

NIC Multi-Employer Pension Scheme

annual report

NIC
MULTI-EMPLOYER
PENSION SCHEME

retire
ready

2020



retire
ready

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**NIC MULTI-EMPLOYER PENSION SCHEME
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2020**

The NIC Multi-Employer Pension Scheme is licensed by the Financial Services Commission under the Private Pension Schemes Act 2012.

BRN: F17000212
FSC Licence Number: PS16000074

CHAIRPERSON'S STATEMENT

2020 was a year of significant momentum as your Board of Trustees and our stakeholders continued to execute the NIC Multi-Employer Pension Scheme's strategy to deliver long-term value for you, our members. Investment markets and the economy as a whole are facing a period of uncertainty amidst the COVID-19 pandemic. Nevertheless, many notable actions over the last two years have started to positively impact our financial results, and we are taking decisive actions to position your Scheme for the future.



VIKASH PEERUN

Chairman

Overview of 2020 Performance

The positive financial results for the financial year ended 30 June 2020 were sustained by an adequate diversification of the investment portfolio across the different asset classes. The Scheme's portfolio delivered **investment returns of 2.9%** against -1.0% for its composite benchmark, taking the total value of the Scheme assets attributable to members to MUR 96 million. Net assets of **the Scheme grew by 41%** over the year under review.

Our members

Our absolute commitment to our members also remains unchanged. Retirement is an important decision and also an emotional moment. We are there to support our members through this stage in their lives. By drawing on our expertise and empathy to give them the best possible outcome, we can make a real difference to our members when it matters most.

COVID-19

The Covid-19 pandemic affected us all and in unprecedented ways. The Trustee together with the Actuary and Investment Manager have taken steps to assess and mitigate, where possible, the risks posed by the potential consequences of the pandemic and its resulting effects on market volatility. Though we are long term investors and such volatility is less of an issue for us than many other investors, the Trustees have mandated an independent review of the existing investment policy of the Scheme to obtain reassurance that it remained appropriate in light of the market reaction to the pandemic. This exercise will be completed in the coming months. On the administration side, we have implemented business continuity plans designed to ensure that we can continue to serve our members and other stakeholders without significant service interruption.

Changes to the Board of Trustees

Two new Trustees, Dr Daneshwar Doobree and myself, joined the Board of Trustees this year, all with deep knowledge and experience of the financial services industry. We are fully aware of the responsibilities that this role entails and are confident that we will demonstrate the required duty of care towards our members and beneficiaries. Mr Kailash Moloye stepped down as Trustee and we thank him for all the valuable contributions he has made to the Board.

Business and regulatory landscape

This year has seen the introduction of reforms on the national pension system through the Contribution Sociale Généralisée (CSG) – debates are ongoing as to the sustainability of these reforms and implications for both employees and employers. The Government has also confirmed that Portable Retirement Gratuity Fund contributions will commence as from 01 January 2022 through enactment of regulations. The impact of these measures are yet to be felt but nevertheless we remain focussed to continue our role as a pillar on the local pension industry.

Looking ahead

The Scheme faces the future with great optimism accepting that it will hold challenges, and confident that our strategy and resources mean that we are well positioned to meet them and to prosper. With the further strengthening of the Board of Trustees, we are aligned behind our strategy to create value for our members. We look to the next year with utmost confidence. Thank you for being by our side.

Vikash Peerun
Chairman



Be ready for more

*Financial
freedom*



scheme **info**

01.

OUR MISSION, OUR VISION, OUR CORE VALUES

02.

MEMBERSHIP PROFILE

03.

THE BOARD OF TRUSTEES

04.

CORPORATE INFORMATION

our vision

We aim to be the pension scheme of choice for all stakeholders through our commitment, fiduciary responsibility, transparency, accountability and service excellence.

our core values

- Integrity – we will always be honest, fair, transparent and trustworthy in everything we do
- Accountability – to the members and beneficiaries for performance, dedication, and ethical practices in the running of the Scheme
- Professionalism – we will always conduct ourselves in a professional manner, demonstrated through compliance with laws, adherence to best practices and by our actions, standing and compassion
- Service – we will strive to deliver the highest quality of service to all our stakeholders in an innovative, professional and respectful manner
- Stewardship – as stewards of members' funds, we will strive to enhance and increase the value of the fund for our members

our mission

We improve members' lives through our expertise and commitment to educating, communicating with and securing long-term sustainable and rewarding benefits for our members and their beneficiaries.

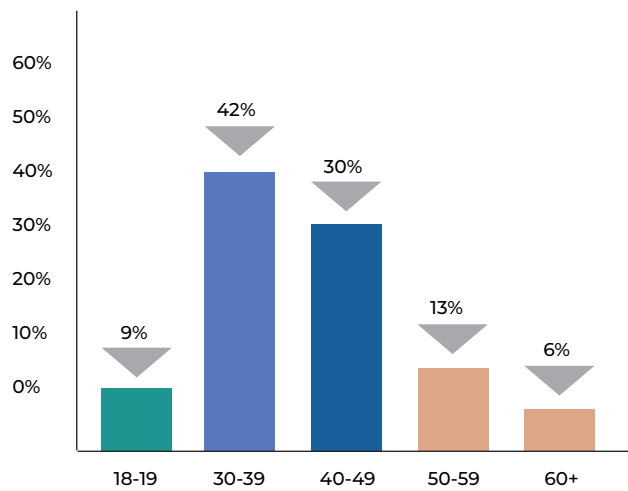
our guiding principles

- Delivering retirement benefits in an equitable, accurate, courteous, professional, and prompt manner
- Designing and administering innovative bespoke and diverse schemes to employers' and members' needs
- Ensuring that all benefits are appropriately funded
- Maintaining trust through sound and informed decision making and by being an ethical, effective and cost-efficient entity
- Obtaining the highest return on our investment portfolio to grow and thrive in a safe and prudent manner
- Ensuring operational equity between members from both small and large employers
- Providing meaningful information, awareness and education to all employers and members in a timely and consistent manner
- Sustaining our role in the advancement of the local pension industry

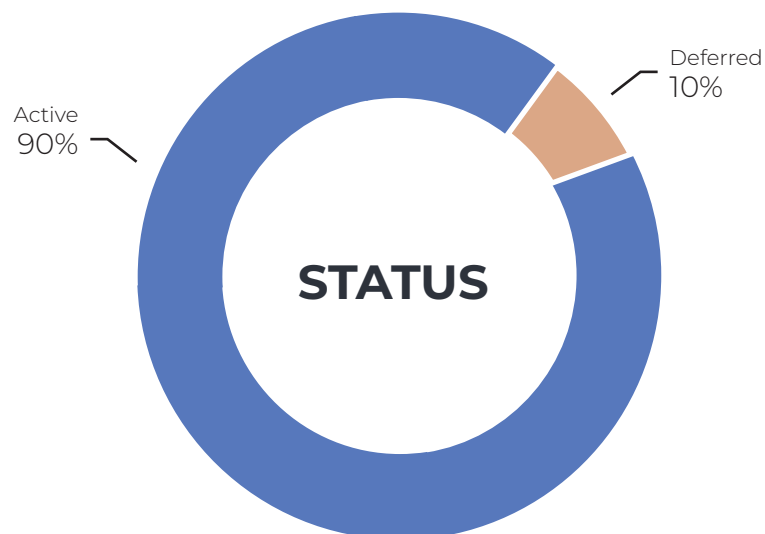
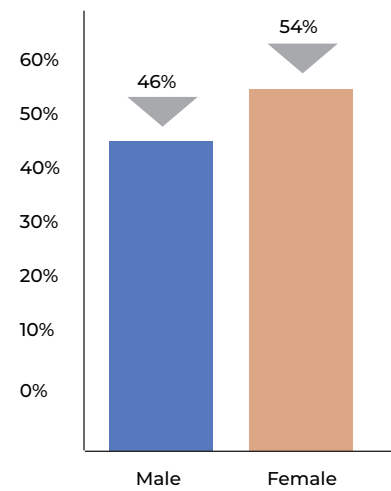
MEMBERSHIP PROFILE

As at 30 June 2020

AGE



GENDER



THE BOARD OF TRUSTEES

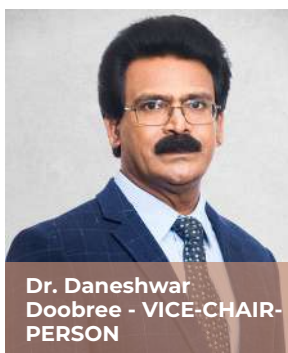
The Trustees are ultimately responsible for the administration of the Scheme, the management or investment of the assets of the Scheme, ensuring adherence to the terms of the constitutive documents, the protection of the best interest of beneficiaries and ensuring that the Scheme fulfils its overriding objective to provide for pension benefits.



Mr. Vikash Peerun
CHAIRPERSON

(Appointed Trustee on 27 August 2020 and Chairperson on 05 November 2020)

Mr. Vikash Peerun was appointed Chairman of the Board of the National Insurance Co. Ltd and NIC General Insurance Co. Ltd on 20 February 2020. He is currently the Chief Executive Officer of the National Property Fund Ltd, the holding company of the NIC Group. Mr. Peerun holds an MSc International Securities, Investment & Banking from the University of Reading, UK and a BA Dual (Hons) Business Administration & Environment Management from Keele University, UK. He also holds professional membership with the Association of Certified Fraud Examiners, US and is an affiliate of the Association of the Chartered Certified Accountants (ACCA). He has significant experience and expertise in the field of financial services, forensic & money-laundering investigation, compliance & management amongst others. He fulfilled several senior roles both locally and internationally with key institutions including SBM Bank (Mauritius) Ltd, Serious Fraud Office (UK) and Independent Commission against Corruption (Mauritius).



Dr. Daneshwar Doobree - VICE-CHAIRPERSON

(Appointed Trustee on 27 August 2020 and Vice-Chairperson on 05 November 2020)

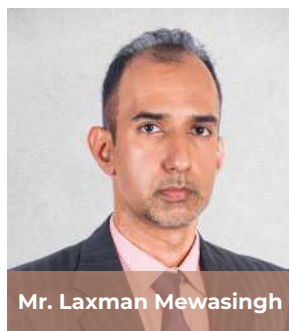
Dr. Daneshwar Doobree is presently a Management Consultant and an adjunct Senior Lecturer in Financial Management, Human Resources Management, Good Governance & Corporate Ethics and Research Methodology. He holds a B.A. (Hons) in Economics, M.B.A. (Finance) from the University of Delhi (India), MSc (Human Resources) from University of Surrey (U.K.) and Doctor in Business Administration (DBA) from University of S. Queensland (Australia). He started his career at the Bank of Mauritius as a Clerical Officer in 1976 and served for 35 years in different grades of Research Officer: Senior Research Officer, Assistant Director - Administration and Head - Banking and Currency before retiring in 2015. He has also been an adjunct Lecturer/Senior Lecturer in modules related to Human Resource Management/Business Administration as well as Banking and Finance at the post-graduate, graduate and undergraduate level at the University of Mauritius and the Open University of Mauritius for the past 25 years. He is a Rotarian and is engaged in a number of philanthropic and social activities.



Mrs. Chitra Devi Moonoosamy

(Appointed Trustee and Chairperson on 01 July 2016 – ceased as Chairperson on 05 November 2020 and appointed as Contact Person on 05 November 2020)

Mrs. Moonoosamy holds a BSc (Hons) in Economics, a Bachelor (Hons) in Law and an LLM in International Financial and Commercial Law. She is a Chartered Governance Professional and a Fellow Member of The Chartered Governance Institute (FCG), a Chartered Member of the Chartered Institute of Personnel and Development (CIPD) and a Fellow Member of the Institute of Directors. She is the Chief Services Officer at the National Insurance Co. Ltd and NIC General Insurance Co. Ltd and is presently in charge of the General Insurance Operations, Insurance BPO, Legal & Compliance and Human Resources. She also fulfils the roles of Alternate to Money Laundering Reporting Officer. She has held various strategic positions in her cross-industry experience of over 25 years notably in Insurance, Financial Services, Business Process Outsourcing, Healthcare Services and Retail markets.



Mr. Laxman Mewasingh

(Appointed Trustee and Vice-Chairperson on 01 July 2016 – ceased as Vice-Chairperson on 05 November 2020)

Mr. Mewasingh holds an LLM in International Business Law and an LLB (Hons) and cumulates over 15 years of professional experience. He has, in the past, worked in the Global Business sector, namely for the Federal Trust (Mauritius) Ltd as Manager – Trust and Company Administration and Mauritius International Trust Company Ltd as Trust and Company Administrator.



Mr. Kailash Moloye

(Appointed Trustee and Contact Person on 01 July 2016 – ceased on 10 November 2020)

Mr. Moloye is a Chartered Governance Professional and a Fellow Member of The Chartered Governance Institute (UK). He holds a BSc (Hons) in Management and a Diploma in Business Administration and cumulates over 20 years of sound business and corporate governance experience in the financial services sector. His experience also encompasses portfolio management of offshore and domestic companies, including small private, large private/public and public listed companies. He is also member of the Mauritius Institute of Directors and ICSA (Mauritius), respectively.

CORPORATE INFORMATION

Sponsoring Employers	National Insurance Co. Ltd NIC General Insurance Co. Ltd
Registered office	NIC Centre 217 Royal Road Curepipe Republic of Mauritius
Administrator	National Insurance Co. Ltd NIC Centre 217 Royal Road Curepipe Republic of Mauritius
Actuary	Aon Hewitt Ltd 1st Floor, The Pod Vivéa Business Park Moka Republic of Mauritius
Auditors	Moore Mauritius Chartered Accountants 6th Floor, Newton Tower Sir William Newton Street Port Louis Republic of Mauritius
Bankers	The Mauritius Commercial Bank Limited Sir William Newton Street Port Louis Republic of Mauritius ABC Banking Corporation Ltd Weal house Duke of Edinburg Avenue Place D'Armes Port-Louis Republic of Mauritius
Custodian	The Mauritius Commercial Bank Limited 5th Floor, Harbour Front Building John Kennedy Street Port Louis Republic of Mauritius
Investment Manager	MCB Investment Management Co. Ltd 9-15 Sir William Newton Street Port Louis Republic of Mauritius

ABOUT OUR SERVICE PROVIDERS

National Insurance Co.Ltd

The National Insurance Co. Ltd offers an end to end service for private pension schemes. This entails setting up of tailored pension arrangements that meet clients' needs, drafting rules of the pension arrangement, seeking approval from the regulator, preparing and delivering member communications and administering the pension arrangement. The Company currently administers pension schemes of over MUR 400 million.

Aon Hewitt Ltd

Established in 1997, Aon Hewitt is an actuarial, employee benefits and investment consultancy firm which provides actuarial consultancy services to more than 200 clients in Mauritius and other countries with total scheme assets in excess of MUR 100 billion. Aon Hewitt has 37 associates in Mauritius and is the leading provider of HR and employee benefit consulting and outsourcing services.

Moore Mauritius

Moore Mauritius has been operating since 1990 and is part of the Moore Global Network, which is one of the world's leading international accounting and consulting organisations outside the Big Four. Today their network has 301 independent firms and 626 offices in 108 countries throughout the world.


The Mauritius Commercial Bank Limited ("MCB")

The MCB has been active in banking services in Mauritius since 1838 and has over 25 years' experience in providing custody services to institutional clients. MCB currently has over USD 4.5 billion of assets and over 2,250 client portfolios under custody.

MCB Investment Management Co. Ltd("MCBIM")

MCBIM is licensed and regulated by the Financial Services Commission to conduct investment management and advisory services. With over 20 years of solid experience and track record in advising and managing pension and investment funds, MCBIM currently has assets under management of around MUR 30 billion. It is a subsidiary of MCB Capital Markets Ltd which offers services such as Corporate Finance, Advisory, Investment Management, Stock-broking, Private Equity and Registry.



A person's arm and hand holding a bright blue cup are visible on the left side of the frame. In the foreground, a beige sofa with large cushions is partially visible. The background features a window with light-colored, sheer curtains that have tassels at the top. To the right of the window, a wooden structure with glass panels, possibly a door or a large window frame, is visible. The overall scene is bright and airy, suggesting a relaxed indoor environment.

Be ready for more

*Relaxing
time*

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investment policy **statement**

01.

INVESTMENTS

02.

RISK MANAGEMENT

03.

POLICY GUIDELINES

Investments

Time horizon

The Scheme invests in long term assets and the ultimate objective is to maximise returns over the long term, bearing in mind risk levels and diversification. These investment objectives of the Scheme are not framed relative to the performance of other pension schemes or market indices, although these can be used to measure the performance of the assets chosen.

Admissible assets and limitations

The Scheme is allowed to invest in the following assets:

- Local and foreign equities
- Local and foreign fixed income instruments

General restrictions and limitations are in line with the Private Pension Schemes (Investment) Rules 2013.

Asset allocation strategy and limits

Strategic asset allocation should be the outcome of a systematic process that balances risk and reward, taking into account the Scheme's specific liability structure, its maturity, the investment time horizon and risk tolerance. The strategic long term asset allocation is arguably the most important decision that an investor is required to make.

Rebalancing of asset allocation

The Trustees have accepted the responsibility for determining the strategic asset allocation for the Scheme, guided by the Scheme's investment objectives and constraints. In setting the strategic asset allocation policy, the Trustees have taken into account the statutory requirements with regards to the asset classes allowed for investment, the risk and return characteristics of the different asset classes and the benefit of diversification.

The Trustees understand that exposure to assets with more risk is required in order to achieve the long-term target real returns. Short-term losses are less important for investors with a long-term horizon as there is time to recover from the loss. However, members close to retirement have no such long-term horizon and do not have time to recover losses.

The investment strategy has been discussed with the Actuary. This strategic asset allocation will be reviewed at least once every 3 years to make sure that the investments of the Scheme are still in line with the age profile of the Members.

Investment monitoring

The performance of the Pension Investment Manager will be assessed against its ability to add value within each asset as well as by actively managing the asset allocation within the permitted variances.

Risk Management

Risks

The Trustees recognise a number of risks involved in the investment of the Scheme assets, including:

- The risk of failing to meet members' expectations. To mitigate this risk the Trustees will take advice and monitor the investments at least quarterly.
- Equity Risk - Equity risk is the risk that share prices will change. The Trustees have decided to expose the Scheme to equity risk. The exposure is taken in order for the Scheme to benefit from the superior inflation beating returns that equities offer over the long term compared to any other asset class.
- Inflation Risk - Inflation risk is the risk that general prices of goods and services will go up over time. In order to prevent the assets of the Scheme from losing purchasing power, the Scheme's investment return objective aims to exceed inflation.
- Interest Rate Risk - Interest rate risk is the risk that interest rates will change and that this will negatively or positively affect the relative value of interest bearing assets such as bonds. The Trustees have decided to expose the Scheme to interest rate risk. This exposure is taken in order for the Scheme to benefit from the additional diversification that interest bearing assets bring to an investment portfolio.
- Currency Risk - The Trustees have decided to expose the Scheme to currency risk, which occurs when all the assets and liabilities of the Scheme are not denominated in the same currency. This exposure is taken in order for the Scheme to benefit from the additional diversification offered by investing abroad.
- Risk of inadequate diversification or inappropriate investments. Diversification will be achieved by spreading the investments across several asset classes as approved by the Trustees.

- Liquidity risk - This is controlled by giving preference to investments which are rather liquid and can be traded at short notice.
- Geographical, currency and political risks - These are mitigated through the approach to diversification.

Risk objectives and tolerance

The Trustees require:

- The Scheme to be broadly diversified across and within asset classes to limit the volatility of the overall Scheme investment return.
- Pension Investment Managers to comply with the Private Pension Schemes (Investment) Rules 2013.
- Compliance with all elements of the Investment Policy Statement.

The Trustees will monitor the variation in returns achieved by the Investment Managers and portfolios as well as the Scheme as a whole on a quarterly basis.

Policy Guidelines

Fiduciary Duty

The Trustees have the ultimate fiduciary responsibility for the management of the Scheme. The Trustees are responsible for:

- Establishing, approving and maintaining the Investment Policy Statement, Periodically evaluating the investment performance of the investment options offered, based on the levels of risk and associated risk time horizons of the investments
- Disclosing the Investment Policy Statement on a regular basis to Members
- Ensuring members of the Board of Trustees are educated on an on-going basis to equip them to effectively carry out their functions
- Adhering to all applicable Legislation/Rules
- Exercising any voting rights on behalf of the Scheme. The Trustees can choose to allow the Pension Investment Managers of the investment options to exercise any voting rights on behalf of the Scheme
- Disclosing any potential conflicts of interest.

Best Investment decision and execution

Investment decisions will be executed in the best interests of the Scheme taking into account the investment policy agreed by the Trustees. In addition, the price, costs, speed, probability of completion and settlement, size, nature and other relevant trade issue of the investments and markets will be taken into account whilst choosing the best broker, trading system and platform, etc in achieving the best results on the trade.

Be ready for more

*Family
time*







investment manager's **review**

01.

MARKET REVIEW

02.

INVESTMENT PERFORMANCE REVIEW

Market Review

The financial year 30 June 2020 has been one of the most volatile periods in history, with diverse effects from COVID-19 on markets. Some markets have rebounded while some are still in negative territory.

The SEMDEX and DEMEX were down for the financial year by 21.9% and 9.4% respectively. As the crisis further unfolded and hit our shores, the Government decreed a national lockdown to mitigate the spread of the COVID-19 on the 19 March 2020, till the 15 June 2020. The Stock Exchange of Mauritius (SEM) halted its operations on the 20 March 2020, only to resume as from the 6 April 2020. With the resumption of trading activities on the 6 April 2020, domestic indices remained volatile in the face of mounting uncertainties, both locally and globally. Many companies even decided to defer or cancel their dividend payments given the adverse impact of the Covid-19 outbreak on their cash flows.

The geopolitical risks that dominated markets for much of the year 2019 faded in the last quarter of the year, helping global equity markets to post gains. The spread of Covid-19 profoundly affected global markets in the first quarter of 2020. Equities suffered steep declines (MSCI World fell by 46.7% from 31 December 2019 to 23 March 2020) as shares fell indiscriminately across developed markets with countries going into lockdown to try to contain the outbreak. On the 23 March 2020, major governments and central banks announced record amounts of stimulus, coupled with other measures to support businesses and households and reduce borrowing costs. In the final quarter of the financial year, the easing of Covid-19 lockdowns and early signs of economic recovery saw risk appetite return rapidly in Q2, supporting equity and credit markets. (MSCI World rose by 37.5% from the 23 March 2020 to 30 June 2020).

The Monetary Policy Committee (MPC) of the Bank of Mauritius, in response to the potential disruptive effects of COVID-19 on the Mauritian economy, cut the Key Repo Rate by 100 bps to 1.85% per annum at its meeting held on 16 April 2020. The year-on-year inflation rate subsided to 1.7% in June 2020. Yields fell (and therefore price of government securities rose) across all maturities of the yield curve as investors fled to less volatile grounds of the fixed income market.

For example, the yield on a 10-year Government of Mauritius bond fell from 4.1% in December 2019 to 2.4% in June 2020 (represents an approximate price appreciation of 14.1%) while the yield on a 20-year Government of Mauritius bond fell from 5.2% in December 2019 to 3.0% in June 2020 (represents an approximate price appreciation of 31.0%).

This is in contrast with savings rate which fell from 1.90% at the start of the financial year to 0.25% at the end of the period. On the local corporate bond side, various companies issued new corporate bonds at low interest rates in a yield starved market and were readily absorbed by different market players including banks, pension funds and insurance companies.

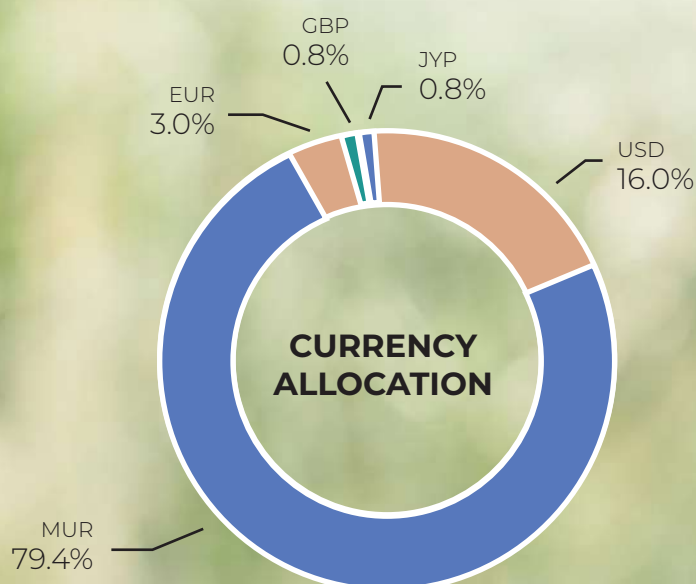
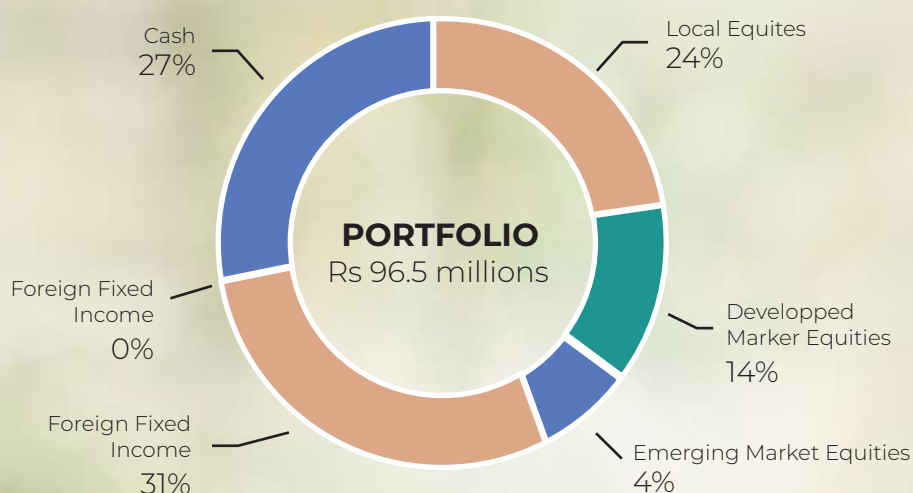
On the foreign fixed income side, central banks across the G20 were proactive, swiftly cutting interest rates and injecting liquidity. Bond markets reacted favourably as government bond yields generally fell (i.e. prices rose) and credit spreads contracted significantly. The Fed is keeping yields well anchored, and it is expected that monetary policy will remain accommodative for the foreseeable future.

As our local borders closed and exports grounded, supply of foreign exchange was considerably reduced while demand for foreign currency remained strong due to import of food and medical supplies. During this period, foreign exchange dealers privileged essential services (import of food and medical supplies) and foreign investment needs were not serviced. The strength of the USD on the international stage contributed further to the depreciation of the Rupee as the MUR-USD rate rose from MUR35.57/USD on the 30 June 2019 to MUR39.95/USD at the end of the financial year 2020 while the MUR-EUR for the similar period moved from MUR40.315/EUR to MUR44.845/EUR.

Investment Performance Review

For the financial year under review, the portfolio return was 2.9% against -1.0% for its composite benchmark. The cumulative performance since inception as at 30 June 2020 was 4.2% vs. 0.4% for the composite benchmark. The portfolio weathered the effect of depressed equity prices due to adequate diversification across different asset classes. The best performing asset class for your portfolio were the foreign equities and local fixed income allocation.

The asset and currency allocation as at 30 June 2020 stood as follows:



OUTLOOK

The future direction of the market shall be influenced by the successful deployment of an effective vaccine, logistics to store those vaccines, policies to be enacted by the US President Joe Biden and development of Sino-US relations. All the potential ingredients for a sharp rise in prices are in the making, but remain inexorably linked to Covid-19 and its influence on economic affairs.





Be ready for more

*Leisure
time*

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report of the board of **trustees**

01.

GENERAL INFORMATION

02.

BOARD OF TRUSTEES

03.

TRUSTEES MEETING ATTENDANCE

GENERAL INFORMATION

The Board of Trustees has the pleasure to submit its report together with the audited financial statements of **NIC MULTI-EMPLOYER PENSION SCHEME** (the "Scheme") for the year ended 30 June 2020.

Establishment

The Scheme was established on 01 July 2016.

The Scheme was licensed by the Financial Services Commission under the Private Pension Schemes Act 2012 on 16 October 2017 to operate as a Pension Scheme.

Object

The object of the Scheme is to provide retirement, withdrawal, death and disablement benefits for the beneficiaries as described in the Rules (the "Rules") of the Scheme. Membership is open to any Sponsoring Employer willing to join the Scheme and their adherence to the Scheme is subject to the approval of the Financial Services Commission. Each Sponsoring Employer participating in the Scheme will have its own Rules whereby benefits are tailored to their requirements. The Sponsoring Employers and eligible employees, where applicable, are required to make monthly contributions to the Scheme in accordance with the Rules.

Scheme's policy

Contributions to the Scheme are paid monthly in arrears and represent a percentage of the monthly Pensionable Salary of each eligible employee. Such contributions go into each Personal Member Account (PMA). The sponsoring employers also contribute a percentage of monthly Pensionable Salary to cover for all administrative and other expenses and cost of death and disablement risks referred to in the Rules of the Scheme. All employees who are members of the Scheme may make additional voluntary contributions to the Scheme.

Investment Policy

The Board of Trustees determines, in conjunction with the Actuary, the investment policy to be adopted by the Scheme.

BOARD OF TRUSTEES

The Board of Trustees is made up as follows:

NAME	TITLE	DATE APPOINTED	DATE RESIGNED
Mr Vikash Peerun (Appointed Chairperson as from 05 Nov 2020)	Chairperson	27 August 2020	-
Dr Daneshwar Doobree (Appointed (Vice-Chairperson as from 05 Nov 2020)	Vice-Chairperson	27 August 2020	-
Mrs Chitra Devi Moonosamy (Ceased as Chairperson on 05 Nov 2020)	Contact Person	01 July 2016	-
Mr Laxman Mewasingh (Ceased as Vice-Chairperson on 05 Nov 2020)	Trustee	01 July 2016	-
Mr Kailash Kumar Moloye	Trustee	01 July 2016	10 November 2020

TRUSTEES MEETING ATTENDANCE

NAME	YEAR ENDED 30 JUNE 2020	YEAR ENDED 30 JUNE 2019
Mr Vikash Peerun	-	-
Dr Daneshwar Doobree	-	-
Mrs Chitra Devi Moonosamy	2/2	2/2
Mr Laxman Mewasingh	2/2	2/2
Mr Kailash Kumar Moloye	2/2	2/2

Benefits payable under the Scheme

The Scheme is a defined contribution plan.

Retirement Benefits

(a) When a member retires from service on his normal retirement date, he shall become entitled to a pension that shall be calculated by applying the appropriate Annuity Factor then in force to his Personal Member Account (PMA). The Member may also elect to apply, instead, for a joint pension on his life and that of his spouse.

(b) A member may retire from service on or after attaining an Appropriate Retirement Age, with the consent of his employer. He shall then be entitled to a pension that shall be calculated by applying the appropriate Annuity Factor then in force to his PMA. Appropriate Retirement Age is as defined by the Private Pension Schemes (Licensing and Authorisation) Rules 2012.

(c) A member may retire early from service on account of permanent ill-health, if the retirement is with the consent of the employer and the trustees on the condition that the trustees receive satisfactory medical evidence of the member's ill-health and:

(i) the trustees have received evidence from a registered medical practitioner that the member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment, and

(ii) the member has in fact ceased to carry on his occupation.

The member will then be entitled to a pension that shall be calculated by applying the appropriate Annuity Factor then in force to his PMA.

(d) A member may, with the consent of the employer, take a late retirement and will be entitled to a pension that shall be calculated by applying the appropriate Annuity Factor then in force to his PMA.

(e) Members also have a number of commutation options to choose at retirement.

Death and Disablement benefits

(f) Death in service: A lump sum benefit equal to a multiple of the member's monthly pensionable salary is payable to his beneficiary and a pension is paid to the spouse, this pension being calculated by applying the appropriate Annuity Factor then in force to the PMA. In case there is no spouse, a lump sum equal to the PMA is paid to the legal personal representative.

Death occurring after retirement: the spouse, if any, will receive a pension previously secured by his PMA at his date of retirement and depending on the commutation option previously chosen.

Death in deferment: A lump sum benefit equal to the PMA at the day before his date of death is payable.

(g) Disablement benefits: A lump sum benefit equal to a multiple of the member's monthly pensionable salary is payable.

Board of Trustees' responsibilities for the preparation of the financial statements

The Board of Trustees is responsible for the preparation and fair presentation of the financial statements, comprising the statement of net assets available for benefits as at 30 June 2020, and the statement of changes in net assets available for benefits, general account and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and comply with the Private Pension Schemes Act 2012.

The Board of Trustees's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Board of Trustees has made an assessment of the Scheme's ability to continue as a going concern and has no reason to believe the Scheme will not be a going concern in the year ahead.

Membership

At 30 June 2020, there were **299** active members (30 June 2019: 311), **27** deferred members (30 June 2019: 13) and **4** pensioners (30 June 2019: NIL).

The membership of the Scheme at the beginning and end of period and changes during the year are set out as below:

Active members

	COUNT-2020	COUNT-2019
ACTIVE MEMBERS AT START	311	-
New entrants	7	325
LEAVERS AND EXITS DURING THE YEAR:		
Retirements	(4)	-
Death	-	(1)
Deferred pensioners	(14)	(13)
Transfer outs	(1)	-
ACTIVE MEMBERS AT END	299	311

Deferred members

	COUNT-2020	COUNT-2019
DEFERRED MEMBERS AT START	13	-
New deferred pensioners	14	13
EXITS DURING THE YEAR:		
Retirements	-	-
Death	-	-
Transfer outs	-	-
DEFERRED MEMBERS AT END	27	13

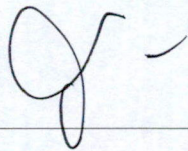
Trustees' remuneration

	2020 MUR	2019 MUR
Trustees' remuneration	-	-

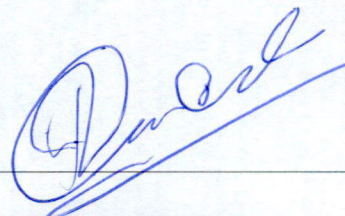
Auditors

The auditors **Moore Mauritius** (Chartered Accountants), have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next meeting of the Board of Trustees.

For and on behalf of the Board of Trustees



Mr. Vikash Peerun
Chairperson



Dr. Daneshwar Doobree
Vice-Chairperson

Date: **30 DEC 2020**

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auditors' **report**

01.

INDEPENDENT AUDITORS' REPORT

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
NIC MULTI-EMPLOYER PENSION SCHEME****Report on the audit of the financial statements****Opinion**

We have audited the financial statements of **NIC MULTI-EMPLOYER PENSION SCHEME** (the "Scheme") as set out on pages 49 to 70, which comprise the statement of net assets available for benefits as at 30 June 2020 and the statement of changes net assets available for benefits, the general account, and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements give a true and fair view of the financial position of the Scheme as at 30 June 2020 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Private Pension Scheme Act 2012.

Basis for opinion

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

Other Information

The Board of Trustees is responsible for the other information. The other information comprises the Report of the Board of Trustees, the Chairperson's Statement, the Scheme Information, the Investment Policy Statement, the Investment Manager's Review and any other information. The other information does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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.

Board of Trustees' responsibility for the financial statements

The Board of Trustees is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the Private Pension Scheme Act 2012, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees is responsible for assessing the Scheme'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 Trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
NIC MULTI-EMPLOYER PENSION SCHEME (Continued)**

Report on the audit of the financial statements (Continued)

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- Conclude on the appropriateness of the Board of Trustees' 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 Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Scheme 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 the Trustees 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 AUDITORS' REPORT
TO THE MEMBERS OF
NIC MULTI-EMPLOYER PENSION SCHEME (Continued)**

Report on the audit of the financial statements (Continued)

Other Matter

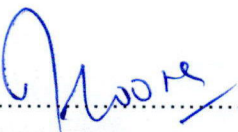
This report is made solely to the Scheme's members. Our audit work has been undertaken so that we might state to the Scheme's members those matters that we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's members, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

We have no relationship with or interests in the Scheme other than in our capacity as auditors.

We have obtained all the information and explanations required.

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


.....

MOORE MAURITIUS
Chartered Accountants
Port Louis
Mauritius


.....
Arvin Rogbeer, FCA, FCCA
Licensed by FRC

DATE: ...**30 DEC 2020**.....





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The background of the entire page is a repeating pattern of stylized, elongated leaves or feathers. These shapes are arranged in a dense, overlapping manner, creating a textured, organic feel. The color is a muted, earthy brown or tan.

financial **statements**

FOR THE YEAR ENDED 30 JUNE 2020

01.

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

02.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE
FOR BENEFITS

03.

GENERAL ACCOUNT

04.

STATEMENT OF CASH FLOWS

05.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF **NET ASSETS AVAILABLE FOR BENEFITS**

As at 30 June 2020

	NOTES	2020 MUR	2019 MUR
Assets			
Non-current assets			
Investments in financial assets	7	70,500,816	22,845,039
Current assets			
Accounts receivable	8	36,489	1,486,003
Cash and cash equivalents	9	38,240,806	55,274,551
Current assets		38,277,295	56,760,554
Current liabilities			
Accounts payable	10	(1,990,119)	(3,908,313)
Net current assets		36,287,176	52,852,241
Net assets		106,787,992	75,697,280
Financed by:			
Personal Member Account	11	96,485,321	66,626,910
General Account	11	10,302,671	9,070,370
Personal Member Account and General Account		106,787,992	75,697,280

These Financial Statements have been approved by the Board of Trustees on 30 DEC 2020 and signed on its behalf by:



Mr. Vikash Peerun
Chairperson



Dr. Daneshwar Doobree
Vice-Chairperson

Date: **30 DEC 2020**

The notes on pages 53 to 70 form an integral part of these financial statements.
Independent Auditors' Report on pages 41 to 43.

STATEMENT OF **CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

For the year ended 30 June 2020

	NOTES	2020 MUR	2019 MUR
Income			
Employers' contributions		14,538,465	56,469,834
Employees' contributions		15,108,110	8,741,231
Total income	11	29,646,575	65,211,065
Return on investments			
Fair value gain on on financial assets at fair value through profit or loss		124,281	140,133
Foreign exchange gains		477,990	236,307
Net dividend income		676,448	125,646
Interest income		995,127	913,759
Total return on investments		2,273,846	1,415,845
Benefits paid		(2,062,010)	-
Net assets available for benefits	11	29,858,411	66,626,910

The notes on pages 53 to 70 form an integral part of these financial statements.
Independent Auditors' Report on pages 41 to 43.

GENERAL ACCOUNT

For the year ended 30 June 2020

	NOTES	2020 MUR	2019 MUR
Income			
Contribution towards expenses		3,531,706	11,570,694
Total income		3,531,706	11,570,694
Expenses			
Administration fees		1,124,985	2,314,139
Investment manager fees		425,144	29,997
Custodian fees		61,093	36,608
Actuarial fees		575,000	-
Audit fees		109,250	109,250
Licence fees		-	9,794
Other expenses		3,933	536
Total expenses		2,299,405	2,500,324
Surplus of income over expenses for the year	11	1,232,301	9,070,370

The notes on pages 53 to 70 form an integral part of these financial statements.
Independent Auditors' Report on pages 41 to 43.

STATEMENT OF **CASH FLOWS**

For the year ended 30 June 2020

	NOTES	2020 MUR	2019 MUR
Operating activities			
Contributions received		29,646,575	65,211,065
Administrative fees received		3,531,706	11,570,694
Benefits paid		(2,062,010)	-
Movement in accounts receivable		1,449,514	(657,844)
Movement in accounts payable		(1,918,194)	3,908,313
General account expenses		(2,299,405)	(2,500,324)
Net cash generated from operating activities		28 348 186	77 531 904
Investing activities			
Interest income		995,127	85,600
Dividends received		676,448	125,646
Disposal of financial assets at fair value through profit or loss	7	20,526,542	-
Purchase of financial assets at fair value through profit or loss	7	(68,058,038)	(22,704,906)
Net cash used in investing activities		(45,859,921)	(22,493,660)
Net change in cash and cash equivalents		(17,511,735)	55,038,244
Cash and cash equivalents, beginning of year		55,274,551	-
Exchange differences on cash and cash equivalents		477,990	236,307
Cash and cash equivalents, end of year	9	38,240,806	55,274,551

The notes on pages 53 to 70 form an integral part of these financial statements.
Independent Auditors' Report on pages 41 to 43.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

1. General information

NIC **MULTI-EMPLOYER PENSION SCHEME** ("the Scheme") was established on 01 July 2016 in the Republic of Mauritius. On 16 October 2017, the Scheme was licensed by the Financial Services Commission to operate as a Private Pension Scheme under the Private Pension Schemes Act 2012. The Scheme's registered office is NIC Centre, 217 Royal Road, Curepipe, Republic of Mauritius.

The financial statements of the Scheme comply with the Private Pension Schemes Act 2012 and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

2. Application of new and revised International Financial Reporting Standards (IFRSs)

(a) Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The adoption of IFRS 16 has no impact on the financial statements as the Scheme does not have any lease arrangements.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

Annual Improvements to IFRSs 2015–2017 Cycle

IFRS 3 – clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.

IFRS 11 – clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.

IAS 12 – clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

IAS 23 – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

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

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

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

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

b) New and revised IFRS Standards in issue but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2020 or later periods, but which the Scheme has not early adopted.

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

IFRS 17 Insurance Contracts

Definition of a Business (Amendments to IFRS 3)

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

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

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

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

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

Annual Improvements to IFRS Standards 2018–2020

Covid-19-Related Rent Concessions (Amendment to IFRS 16)

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

3. 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.

3.1 Basis of preparation

The financial statements of NIC MULTI-EMPLOYER PENSION SCHEME comply with the Private Pension Schemes Act 2012 and have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements are presented in Mauritian rupee (MUR).

The financial statements are prepared under the historical cost convention, except that financial assets and financial liabilities are stated at their fair values or carried at amortised cost.

3.2 Financial assets

The Scheme classifies its financial assets into the following categories depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Scheme's accounting policy is as follows:

Fair Value Through profit or loss (FVTPL)

The Scheme classifies the following financial assets at FVTPL:

- Debt investments for which the entity has not elected to recognise fair value gains and losses through OCI;
- Equity investments that are held for trading and equity investments for which the entity has not elected to recognise fair value gains and losses through OCI;

Amortised cost

These assets arise principally on financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

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

The Scheme's financial assets measured at amortised cost comprise accounts receivable and cash and cash equivalents in the statement of statement of net assets available for benefits.

Cash and cash equivalents comprise of cash at bank and short-term deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 30 June 2020

3.3 Impairment of financial assets

Financial assets are assessed for indicators of impairment at end of reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all financial assets objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counter party; or
- Default or delinquency in interest or principal payments; or
- Becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as accounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Scheme's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been, had the impairment not been recognised.

Accounts receivable

Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

A provision for impairment of accounts receivable is established when there is objective evidence that the Scheme 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 provision is recognized in the profit or loss.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Derecognition of financial assets

The Scheme derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Scheme neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Scheme recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Scheme retains substantially all the risks and rewards of ownership of a transferred financial asset, the Scheme continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

3.4 Financial liabilities

Financial liabilities, including accounts payable, are initially measured at fair value, net of transaction costs. Subsequently they are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Scheme derecognises financial liabilities when, and only when, the Scheme's obligations are discharged, cancelled or they expire.

3.5 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of net assets available for benefits if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses will not be offset in the profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Scheme.

3.6 Contributions and expenses

Contributions to the Scheme are paid monthly in arrears and represent a percentage of the monthly Pensionable Salary of each eligible employee. Such contributions go into each member's personal account (PMA). The sponsoring employers also contribute a percentage of monthly Pensionable Salary to cover for all administrative and other expenses and cost of death and disablement risks referred to in the Rules of the Scheme.

Any member may make additional voluntary contributions to his/her Personal Member Account during service with his/her employer.

Withdrawal benefits are accrued benefits for members who have left the Scheme and have opted to transfer these benefits to another personal pension plan or pension scheme of their new employer, or payment of death benefits to designated beneficiaries. As at the year ended 30 June 2020, 1 member had left the Scheme. (2019: 1 member left)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

3.7 Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using Mauritian rupee (MUR), the currency of the primary economic environment in which the Scheme operates ("functional currency"). The financial statements are presented in Mauritian rupee, which is the Scheme's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date 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 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.

3.8 Related parties

Parties are considered to be related if one party has control, joint control or exercises significant influence over the other party or is a member of the key management personnel of the other party.

3.9 Provisions

Provisions are recognised when the Scheme has a present obligation as a result of a past event, and it is probable that the Scheme will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Trustees' best estimate of the expenditure required to settle the obligation at the end of the reporting period. Provisions are reviewed at end of reporting period and adjusted to reflect the current best estimate.

4. Significant management judgement in applying accounting policies and estimation uncertainty

Estimates, judgements and assumptions 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.

The Scheme 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

Significant management judgement

The following is the significant management judgement in applying the accounting policies of the Scheme that has the most significant effect on the financial statements.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities income and expenses is provided below. Actual results may be substantially different.

Going concern

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

Pension benefits

The present value of the Personal Member Accounts (PMA) depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the investments returns on the assets include the discount rate. Any changes in these assumptions will impact the carrying amount of the PMA. The rate is determined by the insurer, applied to convert a PMA into a monthly pension. It depends on the Member's and/or other beneficiary's gender and prevailing interest and mortality rates.

5. Financial risks

The Scheme is exposed to financial risks through its financial assets and financial liabilities. In particular, the key financial risk is that proceeds from financial assets are not sufficient to fund the obligations arising from pension schemes.

The main risks to which the Scheme is exposed are as follows:

5.1. Market risk

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 30 June 2020

5.1.1 Foreign currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a monetary financial instrument will fluctuate because of changes in foreign exchange rates. The Scheme's financial instruments which are exposed to currency risk consist of financial assets at fair value through profit or loss. The Board of Trustees monitors the Scheme's currency position on a regular basis. The carrying amounts of the Scheme's financial assets and liabilities at the reporting date are as follows:

	2020 MUR	2019 MUR
Financial assets		
United States dollar (USD)	15,468,747	14,481,958
British Pound (GBP)	769,279	-
Euro (EUR)	2,907,485	-
Japanese Yen (JPY)	746,222	-
Mauritian rupee (MUR)	88,886,378	65,123,635
Total	108,778,111	79,605,593
Financial liabilities		
Mauritian rupee (MUR)	1,990,119	3,908,313

Consequently, the Scheme is exposed to risks that the exchange rate relative to these currencies may change in a manner which has an effect on the reported value of that portion of the Scheme's financial assets and financial liabilities which are denominated in currencies other than the Mauritian rupee.

Sensitivity analysis

The following table details the Scheme's sensitivity to a change of 5% of the Mauritian Rupee against the foreign currencies.

	IMPACT ON PROFIT OR LOSS AND EQUITY	
	2020 MUR	2019 MUR
United States dollar (USD)	773,437	724,098
British Pound (GBP)	38,464	-
Euro (EUR)	145,374	-
Japanese Yen (JPY)	37,311	-
Total	994,586	724,098

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

5.1.2 Interest rate risk

The sensitivity analysis below has been determined based on the exposure to interest rates of securities earning variable rates of interest at the end of the reporting date. If interest rates had been 25 basis points higher/lower, the effect on the net assets available for benefits would have been as follows:

	2020 IMPACT ON PROFIT OR LOSS AND EQUITY		2019 IMPACT ON PROFIT OR LOSS AND EQUITY	
	+25 b. p MUR	-25 b. p MUR	+25 b. p MUR	-25 b. p MUR
Surplus/(Deficit)	12,961	(12,961)	-	-

5.1.3 Equity price risk

The Scheme is subject to price risk due to changes in the market values of its equity securities portfolio. Equity price risk is managed in order to mitigate anticipated unfavourable 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 and reinsurance ceded.

Sensitivity

The impact on the Scheme's profit or loss and equity had the market values of financial assets at fair value through profit or loss changed by 10% with other assumptions left unchanged would have been as follows:

	2020 IMPACT ON PROFIT OR LOSS AND EQUITY		2019 IMPACT ON PROFIT OR LOSS AND EQUITY	
	+10 b. p MUR	-10 b. p MUR	+10 b. p MUR	-10 b. p MUR
Financial assets at fair value for profit or loss (FVTPL)	7,050,082	(7,050,082)	2,284,504	(2,284,504)

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 30 June 2020

5.2 Liquidity risk

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

The Scheme's liquidity position is monitored on a regular basis by monitoring forecast and actual cash flows and matching profiles of financial asset.

The table below summarises the maturity profile of the Scheme's financial liabilities based on contractual undiscounted payments:

Maturities of financial assets and liabilities:

	< 1 YEAR MUR	1-5YEARS MUR	>5 YEARS MUR	NO MATURITY DATES MUR	TOTAL MUR
At 30 June 2020					
Financial assets					
Financial assets at FVTPL	-	13,317,448	17,091,176	40,092,192	70,500,816
Accounts receivable	36,489	-	-	-	36,489
Cash and cash equivalents	38,240,806	-	-	-	38,240,806
Total financial assets	38,277,295	13,317,448	17,091,176	40,092,192	108,778,111
Financial liabilities					
Accounts payables	1,990,119	-	-	-	1,990,119
Total financial liabilities	1,990,119	-	-	-	1,990,119
Net position	36,287,176	13,317,448	17,091,176	40,092,192	106,787,992

	< 1 YEAR MUR	1-5YEARS MUR	>5 YEARS MUR	NO MATURITY DATES MUR	TOTAL MUR
At 30 June 2019					
Financial assets					
Financial assets at FVTPL	-	-	-	22,845,039	22,845,039
Fixed deposits	35,146,624	-	-	-	35,146,624
Accounts receivable	1,486,003	-	-	-	1,486,003
Cash and cash equivalents	20,127,927	-	-	-	20,127,927
Total financial assets	56,760,554	-	-	22,845,039	79,605,593
Financial liabilities					
Accounts payables	3,908,313	-	-	-	3,908,313
Total financial liabilities	3,908,313	-	-	-	-
Net position	52,852,241	-	-	22,845,039	75,697,280

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

5.3 Credit risk

Credit risk is a risk that a counterparty will be unable to pay an amount in full when fall due. The Scheme's credit risk is primarily attributable to its accounts receivables and bank balances. The amounts presented in the statement of financial position are net of expected credit allowances (ECL) and impairment.

	2020 MUR	2019 MUR
Financial assets		
Non-current		
Financial assets at fair value through profit or loss	70,500,816	22,854,039
	70,500,816	22,854,039
Current		
Accounts receivable	36,489	1,486,003
Cash and cash equivalents	38,240,806	55,274,551
	38,277,295	56,760,554
Total	108,778,111	79,605,593

The Scheme manages the credit risks on its portfolio of assets by requesting the investment manager to diversify the portfolio to minimise the impact of default by any one issuer. The diversification is monitored on a regular basis by the Board of Trustees with consultation with the investment manager.

The credit risk for the bank balances and receivables (fixed deposits maturing over three months-Year 2019) is considered negligible, since the counterparties are reputable bank and financial institutions with good quality external credit ratings. None of the Scheme's financial assets are secured by collateral or other credit enhancements.

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 30 June 2020

5.4 Categories of financial instruments

Credit risk is a risk that a counterparty will be unable to pay an amount in full when fall due. The Scheme's credit risk is primarily attributable to its accounts receivables and bank balances. The amounts presented in the statement of financial position are net of expected credit allowances (ECL) and impairment.

	2020 MUR	2019 MUR
Financial assets		
Financial assets at fair value through profit or loss	70,500,816	22,845,039
Accounts receivable	36,489	1,486,003
Cash and cash equivalents	38,240,806	55,274,551
Total financial assets	108,778,111	79,605,593
	2020 MUR	2019 MUR
Financial liabilities		
Accounts payable	1,990,119	3,908,313
Total financial liabilities	1,990,119	3,908,313

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

5.5 Fair value measurement of financial instruments

Financial instruments are measured at fair value in the statement of net assets available for benefits in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets measured at fair value on a recurring basis:

	2020			
	LEVEL 1 MUR	LEVEL 2 MUR	LEVEL 3 MUR	TOTAL MUR
Financial assets				
Quoted Securities	64,352,288	-	-	64,352,288
Unquoted Securities	-	-	6,148,528	6,148,528
Total	64,352,288	-	6,148,528	70,500,816

The board of trustees believes that the unquoted security being valued at amortised cost approximate its fair value.

	2019			
	LEVEL 1 MUR	LEVEL 2 MUR	LEVEL 3 MUR	TOTAL MUR
Financial assets				
Quoted Securities	22,845,039	-	-	22,845,039
Total	22,845,039	-	-	22,845,039

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 30 June 2020

5.6 Fair value measurement of non-financial assets and non-financial liabilities

At the reporting date, the Scheme did not have any non-financial assets and non-financial liabilities.

6. Taxation

The Scheme is an exempt from income tax as per the second schedule (Part 1) of the Income Tax Act 1995 .

7. Investments in financial assets

Financial assets at fair value through profit or loss

	2020 MUR	2019 MUR
At 01 July	22,845,039	-
Additions	68,058,038	22,704,906
Disposal	(20,526,542)	-
Fair value adjustments	124,281	140,133
At 30 June	70,500,816	22,845,039

The breakdown of the financial assets at fair value through profit or loss is as follows:

	2020 MUR	2019 MUR
Equities:		
Local quoted	20,631,928	16,974,991
Overseas quoted	8,921,642	5,870,048
Mutual funds:		
Overseas quoted	10,538,622	-
Debt instruments:		
Local quoted	24,260,096	-
Local unquoted	6,148,528	-
Total	70,500,816	22,845,039

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 30 June 2020

8. Accounts receivable

	2020 MUR	2019 MUR
Contributions receivables	-	369,759
Interest receivable	-	828,159
Other receivables	36,489	288,085
Total	36,489	1,486,003

(a) The carrying amount of the accounts receivable is denominated in Mauritian rupee.

(b) The carrying amounts of accounts receivable approximate their amortised costs.

9. Cash and cash equivalents

	2020 MUR	2019 MUR
Cash at bank	38,240,806	20,127,927
Fixed deposits	-	35,146,624
Total	38,240,806	55,274,551

	2020 MUR	2019 MUR
Cash at bank:		
MUR	35,434,799	11,516,017
USD	2,435,680	8,611,910
EUR	262,711	-
GBP	107,616	-
Total	38,240,806	20,127,927

The closing rate of the USD was MUR 39.950, Euro was MUR 44.845 and GBP was MUR 49.095 at 30 June 2020.

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 30 June 2020

10. Accounts payable

	2020 MUR	2019 MUR
Accruals	1,905,980	2,467,296
Other payables	84,139	1,441,017
Total	1,990,119	3,908,313

The carrying amounts of accounts payable approximate their amortised costs.

11. Personal Member Account and General Account

The assets of the Scheme are notionally allocated to two sub-accounts: the Personal Member Account and the General Account.

Personal Member Account (PMA)

Each member of the Scheme has a Personal Member Account that represents the value of the Member's accrued benefits in the Scheme. The PMA is built up as follows:

- Contributions from the Member's Employer and the Member (if any),
- Transfers from other pension schemes, and
- Investment returns on the assets underlying the Member Account.

General Account

The part of the value of the Scheme that has not been allocated to the Members' Account is allocated to the General Account. The purpose of the General Account is to be the vehicle through which the benefits and expenses of the Scheme will be paid to the Members and other Beneficiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

Accumulated Schemes

	PERSONAL MEMBER ACCOUNT MUR	GENERAL ACCOUNT MUR	TOTAL MUR
At 01 July 2019	66,626,910	9,070,370	75,697,280
Members' contributions	29,646,575	-	29,646,575
Surplus of income over expenses	-	1,232,301	1,232,301
Total return on investments	2,273,846	-	2,273,846
Benefits paid	(2,062,010)	-	(2,062,010)
At 30 June 2020	96,845,321	10,302,671	106,787,992
At 01 July 2018	-	-	-
Members' contributions	65,211,065	-	65,211,065
Surplus of income over expenses	-	9,070,370	9,070,370
Total return on investments	1,415,845	-	1,415,845
At 30 June 2019	66,626,910	9,070,370	75,697,280

The Personal Member Account represents the sum of all the individual Personal Member Accounts and represents the value of the Members' accrued benefits from the Scheme.

The General Account represents the part of the value of the Scheme that incurs expenses of the Scheme.

12. Related party transactions

There are no related party transactions during the year ended 30 June 2020.

13. Going concern

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 30 June 2020

14. Contingent Liabilities

There are no contingent liabilities during the year ended 30 June 2020.

15. Capital commitments

There are no capital commitments during the year ended 30 June 2020.

16. COVID Impact Assessment

In March 2020, the World Health Organization declared the outbreak of a novel Covid-19 as a pandemic which continues to spread throughout world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. At this point, the Scheme cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on its business, results of operations, financial position and cash flows.

17. Event after the reporting period

There are no significant events after the reporting period which may have a material effect on the financial statements as at 30 June 2020.



A photograph of a kitchen interior. On the left, there are light-colored wooden cabinets with silver handles. Below the cabinets is a white countertop. A blue cloth is draped over the edge of the countertop. The background is a light-colored wall. A large, semi-transparent white circle is centered over the image, containing text.

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