the Board. They are free from any business or other relationships which could materially affect their ability to exercise independent judgement, constructively dissent and are critical by-standers. Board considers the current mix of Executive and Independent Directors to be appropriate. All Directors of the Company ordinarily reside in Mauritius. The functions and responsibilities of the Chairperson and Group Chief Executive are separate.

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

The Directors of the Company were as follows:

<i><b>Executive Directors</b></i>	<i><b>Non-executive Directors</b></i>
Tse Kwong (Philippe) Lo Fan Hin Louis Rivalland (Group Chief Executive) Michel Thomas	Karine Morel
<i><b>Independent non-executive Directors</b></i>	
Pierre Dinan Gopallen Moorooogen Victor Seeyave (Chairperson)	

### 2.1 Directors' Profile

#### Louis Rivalland

Born in 1971, he 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.

**2. STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)****2.1 Directors' Profile (cont'd)****Louis Rivalland (cont'd)**

List of other directorships:

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

**Michel Thomas**

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

He joined the Company in 1980 and worked as underwriter in various technical departments until 1988. He headed the Claims department before he was promoted as Senior Manager of the Group Research and Development department in 2001.

He is currently the Chief Operations Officer (COO) of Swan General Ltd responsible for the Short-Term Operations of the Company.

His principal areas of specialisation are insurance and reinsurance contract law including policy drafting. He has extensive experience and skill in the handling of complex claims including liability, specialty and medical negligence/malpractice claims. He has worked with international law firms and barristers on a variety of high value casualty and engineering claims as well as on reinsurance conflict of laws and coverage issues. He has also been specialising in arbitration law and Alternative Dispute Resolution (ADR) procedures.

**2. STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)****2.1 Directors' Profile (cont'd)****Michel Thomas (cont'd)**

As regards the modernisation of our insurance legislation, he has played an important role in the recognition of claims made clauses under Mauritian law and has collaborated closely with the State Law Office and the Regulator in bringing crucial amendments to the Road Traffic Act and other subsidiary legislation. He has also collaborated with the Law Reform Committee (LRC) regarding the review of our insurance contract law provisions in the Civil Code.

List of other directorships:

<b>Name of Company</b>	<b>Particulars of directorship</b>
C-Care (Mauritius) Limited previously known as The Medical and Surgical Centre Limited	Director
Swan General Ltd	Director
Swan Reinsurance PCC	Director

**Gopallen Moorooogen**

Born in 1959, he 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 several years and has been the Chairman of the SEM for a few years. He is currently Head- Accounting in Mauritius Telecom.

List of other directorships:

<b>Company Name</b>	<b>Position</b>
Swan Life Ltd	Director
Swan General Ltd	Director
Swan Reinsurance PCC	Director
Swan Wealth Managers Ltd	Director
Swan Pensions Ltd	Director

**Victor Seeyave**

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

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

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

## 2.1 Directors' Profile (cont'd)

**Victor Seeyave (cont'd)**

List of other directorships:

<b>Name of Company</b>	<b>Type of Directorship</b>
Albacora Ltd	Director
Alter Domus (Mauritius) Ltd	Director
Alter Domus (Mauritius) Nominees Ltd	Director
Altima Ltd	Director
Altius Ltd	Director
Amplitius Ltd	Director
Caxton Consulting Limited	Director
Cheh Seeyave Limited	Director
Citius Ltd	Director
Citius P Ltd	Director
Foods Div Ltd	Director
Fortius Ltd	Director
Hamilton Enterprise Ltd	Director
Kenville Investments Limited	Director
Promotion Div Ltd	Director
Innodis Ltd	Director and Chairperson
Peninsula Rice Milling Ltd	Director
Redbridge Investments Ltd	Director
Challenge Hypermarkets Ltd	Director
HWFRL Investments Ltd	Director
Mocambique Farms, Limitada	Director
Poulet Arc-en-Ciel Ltee	Director
Supercash Ltd	Director
Innodis Poultry Ltd	Director
Swan Life Ltd	Director
Swan General Ltd	Director
Swan Reinsurance PCC	Director and Chairperson
Ocean Vast Investment Holdings Limited	Director
Pacific Port Investment Holdings Limited	Director
South Port Investment Holdings Limited	Director
SOF-VII Mauritius Holdings I	Director

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

**2. STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)****2.1 Directors' Profile (cont'd)****Pierre Dinan**

Born in 1937, he holds a BSc. (Econ.) from the London School of Economics and Political Science and is a Fellow of the Institute of Chartered Accountants in England and Wales. He was a Senior Partner at De Chazal du Mée (DCDM) for 20 years until he retired in June 2004. He was also a Director of Multiconsult, a global business management services company for 12 years until 2004. He presently acts as a Company Director for a number of public companies in the manufacturing and financial services sectors respectively. He was the founder Chairperson of the Mauritius Institute of Directors. He is a former independent member of the Monetary Policy Committee set up under the Bank of Mauritius Act.

List of other directorships:

<b>Name of Company</b>	<b>Type of directorship</b>
JPMorgan India Investment Company (Mauritius) Ltd	Director
SBI Resurgent India Opportunities Fund	Director
Food Canners Limited	Director
Sunkist Investments Limited	Director
FCL Industrial Estate Limited	Director
Food Canners Marketing Limited	Director
CAM-GTF	Director
Executive International Services Co. Ltd	Director
MC Easy Freight Limited	Director
Swan Reinsurance PCC	Director
Charles Telfair Co. Ltd	Director

**Tse Kwong (Philippe) Lo Fan Hin**

Born in 1958, he joined SWAN in 1978. He qualified as an Associate of the Chartered Insurance Institute (London) in 1983 (A.C.I.I.) and obtained his Fellowship (F.C.I.I.) in 1991. He is a Chartered Insurer and a member of the Insurance Institute of Mauritius (IIM). He joined the Senior Management team in 2003.

He has been working in the Insurance Industry for 43 years. During the past 26 years he has been heading the Reinsurance and Statistics department of SWAN. His main responsibility at Swan General Ltd is to ensure that the Company is adequately reinsured with first class security Reinsurers for all the risks emanating from our underwriting activities.

List of other directorships:

<b>Company Name</b>	<b>Position</b>
Swan Reinsurance PCC	Director
AfResure Reinsurance Brokers Ltd	Director

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

### 2.1 Directors' Profile (cont'd)

#### Karine Morel

Born in 1979, she is a Fellow of the Association of Chartered Certified Accountants (FCCA). She also holds a BCom from the University of Cape Town. Karine joined the finance team of Swan Life Ltd in September 2001 and was promoted as Manager - Finance and Accounts in August 2007. She now holds the position of Senior Manager - Group Finance since January 2019. She leads the finance and accounting teams of both the Short Term and the Long-Term business of SWAN. She also oversees the financial operations of the subsidiaries, both local and foreign.

List of other directorships:

Company Name	Position
Swan Global Funds Ltd	Director
Swan Securities Ltd	Director
Swan Wealth International Ltd	Director

#### **Role and Function of the Chairman**

The Chairman is responsible for providing overall leadership and governance to the board and for ensuring its effectiveness.

#### **Role and Function of the Chief Executive Officer**

The Chief Executive Officer is responsible for guiding the implementation of the Board Strategy and policy with respect to the Company's business. The Chief Executive Officer reports to the Board of Directors.

#### **Role and Function of the Non-Executive and Independent Director**

The non-executive and independent directors make a significant contribution to the functioning of the Board, thereby ensuring that no one individual or group dominates the decision-making process.

#### **Role and Function of the Company Secretary**

Swan Corporate Affairs Ltd provides corporate secretarial services to Swan Special Risks Company Limited. All Directors have access to the advice and services of the Company Secretary, delegated by Swan Corporate Affairs Ltd for the purposes of the Board's affairs and the business. The Company Secretary also provides guidance to the Board of Directors on their statutory responsibilities, ethics and good governance practices. The Company Secretary also ensures that the Board and committees' procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

During the year under review no board meeting was held.

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

**2. STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)****2.2 Board Committees**

In order to facilitate efficient decision-making, the Board has established and delegated some of its powers to two committees namely the Audit and Risks Committee (“ARC”) and the Corporate Governance Committee (“CGC”) which also acts as the Remuneration and Nomination Committee. These Committees operate within defined terms of reference which are available for consultation on Swan’s website: [www.swanforlife.com](http://www.swanforlife.com).

Proceedings of the Committees are reported to the Board to allow other Directors to be informed and seek clarifications from the Committee members.

**2.21 Audit and Risks Committee**

The ARC is composed of:

- a) Pierre Dinan (Chairperson); *Independent Non-Executive Director*
- b) Gopallen Moorroogen; *Independent Non-Executive Director*
- c) Victor Seeyave. *Independent Non-Executive Director (Resigned on 07.12.2021)*

During the year, the Company held one ARC meeting on September 22, 2021.

Name of Committee members	Attendance
	22.09.2021
Gopallen Moorroogen	✓
Victor Seeyave	✓
Pierre Dinan (Chairperson)	×

The functions of the ARC are set out below:

**Internal Audit**

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

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

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

### 2.2 Board Committees (cont'd)

#### External Audit

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

- a) Consider and make recommendations to the Board, to be put to shareholders for approval at the annual meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- b) Ensure that at least once every seven years the audit services contract is put out to tender;
- c) If an auditor resigns, investigate the issues leading to this and decide whether any action is required;
- d) Oversee the relationship with the external auditor including (but not limited to):
  - i. Recommendations on their remuneration, including both fees for audit and non-audit services, and that the level of fees is appropriate to enable an effective and high quality audit to
  - ii. be conducted;
  - iii. Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - iv. Assessing their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- e) Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity.
- f) Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present if deemed necessary, to discuss the auditor's remit and any issues arising from the audit.
- g) Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.
- h) Consider whether any significant ventures, investments or operations are not subject to external audit.
- i) Obtain assurance from the external auditor(s) that adequate accounting records are being maintained.
- j) Review the findings of the audit with the external auditor. This shall include but not be limited to the following:
  1. A discussion of any major issues which arose during the audit;
  2. Key accounting and audit judgements;
  3. Levels of errors identified during the audit; and
  4. The effectiveness of the audit process.
- k) Review any representation letter(s) requested by the external auditor before they are signed by management.
- l) Review the management letter and management's response to the auditor's findings and recommendations.
- m) Reviewing progress on implementation of auditors' recommendations.
- n) If necessary, develop and implement policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

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

### 2.2 Board Committees (cont'd)

#### **Financial Statements**

- a) The Committee will examine and review the quality and integrity of the financial statements of the Company, including its annual reports and any other formal announcement relating to the organisation's financial performance.
- b) The Committee shall review and report to the Board on significant financial reporting issues and judgements which these financial statements contain having regard to matters communicated to the Committee by the auditor;
- c) In particular, the Committee shall review and challenge where necessary;
  1. The consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Company;
  2. Compliance with accounting standards, local and international, compliance with stock exchange and legal requirements;
  3. The methods used to account for significant or unusual transactions where different approaches are possible;
  4. Significant adjustments resulting from the audit; Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements taking into account the views of the external auditor;
  5. The clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;
  6. All material information presented with the financial statements, such as the business review and the corporate governance statements relating to the audit and risk management;
  7. Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board;
  8. The basis on which the Company has been determined a going concern; capital adequacy and internal controls;
  9. Compliance with the financial conditions of any loan covenants; and
  10. Reviewing special documents

#### **Narrative reporting**

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

#### **Internal control and risks governance matters**

The Committee will assist the Board of Directors in fulfilling their corporate governance responsibilities relating to risk management, i.e. in relation to the identification, measurement, monitoring and controlling of the Company's principal business risks. Specifically, the Committee's role is to report to the Board and provide appropriate advice and recommendations on risk issues, in order to facilitate decision-making by the Board and the setup of its risk appetite. In so doing, the Committee shall seek to safeguard the interests of the Company by:

- a) Ensuring implementation of, and the continuous monitoring of compliance with the Mauritian Insurance (Risk Management) Rules 2016 by:
  - o defining and, at least annually, reviewing the risk appetite statements and tolerance levels
  - o reviewing the design, completeness and effectiveness of the risk management framework

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

### 2.2 Board Committees (cont'd)

#### Internal control and risks governance matters (cont'd)

- defining and reviewing the risk management strategy
- receiving and reviewing reports/dashboards from Management for risk monitoring
- receiving the auditors' and actuary's report on the compliance and effectiveness of the risk management framework and to recommend necessary actions.
- b) Ensuring that the Company's risk exposure is minimised;
- c) Ensuring the economy, efficiency and effectiveness of the Company's operations and internal controls and the implementation of established policies and procedures; and
- d) Maintaining a close relationship with management.
- e) The Committee will discharge these duties by:
  1. Reviewing and assessing the integrity of the risk control systems and ensuring that risk policies and strategies are effectively managed;
  2. Setting out the nature, role, responsibility and authority of the risk management function within the Company and outlining the scope of risk management work;
  3. Keeping abreast of external developments relating to the practice of corporate accountability, i.e. the way those entrusted with the day-to-day management of the Company's affairs are held accountable to shareholders regarding the management of emerging and prospective risks, uncertainties and influences that could impact on the Company's future results;
  4. Reviewing and providing an independent and objective oversight on reports submitted by management on corporate accountability and specifically how associated risks are being mitigated.
  5. Regularly advise the Board on the total process of risk management and risk governance within the Company.
  6. To review the continuous management of risk by Management
  7. Keep under review the adequacy and effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems; and
  8. Review and approve the statements to be included in the annual report concerning internal controls and risk management.

#### Compliance, Whistleblowing and Fraud

The Committee shall:

- a) Review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- b) Review the Company's procedures for detecting fraud;
- c) Review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- d) Review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the Company's compliance function;
- e) Review significant transactions not directly related to the Company's normal business as the Committee might deem appropriate; and

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

### 2.2 Board Committees (cont'd)

#### Compliance, Whistleblowing and Fraud (cont'd)

- f) Review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the Company.

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

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 Audit & Risks Committee, as are relevant.

#### 2.22 Corporate Governance Committee

The CGC is composed of:

- |                                  |   |
|----------------------------------|---|
| a) Arif Currimjee                | <i>Independent Non-Executive Director</i>                           |
| b) Nicolas Maigrot (Chairperson) | <i>Non-Executive Director</i>                                       |
| c) Gopallen Moorooogen;          | <i>Independent Non-Executive Director</i>                           |
| d) Victor Seeyave                | <i>Independent Non-Executive Director (Resigned on 07.12.2021)</i>  |
| e) Grace Sarah Leung Shing       | <i>Independent Non-Executive Director (Appointed on 02.08.2021)</i> |

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

- determining, agreeing and developing the general policy on corporate governance in accordance with the Code of Corporate Governance, legal compliance and ethical policies;
- assisting the Board on establishing a formal and transparent procedure for developing a remuneration policy for executives and Senior Management;
- putting in place plans for succession;
- making recommendations to the Board on all new Board appointments; and
- determining the level of emoluments of Executive, Non-Executive, Independent Non-Executive Directors and Board Committee Members.

There was no Corporate Governance Committee Meeting held for the year ended December 31, 2021.

The Group Chief Executive attends the committee meetings, the Group Company Secretary, Mr Jaiyansing (Shailen) Soobah, acts as Secretary of the Committee meetings.

### 3. DIRECTOR APPOINTMENT PROCEDURES

Appointment of new directors is subject to a pre-determined process. Potential candidates are identified by the Group Corporate Governance Committee. ("GCGC") The selection criteria used to assess prospective candidates related to their specific skills, business acumen, industry knowledge and experience, expertise. The GCGC also considers gender diversity, time commitment and independence of the candidates in their assessment. The GCGC then recommends to the Board of Directors and/or shareholders (as relevant). Director's appointment is also subject to the approval of the Financial Services Commission, under section 24 (1) of the Mauritian Financial Services Act 2007 and section 36 (1) of the Mauritian Insurance Act 2005 respectively. The law also provides that a Director (Officer) must be a fit and proper person. The Company does not provide for annual re-election of directors.

#### *Board Induction*

All new directors, upon joining the Board, receive a comprehensive induction pack from the Company Secretary which contains essential Board and Company information, the vision, mission and values of the Company as well as the regulatory and compliance landscape. In addition they meet the Company's key executives. The Group Chief Executive and Group Company Secretary are always available to provide any additional information that may be required by newly appointed Directors.

#### *Professional Development and Training*

Directors are encouraged to keep themselves abreast of changes and trends in the Company's business, environment and markets. It facilitates attendance to appropriate training programs so that Directors can continuously update their skills and knowledge.

#### *Succession Planning*

Succession planning of key officeholders has been delegated by the Board to the Group Chief Executive. A brief write-up of directors and the Company Secretary, details of the nomination and appointment process can be accessed on SWAN website: [swanforlife.com](http://swanforlife.com)

### 4. DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

The Directors are aware of their legal duties which emanate mainly from the Mauritian Companies Act 2001, and the Mauritian Insurance Act 2005. During the discharge of their duties, they are entitled to seek independent professional advice at the Company's expense and have access to the records of the Company. Directors are also entitled to have access, at all reasonable times, to all relevant company information and to the Management, if useful to perform their duties.

Moreover, 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;

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

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

- 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.

**Board Evaluation**

The board recognises that a continuous and constructive critical evaluation of their performance is powerful feedback for improving board effectiveness, maximise strengths and highlighting areas for further development. It was noted that a board evaluation was conducted during the year 2021 through questionnaire and appropriate actions, if required, would be taken based on feedback received.

**Remuneration of Directors**

The remuneration policy is considered at Group Level and duties are delegated to the Group Human Resource (HR) management team.

The Remuneration policy has the following aims:

- 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 to 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 highest calibre. This is essential for the successful leadership and effective management of the Group.

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

Non-Executive Directors have not received any remuneration in the form of share options or bonuses associated with the Company's performance. Non-Executive Directors receive a fixed director fee.

There was no Director fee paid to the Executive Directors. The remuneration of the Non-Executive Directors for the period under review was as follows:

<b>Name of Director</b>	<b>Director Fee (Rs)</b>
Pierre Dinan	20,000
Gopallen Moorrogen	20,000
Victor Seeyave (Chairperson)	20,000

**4. DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)*****Directors' Interests, Dealings in Securities and Related Party Transaction***

In accordance with the Mauritian Companies Act 2001, the Company Secretary maintains an interests register. Directors who are interested in a transaction or proposed transaction with the Company disclose their interest to the Board and cause same to be entered in the Interest Register.

All new Directors/Officers are required to notify in writing to the Company Secretary their direct and indirect interests in the Company's shares. No Directors held shares in the Company for the period under review.

**Conflict of Interest**

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. Please refer to Note 17 of the financial statements.

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

The Board is responsible for information governance. The Company lays due importance on the confidentiality, availability and protection of information backed by an adapted management information system. For fulfilling its obligations, the Board is supported by the Audit and Risk Committee and all the monitoring and evaluation of significant expenditure on Information Technology is taken by the Board.

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

- a) clarify the requirements, prohibitions, and procedures applicable to the use of the Company's computing and network resources;
- b) provide guidelines to encourage responsible behaviour and good management practice;
- 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 and modifications of the IT systems, emails, internet, copyrights & license agreements, smart devices, confidentiality and remote access. A brief of its IT policies can be accessed on the website of SWAN: [www.swanforlife.com](http://www.swanforlife.com)

## 5. RISK GOVERNANCE AND INTERNAL CONTROL

The Board has ultimate responsibility for the Company's risk management and internal control and remains ultimately responsible for:

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

The Audit & Risks Committee is mandated by the Board to oversee all risk management and internal control issues. The task of implementing a robust system of Risk Management has been delegated to Senior Management and the Risk Officer. The Senior Management assists the Board in implementing, operating and monitoring the internal control systems which manage the risk of failure to achieve business objectives and provide reasonable but not absolute assurance against material misstatements or loss. Internal governance structures include a Risk Management function that complies with legislative requirements as specified by the Insurance (Risk Management) Rules 2016.

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

More information on risk is provided in the Risk Management Report on pages 4 to 4(g).

### **Internal Control**

The Board is responsible for the system of internal control and has a set of appropriate policies to provide reasonable assurance that the control objectives are attained. The system of internal controls has been designed to safeguard assets of the Company from unauthorised use. The Company maintains proper records to ensure effective operation of its business and compliance with laws and regulations. Management is directly responsible for implementing the strategies and policies adopted by the Board, and for managing all of the Company's activities, including the operation of the internal control system. The system of internal controls is designed to provide assurance against material misstatement or loss, and to manage risks of failure in operational systems.

Key areas of effective internal controls are as follows:

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

## 5. RISK GOVERNANCE AND INTERNAL CONTROL

### Internal Control (cont'd)

- 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. The Board, through the Audit & Risks Committee and Senior Management of SWAN Group, 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 on an adhoc basis report to the Board of Directors.

## 6. REPORTING WITH INTEGRITY

The Board is responsible for the preparation of the annual report and accounts that fairly present the state of affairs of the organisation and the results of its operations and that comply with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the Mauritian Companies Act 2001. Likewise, the Board has the responsibility for selecting appropriate accounting policies based on reasonable and prudent judgements. The annual report comprises, inter alia, the structure of the financial statements and the risk report of the Company. The annual report for the year ended December 31, 2021 will be published on the website of SWAN Group.

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

### Dividend Policy

The Company does not follow a formal dividend policy. Dividends are declared subject to the profitability of the Company, cash flow, and the solvency requirements of the Mauritian Companies Act 2001 and the Mauritian Insurance Act 2005. The Company has not declared dividend for the financial year under review.

### Shareholders' agreement affecting the governance of the Company by the Board

The Directors confirm that, to the best of their knowledge, they are not aware of the existence of any such agreement for the year under review.

### Environmental

The Company is committed to reducing its impact on the environment. It strives to improve its environment performance over time. The employees comply with all applicable laws and regulations. We adopt standards, procedures, contingency measures and management systems to ensure that our operations are managed safely, ecologically and in a sustainable way.

### Health and Safety

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

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

### Social Issues

It is the Company's policy to comply with all applicable laws, rules and regulations. It is the personal responsibility of each Director 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, colour, religion, creed, sex, age, social status, family origin, physical or mental disability or sexual orientation, nor will it commit other violations of human rights.

## 7. AUDIT

### Internal Audit

Internal Audit is an objective assurance function reporting to the Audit & Risks Committee and the Board of Directors. It derives its authority from the Board of Directors delegated through the Audit and Risks Committee. Collectively, Audit Committee members have the necessary financial literacy and expertise. Internal auditors are appointed by the Board of Directors, 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, regarding the implementation, operation and effectiveness of internal control and risks management. An internal audit charter for SWAN Group and its subsidiaries is in place.

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

The Internal Auditors report directly to the members of the Audit & Risks Committee to maintain its independence and objectivity 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. They have unrestricted access to the records, management and employees.

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

### External Audit

The external auditors of the Company are appointed annually at the Annual Meeting of Shareholders of the Company. The auditors of the Company are BDO & Co. The auditors of the Company are BDO & Co. The Auditor's remuneration is fixed by the Board, following recommendation from the Audit & Risks Committee and approved by the shareholder.

External auditors have unrestricted access to the Audit & Risks Committee. The Company is satisfied with the external audit process. The Audit & Risks Committee has not met with external auditor without management presence.

The external auditors meet the members of the Audit and Risks Committee to present and approve the audited yearly financial statements. During the meeting, key audit matters and significant issues of the management letter are presented by the external auditors to the members.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

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**7. AUDIT (CONT'D)**External Audit (cont'd)

BDO & Co has been the auditor of the Company for more than 7 years. There has been a rotation of the engagement partner during financial year December 31, 2021.

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

For audit services	Rs 321,780
For non-audit services	Rs 119,015

The non-audit services relate to review of risk management framework and insurance returns.

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

The Board of Directors places great importance on open and transparent communication with its shareholder. The Company communicates with its shareholder through its Annual Report. Additionally the Company is committed to engage actively with its stakeholders to meet their expectations and interest in an effective and efficient manner. The Company communicates with its stakeholders through emails, social media and its annual report, the company's website through its news section, provided meaningful information on the Company's products & services and financials.

In compliance with Section 115 & 117 of the Mauritian Companies Act 2001, the annual meeting of shareholders is conducted through written resolution to approve the annual report of the Company.

The website ([www.swanforlife.com](http://www.swanforlife.com)) provides timely information to stakeholders and audited financial statements and so forth are readily accessible from there.



**Company Secretary**  
**Swan Corporate Affairs Ltd**

Date: 21 June 2022

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

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Directors acknowledge their responsibilities for:

- (i) maintenance of adequate accounting records and effective internal control systems;
- (ii) the preparation of financial statements which fairly present the state of affairs of the Company as at December 31, 2021 and the results of its operations and cash flows for year ended December 31, 2021 and which comply with International Financial Reporting Standards (IFRS); and
- (iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

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

The Directors report that:

- (i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iii) International Financial Reporting Standards (IFRS) have been adhered to. Any departure in the fair presentation has been disclosed, explained and quantified; and
- (iv) the Code of Corporate Governance has been adhered to. Reasons have been provided in the Statement of Compliance and Corporate Governance Report in case of non-compliance with any requirement.

Signed on behalf of the Board of Directors on: 21 June 2022



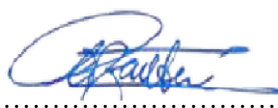
.....  
Chairperson



.....  
Director

**STATEMENT OF COMPLIANCE****(Section 75 (3) of the Mauritian Financial Reporting Act 2004)****Name of PIE:** Swan Special Risks Company Limited**Reporting Period:** January 1, 2021 to December 31, 2021

We, the Directors of Swan Special Risks Company Limited, confirm that to the best of our knowledge the PIE has complied with all of its obligations and requirements under the Code of Corporate Governance.

**SIGNED BY:****Names:**   
.....**DIRECTOR**  
.....**DIRECTOR****DATE:** 21 June 2022 .....**DATE:** 21 June 2022 .....

**RISK MANAGEMENT REPORT – YEAR ENDED DECEMBER 31, 2021**

**Our Risk Environment**

Swan Special Risks Co Ltd (the “Company” or “SWAN”) is exposed to a diversity of risks whereby we accept the risks inborn to our core business lines. These risks, however, also create opportunities for innovation and differentiation. We distinguish between strategic and operational risks, which are mitigated through a risk management governance structure.

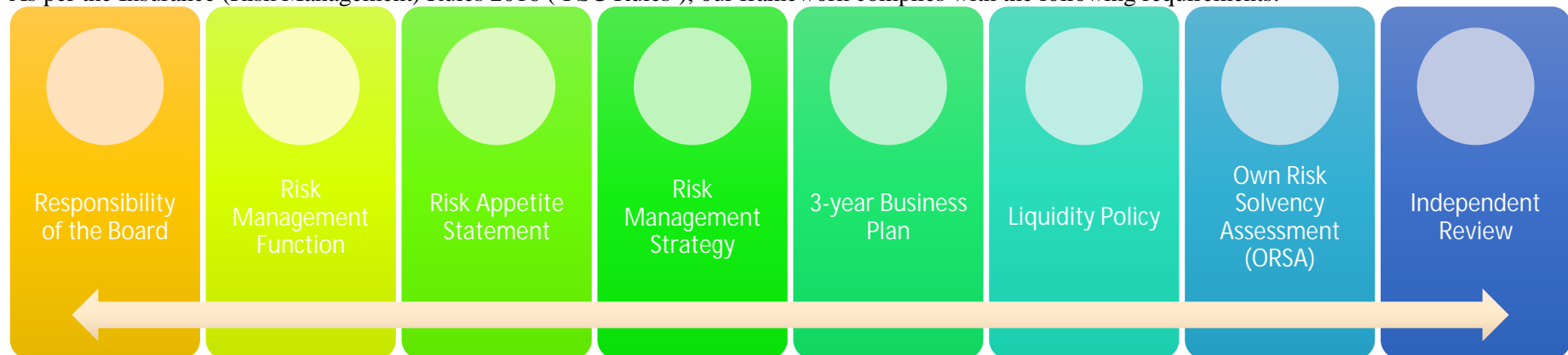
Similar to 2020, 2021 was also affected by the COVID 19. Despite the almost miraculous development of effective vaccines against COVID-19 in 2020, the virus continued to spread and mutate. After the short, sharp shock of Omicron, the pandemic phase of COVID-19 seems to be ending for most locations. Prospects for the future hinge on the question of whether and when future variants will emerge. SWAN continued to enforce sanitary protocols and encouraged a remote and a work-from-home policy. However, with an increase in remote working which meant relaxed privacy policies and procedures and present more opportunities for cyber adversaries, the Company was more susceptible to cyber-attacks. This has prompted the Company to ramp up digitalization efforts, encouraging SWAN to review its business processes and to focus on security and regulation protocols to fend off cyber security attacks.

The impact of the pandemic in the insurance market continues to be felt through asset risks, notably capital volatility and weaker premium growth prospects. While we expect and should those risks persist, SWAN remains financially strong to absorb the financial impact to ensure that we remain solvent to honour our commitments to clients.

**Key components of our Risk Management Framework**

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

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



RISK MANAGEMENT REPORT – YEAR ENDED DECEMBER 31, 2021



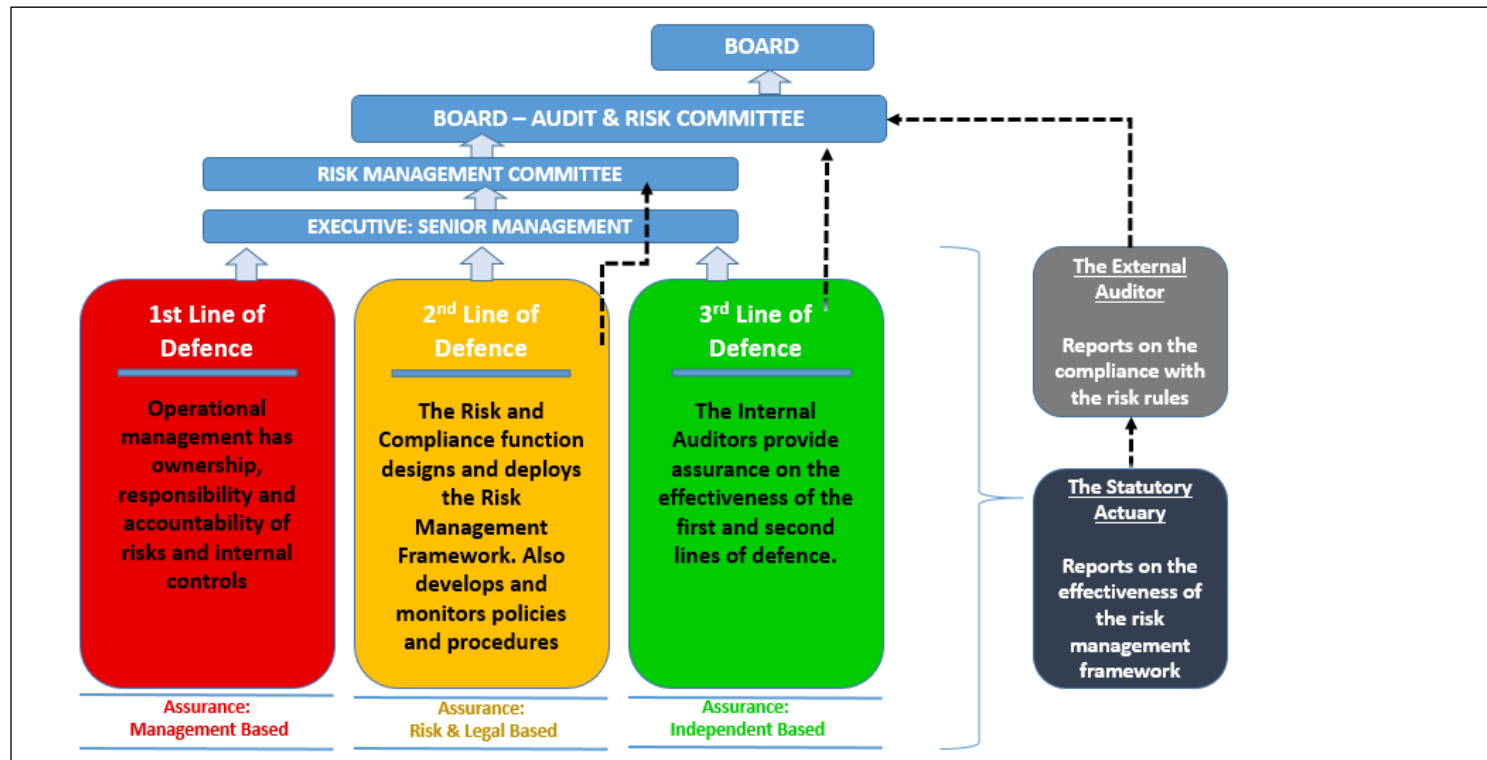
**Responsibility of the Board**

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



**Our Risk Management Function**

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



**RISK MANAGEMENT REPORT – YEAR ENDED DECEMBER 31, 2021**

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

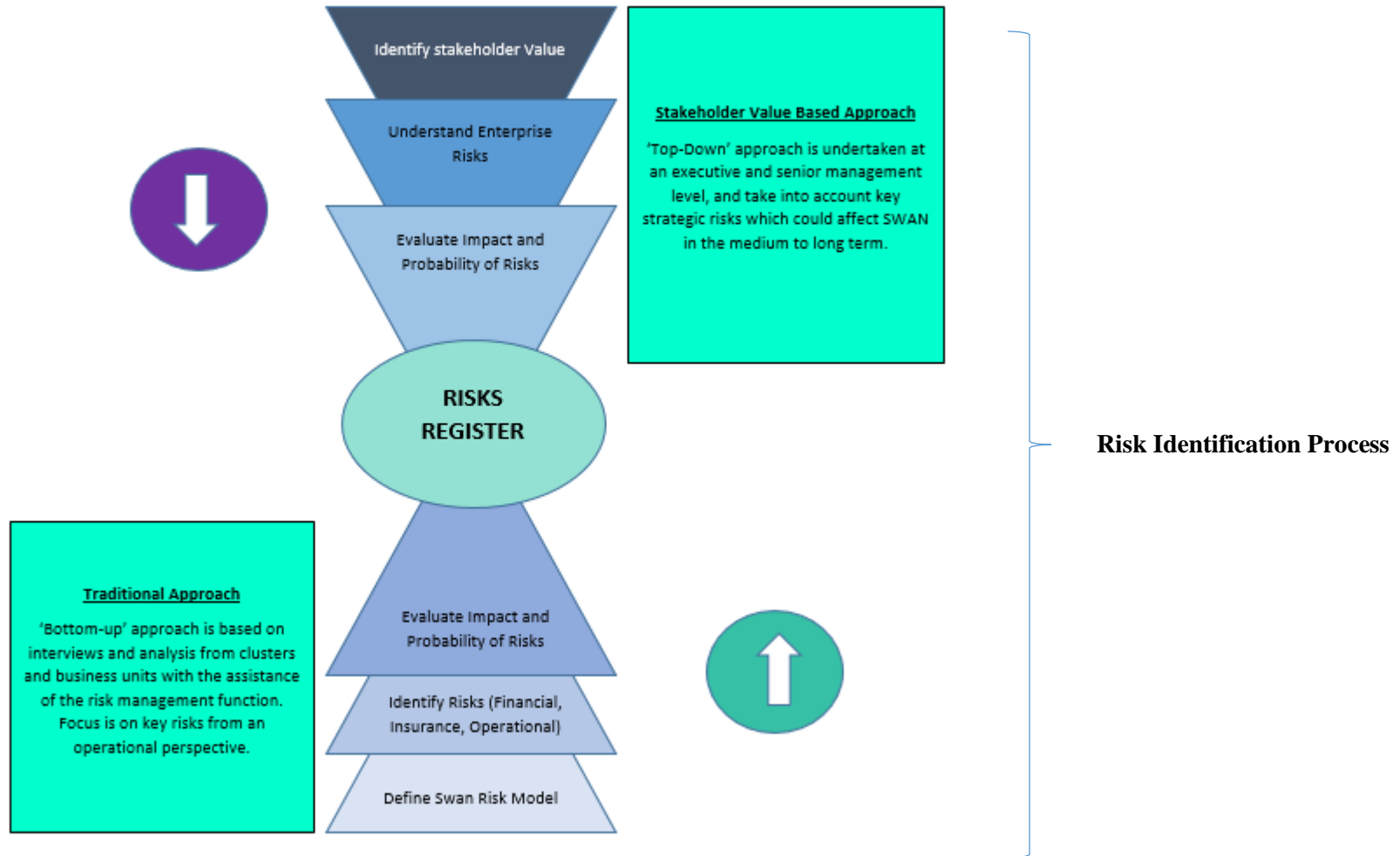
- Assist the Board/Audit & Risk Committee in its review of the adequacy and effectiveness of the system of internal controls in operation across the Group.
- Manage, review and implement any risk policies for consistency with the risk appetite and to approve any material changes to these policies.
-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



**Risk Appetite Statement & Risk Management Strategy**

In order to formulate our risk appetite statements and risk tolerance levels, SWAN has undergone a risk identification process and built its risk register to recognize its strategic and operational risks. Risk registers are reviewed and updated in conjunction with SWAN’s business strategy and as and when there are new events which could possibly change our risk exposure. The risks that have been identified have been logged, owners have been allocated and progress to mitigate each risk has been recorded.

RISK MANAGEMENT REPORT – YEAR ENDED DECEMBER 31, 2021

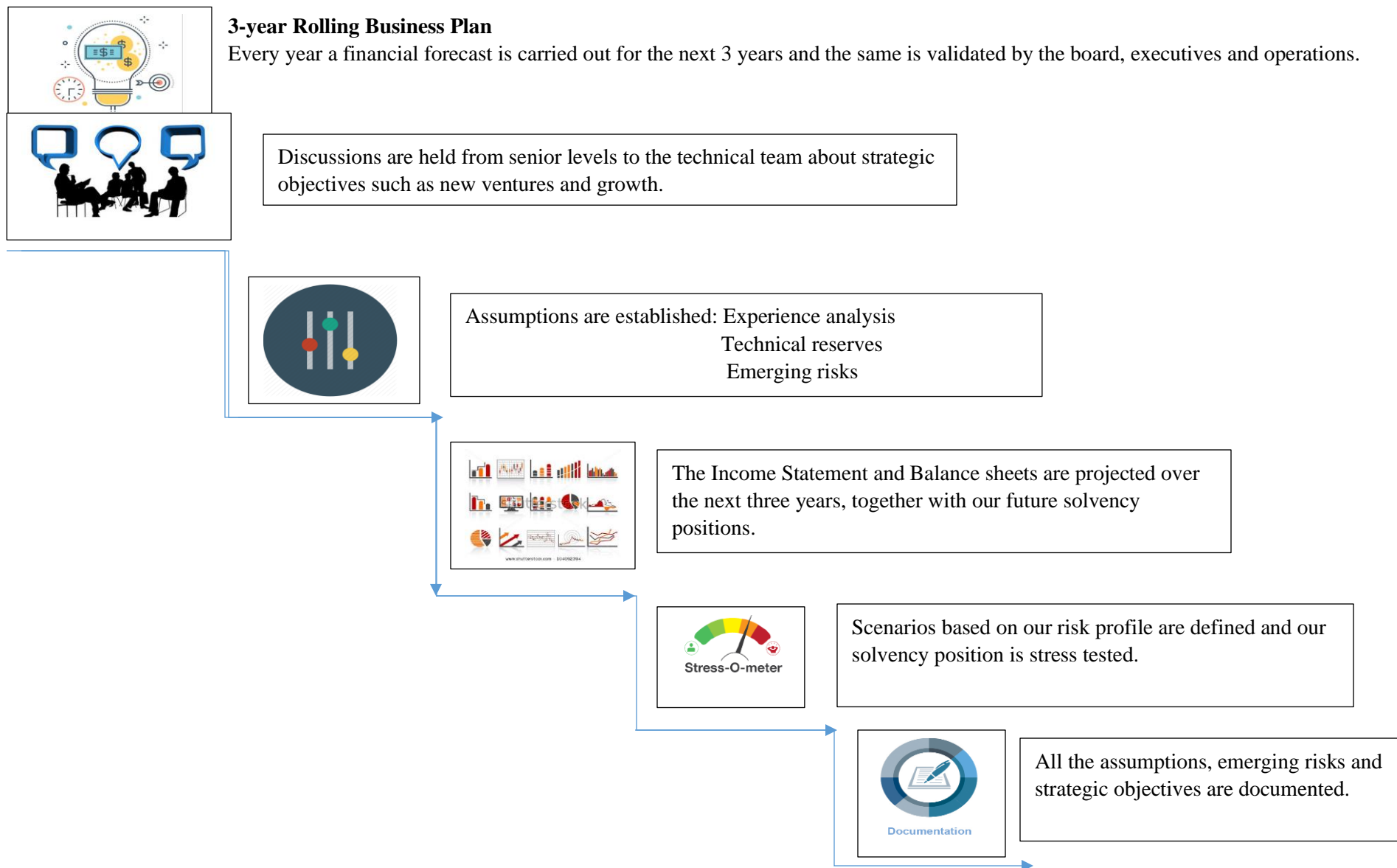


RISK MANAGEMENT REPORT – YEAR ENDED DECEMBER 31, 2021

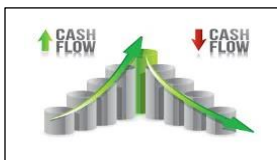
Defining SWAN’s risk appetite statements is a vital process whereby limits and benchmarks are set for different risk classes. Below are a few inherent risks which have been identified. For each risk, the appropriate Risk Management Strategy (mitigating measures) is devised and for some of them we have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

<p><b>Capital Risks</b></p> <ul style="list-style-type: none"> <li>• Review underwriting capacity</li> <li>• Review reinsurance programs</li> <li>• Inject capital</li> </ul>	<p><b>Investment Risks</b></p> <ul style="list-style-type: none"> <li>• Review investment guidelines</li> <li>• Review asset mix and allocation</li> </ul>
<p><b>Strategic Risks</b></p> <ul style="list-style-type: none"> <li>• Emerging new markets</li> <li>• Diversify portfolio</li> <li>• Review agreements</li> </ul>	<p><b>Reinsurance Risks</b></p> <ul style="list-style-type: none"> <li>• Monitoring of reinsurers’ rating</li> <li>• Minimize concentration</li> </ul>
<p><b>Group Risks</b></p> <ul style="list-style-type: none"> <li>• Crisis Committee</li> <li>• Ensure communication lines</li> </ul>	<p><b>Liquidity Risks</b></p> <ul style="list-style-type: none"> <li>• Monitoring of expense ratios</li> <li>• Increase share capital</li> </ul>
<p><b>Operational Risks</b></p> <ul style="list-style-type: none"> <li>• Review of processes</li> <li>• Implement system validations</li> <li>• Provide on-going training</li> </ul>	<p><b>Compliance Risks</b></p> <ul style="list-style-type: none"> <li>• Engage more resources</li> <li>• Close monitoring</li> <li>• Compliance audit</li> </ul>

RISK MANAGEMENT REPORT – YEAR ENDED DECEMBER 31, 2021



RISK MANAGEMENT REPORT – YEAR ENDED DECEMBER 31, 2021



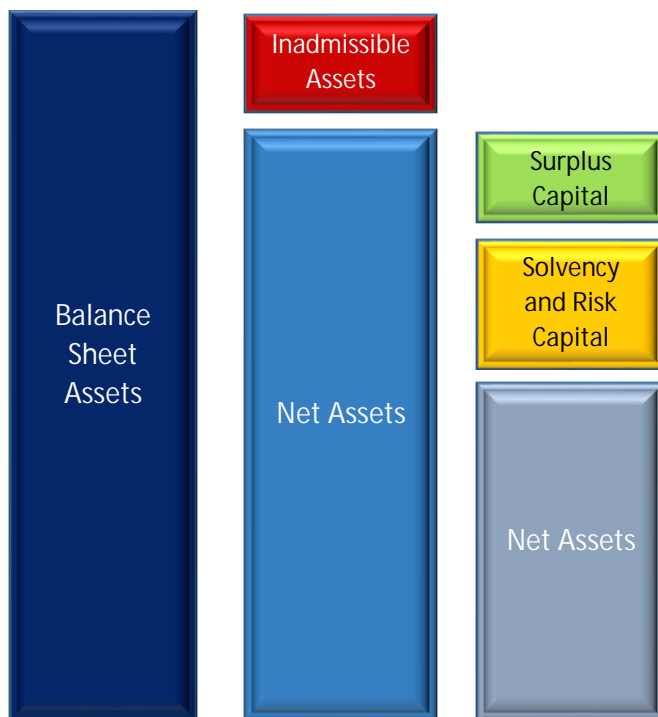
**Liquidity policy**

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

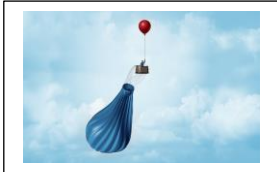


**ORSA**

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

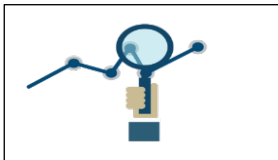


The Board who has the ultimate responsibility of the ORSA, assesses different risks faced by the Company and determine the risk capital necessary to be maintained against those risks.



**Business Continuity Management**

Business Continuity sets out to enhance the strategic and tactical capability of the Company to plan for and respond to incidents and business disruptions in order to continue business operations at an acceptable pre-defined level. With the rising concern that remote risks such as natural catastrophes, pandemics, fire or technology can potentially represent major threats to SWAN, management has implemented business continuity management group-wide. In 2021, we have implemented guidelines and policies with respect to business continuity management and we continue in the implementation of the BCM by putting in place a proper governance framework. During 2021, just as 2020, SWAN has been able to operate its core business activities despite the pandemic through remote working.



**Independent Review**

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

**Risk Officer**  
..2!.. June 2022

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

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We, **Swan Corporate Affairs Ltd**, the Company Secretary of Swan Special Risks Company Limited (the "Company"), hereby certify, to the best of our knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of the company under section S166(d) of the Mauritian Companies Act 2001.



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

**Date:** 21 June 2022

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Swan Special Risks Company Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Swan Special Risks Company Limited (the "Company"), on pages 7 to 48 which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 7 to 48 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 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

#### 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 financial statements and our auditor's report thereon.

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

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

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

To the Shareholder of Swan Special Risks Company Limited

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

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

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

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

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

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

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

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

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.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

To the Shareholder of Swan Special Risks Company Limited

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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

**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.

*Mauritian Financial Reporting Act 2004*

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("Code") 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.

*Mauritian Insurance Act 2005*

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

**Other Matter**

This report is made solely to the Company's shareholder, 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 it 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***Didier Dabybin, FCA**

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Port Louis,  
Mauritius.

June 21, 2022

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

	Notes	December 31, 2021 Rs'000	December 31, 2020 Rs'000	January 01, 2020 Rs'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Available-for-sale financial assets	5	30,860	19,021	19,315
Held-to-maturity financial assets	5	4,788	4,788	-
		<b>35,648</b>	<b>23,809</b>	<b>19,315</b>
<b>Current assets</b>				
Held-to-maturity financial assets	5	-	-	6,018
Trade and other receivables	6	224,953	261,568	148,205
Cash and cash equivalents	14(a)	89,017	80,387	64,220
		<b>313,970</b>	<b>341,955</b>	<b>218,443</b>
<b>Total assets</b>		<b>349,618</b>	<b>365,764</b>	<b>237,758</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Stated capital	7(a)	50,000	50,000	50,000
Fair value reserve	7(b)	8,679	2,101	2,923
Retained earnings		48,703	32,818	20,824
<b>Total equity</b>		<b>107,382</b>	<b>84,919</b>	<b>73,747</b>
<b>Technical provisions</b>				
Outstanding claims and IBNR	10/15(a)	45,159	37,890	23,774
Gross unearned premiums	10/15(b)	126,877	142,706	62,812
		<b>172,036</b>	<b>180,596</b>	<b>86,586</b>
<b>Current liabilities</b>				
Trade and other payables	8	64,883	98,058	77,062
Current tax liabilities	9(c)	5,317	2,191	363
		<b>70,200</b>	<b>100,249</b>	<b>77,425</b>
<b>Total equity and liabilities</b>		<b>349,618</b>	<b>365,764</b>	<b>237,758</b>

\* Refer to prior year restatement, note 18.

These financial statements have been approved for issue by the Board of Directors on 21 June 2022

  
Director

  
Director

The notes on pages 11 to 48 form an integral part of these financial statements.  
Independent Auditor's report on pages 6 to 6(c).

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

	<b>Notes</b>	<b>2021</b>	2020
		<b>Rs'000</b>	Rs'000
			*Restated
<b>Gross premiums</b>	2.4 (i)	<b>353,732</b>	296,694
Premiums ceded to reinsurers		<b>(353,732)</b>	(296,694)
Change in gross unearned premiums	10/15(b)	<b>15,829</b>	(79,894)
Recoverable from reinsurers	10/15(b)	<b>(15,829)</b>	79,894
<b>Net earned premiums</b>	2.4 (ii)	<b>-</b>	-
Gross claims paid	15(a)	<b>(132,502)</b>	(64,948)
Claims recovered from reinsurers	15(a)	<b>132,502</b>	64,948
Movement in claims outstanding and IBNR:			
Gross claims outstanding and IBNR	10/15(a)	<b>(7,269)</b>	(14,116)
Recoverable from reinsurers	10/15(a)	<b>7,269</b>	14,116
<b>Net claims incurred</b>		<b>-</b>	-
Commissions receivable from reinsurers		<b>63,731</b>	54,465
Commissions paid to agents and brokers		<b>(40,109)</b>	(33,896)
<b>Net commissions</b>		<b>23,622</b>	20,569
<b>Underwriting surplus</b>		<b>23,622</b>	20,569
Investment income	11	<b>497</b>	66
<b>Operating profit</b>		<b>24,119</b>	20,635
Net other income	12	<b>3,287</b>	4,276
		<b>27,406</b>	24,911
Administrative expenses	13	<b>(8,275)</b>	(10,204)
<b>Profit before tax</b>		<b>19,131</b>	14,707
Income tax expense	9(a)	<b>(3,246)</b>	(2,713)
<b>Profit for the year</b>		<b>15,885</b>	11,994
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Change in value of available-for-sale financial assets		<b>6,578</b>	(546)
Release on disposal of available-for-sale financial assets		<b>-</b>	(276)
<b>Other comprehensive income for the year</b>		<b>6,578</b>	(822)
<b>Total comprehensive income for the year</b>		<b>22,463</b>	11,172

\* Refer to prior year restatement, note 18.

The notes on pages 11 to 48 form an integral part of these financial statements.  
Independent Auditor's report on pages 6 to 6(c).

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

	Stated Capital	Fair Value Reserve	Retained Earnings	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000
<b>Balance at January 1, 2021</b>				
As previously stated	50,000	2,101	28,434	80,535
Effect of prior year adjustments (note 18)	-	-	4,384	4,384
As restated	50,000	2,101	32,818	84,919
Profit for the year	-	-	15,885	15,885
Other comprehensive income for the year	-	6,578	-	6,578
<b>Balance at December 31, 2021</b>	<b>50,000</b>	<b>8,679</b>	<b>48,703</b>	<b>107,382</b>
<b>Balance at January 1, 2020</b>				
As previously stated	50,000	2,923	20,328	73,251
Effect of prior year adjustments (note 18)	-	-	496	496
As restated	50,000	2,923	20,824	73,747
Profit for the year - restated	-	-	11,994	11,994
Other comprehensive income for the year	-	(822)	-	(822)
<b>Balance at December 31, 2020</b>	<b>50,000</b>	<b>2,101</b>	<b>32,818</b>	<b>84,919</b>

The notes on pages 11 to 48 form an integral part of these financial statements.  
Independent Auditor's report on pages 6 to 6(c).

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

	Notes	2021 Rs'000	2020 Rs'000
<b>Cash generated from operations</b>			
Profit before tax		19,131	14,707
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Investment income	11	(497)	(66)
(Decrease)/increase in gross unearned premiums	10/15(b)	(15,829)	79,894
Profit on disposal of available-for-sale assets	12	-	(256)
Foreign exchange differences	12	(3,203)	(3,949)
<i>Working capital adjustments:</i>			
Decrease/(increase) in trade and other receivables		33,302	(112,594)
(Decrease)/increase in trade and other payables		(29,587)	21,326
Increase in outstanding claims and IBNR	10/15(a)	7,269	14,116
<b>Cash generated from operations</b>		<b>10,586</b>	13,178
Income tax paid	9(c)	(366)	(885)
Income tax refunded	9(c)	246	-
<b>Net cash flows generated from operating activities</b>		<b>10,466</b>	12,293
<b>Investing activities</b>			
Purchase of financial assets	5	(5,261)	(5,014)
Proceeds from maturity of financial assets		-	4,600
Proceeds from disposal of financial assets		-	42
Investment income received		497	1,396
<b>Net cash flows (used in)/generated from investing activities</b>		<b>(4,764)</b>	1,024
<b>Net increase in cash and cash equivalents</b>		<b>5,702</b>	13,317
Cash and cash equivalents at January 1,		80,387	64,220
Net foreign exchange differences		2,928	2,850
<b>Cash and cash equivalents at December 31,</b>	14(a)	<b>89,017</b>	80,387

\* Refer to prior year restatement, note 18.

The notes on pages 11 to 48 form an integral part of these financial statements.  
Independent Auditor's report on pages 6 to 6(c).

## 1. GENERAL INFORMATION

Swan Special Risks Company Limited (the 'Company'), is a private limited company, incorporated on February 21, 2014 and domiciled in Mauritius. The address of the registered office is Swan Centre, 10 Intendance Street, Port-Louis.

The principal activity of the Company is to underwrite short term insurance business.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

The financial statements of Swan Special Risks Company Limited comply with the Mauritian Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). In the prior years, the Company did not account for insurance policies issued by one of its accredited Administrator and income tax expense for previous year was wrongly computed on the basis of exempt income from reinsurance activities. These changes resulted in restating the financial statements for the year ended December 31, 2020 and December 31, 2019 (Refer to note 18).

The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000), except when otherwise indicated. Where necessary comparative figures have been amended to conform with change in presentation and disclosure in the current year. The financial statements are prepared under the historical cost convention, except that available-for-sale financial assets are stated at their fair values.

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

#### **Interest Rate Benchmark Reform (IBOR) Phase 2**

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

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

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

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

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

**IFRS 4 Insurance Contracts:** 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.

*IFRS 7 Financial Instruments - 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.

*IFRS 9 Financial Instruments:* 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.

*IFRS 16 Leases:* The amendment to IFRS 16 enables a company to apply a practical expedient to account for a lease modification required by the IBOR reform.

##### **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 financial statements.

##### **IFRS 9 Exemption**

The Company has applied the temporary exemption from IFRS 9 Financial Instruments and has not previously adopted any version of IFRS 9 Financial Instruments. Consequently, the Company continues to apply IAS 39 Financial Instruments: Recognition and Measurement rather than IFRS 9 Financial Instruments for annual periods beginning before 1 January 2023 (temporary exemption from IFRS 9).

The temporary exemption from IFRS 9 is available to the companies whose activities are predominantly connected with insurance. The Company is eligible for this exemption being the fact that the percentage of the total carrying amount of its liabilities connected with insurance (IFRS 4 Insurance Contracts) relative to the total carrying amount of all its liabilities is greater than 80%. Since December 31, 2017, there has been no change in the Company's activities.

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

**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)**

The Company has deferred the application of IFRS 9 until the effective date of the new insurance contract standard (IFRS 17) of January 1, 2023, opting the temporary exemption from applying IFRS 9 by the amendments to IFRS 4.

It is expected that IFRS 9 will change the classification of financial assets to either amortised cost, fair value through profit or loss or fair value through other comprehensive income. In addition, IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

The Company's financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are all measured at fair value as they are managed and performance is evaluated on a fair value basis.

Below is the fair value balances of financial assets that are managed at fair value or whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amounts:

<b>Financial assets</b>	<b>Rs'000</b>
Trade and other receivables	224,882
Cash and cash equivalents	89,017
	<u>313,899</u>

The fair values of the other financial assets are disclosed under note 5(j).

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Basis of preparation (cont'd)****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 of these financial statements, the following were in issue but not yet effective:

**Effective date January 1, 2022****IFRS 1 *First-time Adoption of International Financial Reporting Standards***

*Annual Improvements to IFRS Standards 2018-2020*

**IFRS 3 *Business Combinations***

*Reference to the Conceptual Framework*

**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*

**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.

**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 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)****(a) 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 Non-current*: 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.

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

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

#### **Amendment for which effective date has been deferred indefinitely until further notice (cont'd)**

##### **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.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates as disclosed in note 4. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

## 2.2 Financial assets

### (a) Categories of financial assets

The Company classifies its financial assets into the following categories: held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition and re-assesses this at every reporting period.

#### (i) *Held-to-maturity financial assets*

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

#### (ii) *Available-for-sale financial assets*

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

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

### 2.2 Financial assets (cont'd)

#### (b) Recognition and measurement

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

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

Available-for-sale financial assets are subsequently carried at their fair values.

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

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

The fair values of quoted investments are based on current bid prices (Level 1). The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible on entity specific estimates (Level 2). If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and net assets basis (Level 3), see note 5.

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

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(c) Impairment of financial assets****(i) Financial assets classified as available-for-sale**

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

**(ii) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of profit or loss.

**(iii) Cash and cash equivalents**

Cash and cash equivalents include cash at bank.

**2.3 Insurance Contracts**

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

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

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

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

### 2.4 Revenue Recognition

#### (i) Gross Premiums

Gross premiums is the amount of insurance premiums charged to clients on insurance contracts issued during the year, irrespective of whether they relate to or in part to a later accounting period. Gross premiums are recognised in the period in which the policy is issued and are disclosed gross of commission to intermediaries. The earned portion of premiums written is recognised as revenue. Premiums are earned from the date of inception of the risk, over the period of the policy.

#### (ii) Premiums Earned

Revenue represents premiums receivable (net of reinsurances) and adjusted for unearned premiums. Front-end fees charged at inception of a premium contract are included under revenue and recognised on an accrual basis.

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

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

- Interest income - using the effective interest method.
- Dividend income - when the Shareholder's right to receive payment is established.
- Commission receivable - as it accrues in accordance with the substance of the relevant agreements.

### 2.5 Reinsurance Contracts

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

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

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

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

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.6 Short term insurance****(i) Unearned premiums**

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

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

**(ii) Claims expenses and Outstanding claims provisions**

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

Outstanding claims provisions made up of:

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

Some delays may occasionally be experienced in the notification and settlement of certain types of claims, particularly in respect of liability business, the ultimate cost of which cannot be known with certainty at the end of the reporting period. The Company does not discount its liabilities for unpaid claims. Any estimate represents a determination within a range of possible outcomes. Outstanding claims provisions are valued excluding allowances for expected future recoveries.

**(iii) Liability adequacy test**

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

**2.7 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.

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

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.8 Current income tax**

The tax expense for the period comprises of current tax which is recognised in the statement of profit or loss.

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

*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 Trade and other payables**

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

**2.10 Share capital**

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

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

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

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

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

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

## 3. FINANCIAL RISK MANAGEMENT

## 3.1 Insurance risk

*Short term insurance*

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

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

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

## (a) Insurance contracts

(i) Frequency and severity of claims

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

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

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

(ii) Concentration of insurance risk

The following table discloses the concentration of claims by class of business gross and net of reinsurance.

Class of Business	Outstanding claims					
	2021			2020		
	No of Claims	Gross Rs'000	Net Rs'000	No of Claims	Gross Rs'000	Net Rs'000
Others	2,075	19,381	-	2,085	21,514	-
IBNR		25,778	-		16,376	-
		45,159	-		37,890	-

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

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

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

## 3.1 Insurance risk (cont'd)

(iii) Sources of uncertainty in the estimation of future claim payments

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

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

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

	Change in assumpti ons	Impact on gross liabilities	Impact on reinsuranc e share of liabilities	Impact on profit	Impact on equity
		Rs'000	Rs'000	Rs'000	Rs'000
<b>Average claim cost</b>					
<b>2021</b>	<b>5%</b>	<b>2,258</b>	<b>2,258</b>	-	-
2020	5%	1,895	1,895	-	-

(iv) Claims development table

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

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

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

## 3.1 Insurance risk (cont'd)

(iv) Claims development table (cont'd)

<b>GROSS</b>	2015	2016	2017	2018	2019	2020	2021	<b>Total</b>
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	<b>Rs'000</b>
					Restated	Restated		
Estimate of ultimate claim costs:								
- At end of claim year	31	44	8,003	2,506	6,727	13,180	19,381	<b>49,872</b>
- One year later	7	-	-	-	-	340	-	<b>347</b>
- Two years later	-	22	-	-	920	-	-	<b>942</b>
- Three years later	16	-	-	-	-	-	-	<b>16</b>
- Four years later	-	-	-	-	-	-	-	-
- Five years later	-	-	-	-	-	-	-	-
Current estimate of cumulative claims	2,905	878	1,916	8,395	10,377	75,235	132,430	<b>232,136</b>
Less Cumulative payments to date	(2,889)	(754)	(1,748)	(3,351)	(9,456)	(74,895)	(119,662)	<b>(212,755)</b>
Liability recognised in the statement of financial position	16	124	168	5,044	921	340	12,768	<b>19,381</b>
IBNR								<b>25,778</b>
Gross liability at year end (notes 10/15(a))	16	124	168	5,044	921	340	12,768	<b>45,159</b>
<b>NET</b>								<b>TOTAL</b>
Estimate of ultimate claim costs:								<b>Rs'000</b>
- At end of claim year	-	-	-	-	-	-	-	-
IBNR								-
Net liability at year end (notes 10/15(a))	-	-	-	-	-	-	-	-

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

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

#### 3.2 Financial Risk Factors

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

The most important components of this financial risk are:

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

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

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

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

##### 3.2.1 Market risk

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

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

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

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

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

## 3.2.1 Market risk (cont'd)

(i) Currency risk

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

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

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

<u>At December 31, 2021</u>	Equivalent in Rs'000				Total
	MUR	USD	EURO	Others	
<b>Assets:</b>					
Non-current assets					
- Available-for-sale financial assets	9,230	21,630	-	-	30,860
- Held-to-maturity financial assets	4,788	-	-	-	4,788
Current assets					
- Trade and other receivables	161,021	44,929	18,810	122	224,882
- Cash and cash equivalents	29,762	42,020	17,235	-	89,017
	<b>204,801</b>	<b>108,579</b>	<b>36,045</b>	<b>122</b>	<b>349,547</b>

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

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

## 3.2.1 Market risk (cont'd)

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

At December 31, 2021

	Equivalent in Rs'000				Total
	MUR	USD	EURO	Others	
<b>Liabilities:</b>					
Technical provisions					
- Outstanding claims and IBNR	41,347	3,557	146	109	45,159
Current liability					
- Trade and other payables	46,238	13,183	4,877	585	64,883
	<u>87,585</u>	<u>16,740</u>	<u>5,023</u>	<u>694</u>	<u>110,042</u>

At December 31, 2020 - Restated**Assets:**

	Equivalent in Rs'000				Total
	MUR	USD	EURO	Others	
Non-current assets					
- Available-for-sale financial assets	6,913	12,108	-	-	19,021
- Held-to-maturity financial assets	4,788	-	-	-	4,788
Current assets					
- Trade and other receivables	171,067	51,452	38,955	15	261,489
- Cash and cash equivalents	31,775	38,990	9,622	-	80,387
	<u>214,543</u>	<u>102,550</u>	<u>48,577</u>	<u>15</u>	<u>365,685</u>

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

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

## 3.2.1 Market risk(cont'd)

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

At December 31, 2020 - Restated

	Equivalent in Rs'000				Total
	MUR	USD	EURO	Others	
<b>Liabilities:</b>					
Technical provisions					
- Outstanding claims and IBNR	37,721	121	45	3	37,890
Current liability					
- Trade and other payables	63,047	12,059	20,466	2,486	98,058
	<u>100,768</u>	<u>12,180</u>	<u>20,511</u>	<u>2,489</u>	<u>135,948</u>

**Sensitivity**

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

	USD		EURO	
	+5%	-5%	+5%	-5%
	Rs'000	Rs'000	Rs'000	Rs'000
<b>Impact on Results:</b>				
<b>- At December 31, 2021</b>				
- Available-for-sale financial assets	1,082	(1,082)	-	-
- Trade and other receivables	2,246	(2,246)	941	(941)
- Cash and cash equivalents	2,101	(2,101)	862	(862)
	<u>5,429</u>	<u>(5,429)</u>	<u>1,803</u>	<u>(1,803)</u>
<b>- At December 31, 2020</b>				
- Available-for-sale financial assets	605	(605)	-	-
- Trade and other receivables	2,573	(2,573)	1,948	(1,948)
- Cash and cash equivalents	1,950	(1,950)	481	(481)
	<u>5,128</u>	<u>(5,128)</u>	<u>2,429</u>	<u>(2,429)</u>

The 5% change in rates used above was derived from the average fluctuation in the respective foreign currencies for the last 5 years.

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

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

## 3.2.1 Market risk(cont'd)

(ii) Interest rate risk

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

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

*Sensitivity*

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

	Impact on results	
	+1%	-1%
	Rs'000	Rs'000
<b>At December 31, 2021</b>		
- Held-to-maturity financial assets	<b>48</b>	<b>(48)</b>
<b>At December 31, 2020</b>		
- Held-to-maturity financial assets	48	(48)

The percentage change in interest rates taken is 1% and this represents management assessment's of the likely change in interest rate based on historical observation.

(iii) Equity price risk

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

The Investment Committee actively monitors equity assets owned directly by the Company as well as concentrations of specific equity holdings.

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

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

## 3.2.1 Market risk(cont'd)

(iii) Equity price risk(cont'd)*Sensitivity*

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

	Impact on	
	Shareholder's equity	
	+10%	-10%
	Rs'000	Rs'000
<b>At December 31, 2021</b>		
- Available-for-sale financial assets	<b>3,086</b>	<b>(3,086)</b>
 At December 31, 2020		
- Available-for-sale financial assets	1,902	(1,902)

The percentage change in equity market values taken is 10% and this represents management assessment's of the likely change in equity market values based on historical observation.

## 3.2.2 Credit risk

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

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

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

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

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

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

## 3.2.2 Credit risk (cont'd)

	Neither past due nor impaired					Impaired and provision for		Carrying amount at year end
	(note (a))	Past due but not impaired				impairment	Rs'000	
		1m - 3m	3m - 6m	6m - 1yr	> 1 yr			
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
<b>2021</b>								
- Trade and other								
receivables	193,500	9,514	3,879	9,774	8,215	-	224,882	
<u>2020 - Restated</u>								
- Trade and other								
receivables	206,692	35,507	3,772	4,386	11,132	-	261,489	

- (a) This includes receivables from Linkham Services Ltd (accredited Administrator) representing premium receivable amounting to Rs 18,155k (2020: Rs 29,121k) which are fully reinsured and not exposed to credit risk.

## 3.2.3 Liquidity risk

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

The financial liabilities which include gross unearned premiums, outstanding claims and IBNR and trade and other payables have all maturity within one year.

Maturities of financial assets and liabilities:

<u>At December 31, 2021</u>	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
<b>Assets:</b>				
Non-current assets				
- Available-for-sale financial assets	30,860	-	-	30,860
- Held-to-maturity financial assets	-	1,830	2,958	4,788
Current assets				
- Trade and other receivables	224,882	-	-	224,882
- Cash and cash equivalents	89,017	-	-	89,017
	<b>344,759</b>	<b>1,830</b>	<b>2,958</b>	<b>349,547</b>
<b>Liabilities</b>				
Technical provisions				
- Outstanding claims and IBNR	45,159	-	-	45,159
Current liability				
- Trade and other payables	64,883	-	-	64,883
	<b>110,042</b>	<b>-</b>	<b>-</b>	<b>110,042</b>

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

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

## 3.2.3 Liquidity risk (cont'd)

<u>At December 31, 2020 - Restated</u>	<u>&lt; 1 year</u>	<u>1 to 5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
Non-current assets				
- Available-for-sale financial assets	19,021	-	-	19,021
- Held-to-maturity financial assets	-	1,830	2,958	4,788
Current assets				
- Trade and other receivables	261,489	-	-	261,489
- Cash and cash equivalents	80,387	-	-	80,387
	<u>360,897</u>	<u>1,830</u>	<u>2,958</u>	<u>365,685</u>
Liabilities				
Technical provisions				
- Outstanding claims and IBNR	37,890	-	-	37,890
Current liability				
- Trade and other payables	98,058	-	-	98,058
	<u>135,948</u>	<u>-</u>	<u>-</u>	<u>135,948</u>

## 3.2.4 Capital Risks Management

The Company manage their capital to ensure that they will be able to continue as a going concern and also comply with applicable laws and regulations.

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

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

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

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

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

#### 3.2.4 Capital Risks Management (cont'd)

- to maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

The Mauritian Insurance Act 2005 specifies the amount of capital that must be held in proportion to the Company's liabilities, i.e. in respect of outstanding claim liability risk, unearned premium liability risk, investment risk, catastrophe risk and reinsurance ceded.

The Company is also subject to a solvency requirement under the Mauritian Insurance Act 2005 and Mauritian Insurance Rules 2007 and is required to maintain its solvency at 100% of the minimum capital required at all times. Under the Mauritian Insurance (General Insurance Business Solvency) Rules 2007, the minimum capital requirement for general business is the sum of capital required for the statement of financial position as per Rule 6, capital required for investment above concentration limit as per Rule 7, capital required for policy liabilities as per Rule 8, capital required for catastrophes as per Rule 9 and capital required for reinsurance ceded under Rule 10.

The Company's capital requirement ratio and solvency margin are above the requirement of the Mauritian Insurance Act 2005 and proper internal controls are in place to ensure that they remain so.

The Company manage their capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 2020.

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

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

The Company does not have any debts and is fully financed by equity, the debt-to-adjusted capital ratios have not been disclosed. For the years ended 31 December 2021 and 31 December 2020, the Company have satisfied the minimum capital requirements.

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

#### 3.2.4 Capital Risks Management (cont'd)

##### **Approach to capital management**

The Company seeks to optimise the structure and sources of capital to ensure that they consistently maximises returns to the Shareholder and policyholders.

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

#### 3.2.5 Fair value estimation

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

Only available-for-sale financial assets have been fair valued in the financial statements (Refer to note 5).

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

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**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

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

**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.

**4.1 Insurance contracts**

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

**(i) Estimates of future claims payments**

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

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

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

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

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

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

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**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONT'D)****4.1 Insurance contracts (cont'd)****(ii) Sensitivity**

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

**(iii) Uncertainties and judgement**

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

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

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

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

**4.2 Reinsurance**

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

**4.3 Held-to-maturity financial assets**

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

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

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

##### 4.4 Impairment of available-for-sale financial assets

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

##### 4.5 Impairment of other assets

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

##### 4.6 Limitations of sensitivity analysis

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

Sensitivity analysis does not take into consideration that the Company's assets and liabilities are actively 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.

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

## 5. INVESTMENTS IN FINANCIAL ASSETS

	2021			2020		
	Held-to-maturity	Available-for-sale	Total	Held-to-maturity	Available-for-sale	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) <u>Local Securities</u>						
At January 1,	4,788	6,913	11,701	6,018	9,380	15,398
Additions	-	-	-	4,700	314	5,014
Disposals	-	-	-	-	(42)	(42)
Maturities	-	-	-	(6,018)	-	(6,018)
Increase/(decrease) in fair value	-	2,317	2,317	-	(2,739)	(2,739)
Accrued Interest	-	-	-	88	-	88
At December 31,	<u>4,788</u>	<u>9,230</u>	<u>14,018</u>	<u>4,788</u>	<u>6,913</u>	<u>11,701</u>
(b) <u>Foreign Securities</u>						
At January 1,	-	12,108	12,108	-	9,935	9,935
Additions	-	5,261	5,261	-	1,728	1,728
Disposals	-	-	-	-	(1,748)	(1,748)
Increase in fair value	-	4,261	4,261	-	2,193	2,193
At December 31,	<u>-</u>	<u>21,630</u>	<u>21,630</u>	<u>-</u>	<u>12,108</u>	<u>12,108</u>
<b>Total</b>	<u><b>4,788</b></u>	<u><b>30,860</b></u>	<u><b>35,648</b></u>	<u><b>4,788</b></u>	<u><b>19,021</b></u>	<u><b>23,809</b></u>

Analysed as follows:	2021	2020
	Rs'000	Rs'000
<b>Non-current</b>		
Available-for-sale	30,860	19,021
Held-to-maturity	4,788	4,788
	<u>35,648</u>	<u>23,809</u>
Cumulative accrued interests	<u>88</u>	<u>88</u>

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
<b>At December 31, 2021</b>				
Available-for-sale	<u>30,848</u>	<u>-</u>	<u>12</u>	<u>30,860</u>
At December 31, 2020				
Available-for-sale	<u>19,009</u>	<u>-</u>	<u>12</u>	<u>19,021</u>

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

## 5. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

- (c) Held-to-maturity financial assets comprise of notes with interest rates of 4% to 4.75%. The held-to-maturity financial assets are carried at amortised cost.
- (d) Available-for-sale financial assets comprise of quoted and unquoted financial assets.
- (e) None of the financial assets are past due.
- (f) Currency analysis of financial assets is disclosed in note 3.2.1.(i)
- (g) The maturity of financial assets is disclosed in note 3.2.3.
- (h) There were no non cash transactions during the year. Non cash transactions for last year were additions: Rs 1,728k and disposals: Rs 1,467k.
- (i) Local and foreign securities comprise of securities listed on the stock markets and other companies.
- (j) Fair value of held-to-maturity financial assets is as follows:

	<u>2021</u>	<u>2020</u>
	Rs'000	Rs'000
<u>Local Securities</u>		
Held-to-maturity	<u>4,700</u>	<u>4,700</u>

Fair value was determined by reference to published price quotations in an active market (classified as level 1 in the fair value hierarchy).

## 6. TRADE AND OTHER RECEIVABLES

	<u>2021</u>	<u>2020</u>
	Rs'000	Rs'000
Due from contract holders	52,681	79,227
Due from reinsurers:		Restated
- share of outstanding claims (note 10)	19,381	21,514
- share of unearned premiums (note 10)	126,877	142,706
- share of incurred but not reported (note 10)	25,778	16,376
Prepayments	71	79
Amount due from related parties (note 17)	43	43
Other receivables	122	1,623
	<u>224,953</u>	<u>261,568</u>

- (a) The carrying amounts of trade and other receivables approximate their fair values.
- (b) The ageing of trade and other receivables is disclosed in note 3.2.2.
- (c) Currency analysis of financial assets is disclosed in note 3.2.1.(i)
- (d) The maturity of financial assets is disclosed in note 3.2.3.
- (e) The Company does not hold any collateral as security for trade and other receivables.

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

## 7(a). STATED CAPITAL

	<u>Number of Shares</u>	<u>Ordinary Shares</u> Rs' 000
<b>At January 1 and December 31, 2021</b>	<b>50,000</b>	<b>50,000</b>

Ordinary shares

The total authorised number of ordinary shares is 50,000 shares at no par value. All issued shares are fully paid. The fully paid ordinary shares carry one vote per share and carry a right to dividends.

## 7(b). FAIR VALUE RESERVE

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

## 8. TRADE AND OTHER PAYABLES

	<u>2021</u> Rs'000	<u>2020</u> Rs'000 Restated
Reinsurance liabilities	<b>26,036</b>	37,215
Accrued expenses	<b>1,841</b>	1,629
Amount due to related parties (note 17)	<b>12,691</b>	19,319
Other payables (note (d))	<b>24,315</b>	39,895
	<b>64,883</b>	98,058

- (a) The carrying amounts of trade and other payables approximate their fair values.
- (b) Currency analysis of financial liabilities is disclosed in note 3.2.1.(i)
- (c) The maturity of financial liabilities is disclosed in note 3.2.3.
- (d) Other payables include mainly an amount of Rs 24,128k payable to Linkham Services Ltd (accredited Administrator) (2020: Rs 34,938k).

## 9. INCOME TAX

	<u>2021</u> Rs'000	<u>2020</u> Rs'000 Restated
(a) Current tax at 15%	<b>3,246</b>	2,713
(b) Profit before tax	<b>19,131</b>	14,707
Tax calculated at rate of 15% (2020:15%)	<b>2,870</b>	2,206
Income not subject to tax	<b>(43)</b>	(45)
Expenses not deductible for tax purposes	<b>38</b>	259
Corporate social responsibility tax	<b>381</b>	293
Tax charge for the year	<b>3,246</b>	2,713

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

9. INCOME TAX (CONT'D)	2021	2020
	Rs'000	Rs'000
		Restated
(c) Current tax liabilities		
At January 1,		
- As previously stated	(189)	213
- Effect of prior year adjustments (note 18)	2,380	150
- As restated	2,191	363
Charged for the year	2,865	2,420
Tax paid during the year	(14)	(120)
Tax refunded during the year	246	-
Corporate social responsibility tax	381	293
Payment under Advance Payment System (APS)	(352)	(765)
At December 31,	5,317	2,191
<b>10. INSURANCE LIABILITIES AND REINSURANCE ASSETS</b>	<b>2021</b>	<b>2020</b>
	Rs'000	Rs'000
		Restated
<b>Gross</b>		
- Claims reported and loss adjustment expenses (notes 3.1 (iv), note 15(a))	19,381	21,514
- Unearned premiums (note 15(b))	126,877	142,706
- Claims incurred but not reported (IBNR) (note 15(a))	25,778	16,376
Total gross insurance liabilities	172,036	180,596
<b>Recoverable from reinsurers</b>		
- Claims reported and loss adjustment expenses (notes 6, 15(a))	19,381	21,514
- Unearned premiums (notes 6, 15(b))	126,877	142,706
- Claims incurred but not reported (IBNR) (notes 6, 15(a))	25,778	16,376
Total reinsurers' share of insurance liabilities	172,036	180,596
<b>Net</b>		
- Claims reported and loss adjustment expenses (notes 3.1 (iv), 15(a))	-	-
- Unearned premiums (note 15(b))	-	-
- Claims incurred but not reported (IBNR) (note 15(a))	-	-
	-	-
<b>Total net insurance liabilities</b>	-	-
<b>11. INVESTMENT INCOME</b>	<b>2021</b>	<b>2020</b>
	Rs'000	Rs'000
Interest income	210	25
Dividend income	287	41
	497	66

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

12. NET OTHER INCOME	2021	2020
	Rs'000	Rs'000
Policy fees	84	71
Exchange gain	3,203	3,949
Profit on disposal of available-for-sale financial assets	-	256
	<u>3,287</u>	<u>4,276</u>
13. ADMINISTRATIVE EXPENSES	2021	2020
	Rs'000	Rs'000
		Restated
Audit fees	441	276
Taxation fees	19	25
Actuarial fees	329	270
Licence fees	156	146
Rebilling cost	6,663	8,297
Others	667	1,190
	<u>8,275</u>	<u>10,204</u>
14. CASH AND CASH EQUIVALENTS	2021	2020
	Rs'000	Rs'000
(a) Cash and cash equivalents		
Cash at bank	<u>89,017</u>	<u>80,387</u>

## (b) Non cash transactions

There were no non cash transactions during the year. The principal non cash transactions for last year were the additions and disposals of available-for-sale assets (note 5(h)).

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

## 15. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

	2021			2020		
	Gross Rs'000	Reinsurance Rs'000	Net Rs'000	Gross Rs'000 Restated	Reinsurance Rs'000 Restated	Net Rs'000 Restated
(a) Outstanding claims and IBNR						
At January 1,						
Notified claims						
- As previously stated	8,371	(8,371)	-	8,802	(8,802)	-
- Effect of prior year adjustments (note 18)	13,143	(13,143)	-	2,893	(2,893)	-
- As restated	21,514	(21,514)	-	11,695	(11,695)	-
Increase in liabilities due to the notification of additional claims	130,369	(130,369)	-	74,767	(74,767)	-
Cash paid for claims settled in the year (Page 8)	(132,502)	132,502	-	(64,948)	64,948	-
	19,381	(19,381)	-	21,514	(21,514)	-
Incurred but not reported (IBNR) (note 10)	25,778	(25,778)	-	16,376	(16,376)	-
At December 31,	45,159	(45,159)	-	37,890	(37,890)	-
(b) Provision for unearned premiums						
At January 1,						
- As previously stated	60,439	(60,439)	-	55,937	(55,937)	-
- Effect of prior year adjustments (note 18)	82,267	(82,267)	-	6,875	(6,875)	-
- As restated	142,706	(142,706)	-	62,812	(62,812)	-
Net change in liabilities due to premium being earned (note 10)	(15,829)	15,829	-	79,894	(79,894)	-
At December 31,	126,877	(126,877)	-	142,706	(142,706)	-

## 16. HOLDING COMPANY

Swan General Ltd owns 100% of the Company's share capital and is the holding company. The Company is incorporated in Mauritius and its registered address is situated at Swan Group Centre, 10 Intendance Street, Port Louis.

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

## 17. RELATED PARTY TRANSACTIONS

	Purchase of goods and services	Amount owed by related parties	Amount owed to related parties
	Rs'000	Rs'000	Rs'000
<b>2021</b>			
<b>Holding company</b>	-	-	17
<b>Fellow subsidiaries</b>	<b>6,846</b>	<b>43</b>	<b>12,674</b>
	<b>6,846</b>	<b>43</b>	<b>12,691</b>
<b>2020</b>			
Holding company	-	-	17
Fellow subsidiaries	8,441	43	19,302
	8,441	43	19,319

- (b) The above transactions have been made on normal commercial terms and in the normal course of business.
- (c) Outstanding balances at year end are unsecured and settlement occurs in cash. The Company has not recorded any impairment of receivable relating to amounts owed by related parties.
- (d) There has been no guarantees provided or received for any related party receivables or payables.

## (e) Key management personnel compensation

	<b>2021</b>	2020
	Rs'000	Rs'000
Salaries & short term employee benefits	<b>707</b>	664
Post employment benefits	<b>25</b>	14
	<b>732</b>	678

## 18. PRIOR YEAR RESTATEMENTS

During the year ended December 31, 2021, the Directors restated the balances below. The changes have been applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. They refer to the comparatives for January 01, 2020 and December 31, 2020.

- (a) In 2020 and 2019, the Company did not account for insurance policies issued by one of its accredited Administrator.
- (b) Income tax expense for previous years were wrongly computed on the basis of exempt income from reinsurance activities.

The impact of the above have resulted in restating the financial statements as per below.

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

## 18. PRIOR YEAR RESTATEMENTS (CONT'D)

The effect on the statements of financial position is as follows:

	December 31, 2020			January 01, 2020		
	Previously stated	Prior year adjustment	Restated	Previously stated	Prior year adjustment	Restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>ASSETS</b>						
<b>Non-current assets</b>						
Available-for-sale financial assets	19,021	-	19,021	19,315	-	19,315
Held-to-maturity financial assets	4,788	-	4,788	-	-	-
	<b>23,809</b>	<b>-</b>	<b>23,809</b>	<b>19,315</b>	<b>-</b>	<b>19,315</b>
<b>Current assets</b>						
Held-to-maturity financial assets	-	-	-	6,018	-	6,018
Trade and other receivables	120,871	140,697	261,568	128,453	19,752	148,205
Current tax assets	189	(189)	-	-	-	-
Cash and cash equivalents	80,387	-	80,387	64,220	-	64,220
	<b>201,447</b>	<b>140,508</b>	<b>341,955</b>	<b>198,691</b>	<b>19,752</b>	<b>218,443</b>
<b>Total assets</b>	<b>225,256</b>	<b>140,508</b>	<b>365,764</b>	<b>218,006</b>	<b>19,752</b>	<b>237,758</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>						
Stated capital	50,000	-	50,000	50,000	-	50,000
Fair value reserve	2,101	-	2,101	2,923	-	2,923
Retained earnings	28,434	4,384	32,818	20,328	496	20,824
<b>Total equity</b>	<b>80,535</b>	<b>4,384</b>	<b>84,919</b>	<b>73,251</b>	<b>496</b>	<b>73,747</b>
<b>Technical provisions</b>						
Outstanding claims and IBNR	21,831	16,059	37,890	20,514	3,260	23,774
Gross unearned premiums	60,439	82,267	142,706	55,937	6,875	62,812
	<b>82,270</b>	<b>98,326</b>	<b>180,596</b>	<b>76,451</b>	<b>10,135</b>	<b>86,586</b>
<b>Current liabilities</b>						
Trade and other payables	62,451	35,607	98,058	68,091	8,971	77,062
Current tax liabilities	-	2,191	2,191	213	150	363
	<b>62,451</b>	<b>37,798</b>	<b>100,249</b>	<b>68,304</b>	<b>9,121</b>	<b>77,425</b>
<b>Total equity and liabilities</b>	<b>225,256</b>	<b>140,508</b>	<b>365,764</b>	<b>218,006</b>	<b>19,752</b>	<b>237,758</b>

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

## 18. PRIOR YEAR RESTATEMENTS (CONT'D)

The effect on the statements of profit or loss is as follows:

	December 31, 2020		
	Previously stated	Prior year adjustment	Restated
	Rs'000	Rs'000	Rs'000
<b>Gross premiums</b>	<b>171,146</b>	125,548	<b>296,694</b>
Premiums ceded to reinsurers	(171,146)	(125,548)	(296,694)
Change in gross unearned premiums	(4,502)	(75,392)	(79,894)
Recoverable from reinsurers	4,502	75,392	79,894
<b>Net earned premiums</b>	<b>-</b>	-	-
Gross claims paid	(33,594)	(31,354)	(64,948)
Claims recovered from reinsurers	33,594	31,354	64,948
Movement in claims outstanding and IBNR:			
Gross claims outstanding and IBNR	(1,317)	(12,799)	(14,116)
Recoverable from reinsurers	1,317	12,799	14,116
<b>Net claims incurred</b>	<b>-</b>	-	-
Commissions receivable from reinsurers	20,567	33,898	54,465
Commissions paid to agents and brokers	(6,275)	(27,621)	(33,896)
<b>Net commissions</b>	<b>14,292</b>	6,277	<b>20,569</b>
<b>Underwriting surplus</b>	<b>14,292</b>	6,277	<b>20,569</b>
Investment income	66	-	66
<b>Operating profit</b>	<b>14,358</b>	6,277	<b>20,635</b>
Net other income	4,276	-	4,276
	<b>18,634</b>	6,277	<b>24,911</b>
Administrative expenses	(10,045)	(159)	(10,204)
<b>Profit before tax</b>	<b>8,589</b>	6,118	<b>14,707</b>
Income tax expense	(483)	(2,230)	(2,713)
<b>Profit for the year</b>	<b>8,106</b>	3,888	<b>11,994</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Change in value of available-for-sale financial assets	(546)	-	(546)
Release on disposal of available-for-sale financial assets	(276)	-	(276)
<b>Other comprehensive income for the year</b>	<b>(822)</b>	-	<b>(822)</b>
<b>Total comprehensive income for the year</b>	<b>7,284</b>	3,888	<b>11,172</b>

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

18. PRIOR YEAR RESTATEMENTS (CONT'D)	2020 Rs'000 <u>Restated</u>
<b>The effect on profit or loss is as follows:</b>	
Increase in commission fee income	33,898
Increase in brokers and administration fees	(27,621)
Increase in administrative expenses	(159)
Increase in income tax expense	(2,230)
	<u>3,888</u>
<b>The effect on cash flows is as follows:</b>	
Increase in profit before tax	6,118
Increase in gross unearned premiums	75,392
Increase in foreign exchange gains	(3,949)
Increase in trade and other receivables	(120,176)
Increase in trade and other payables	26,966
Increase in outstanding claims and IBNR	12,799
<b>Effect on operating cash flows</b>	<u>(2,850)</u>

**The effect on investing and financing cash flows is nil.**

## 19. GOING CONCERN &amp; COVID-19 PANDEMIC

Two years after the first lock-down in many countries, the world is gradually learning to live with the COVID-19 virus and its variants, notwithstanding the fact that they continue to represent a public health issue. Geographical borders and economies have re-opened with varying degrees of controls, and life has reverted to a new normal, made up of sanitary protocols.

Following the severe economic pull-back of 2020, as expected, economies worldwide including Mauritius, made a come-back in 2021, with different degrees of strength. Unprecedented fiscal and monetary supports, combined with massive rollouts of vaccination campaigns globally, and the willingness of policymakers to open up their economies gradually have been supportive to both economic activity and financial markets.

Following their comeback in the second half of 2020, international equity markets maintained an uptrend in 2021 and delivered a robust double-digit performance, hitting new highs along the way, despite new concerns of higher inflation. On the local side, the SEMDEX also delivered strong gains as the economy gradually restarted, the borders re-opened to welcome foreign exchange generating guests, and government put in place different support schemes.

**19. GOING CONCERN & COVID-19 PANDEMIC (CONT'D)**

Despite encouraging signs that the world seems to be able to live with the COVID-19 virus, it is noteworthy that the World Health Organisation has stressed that the virus should not be discarded yet as some variants are potentially lethal. As such, countries, organisations both public and private, as well as the population will need to remain vigilant until such time the COVID-19 and its variants can be claimed to have been totally vanquished.

With the gradual opening of economies, strong corporate earnings of key players, and successful vaccination campaigns worldwide, and despite the latent risks of the virus, we are optimistic that the global economy will continue improving in 2022 in the absence of any major unexpected shock.

The capital and solvency margins have always been above the minimum required by the Mauritian Insurance Act 2005. The Company does not foresee any pressure on its solvency ratio in the near term based on the different stress tests carried out. The Company also believe that their liquidity position is adequate to ensure any future commitments and obligations that may arise are settled. As such, the financial statements as presented have been prepared on a going concern basis, and Management does not foresee any going concern issue for the next twelve months from the date of the financial statements.