NIC

Multi-Employer Pension Scheme

2019 ANNUAL REPORT

NIC Multi-Employer Pension Scheme

BENEFITS FOR EMPLOYEES. **SOLUTIONS** FOR EMPLOYERS.

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ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2019

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

01.

Chitra Devi Moonoosamy

CHAIRPERSON NIC MULTI-EMPLOYER PENSION SCHEME

It is my privilege to present the first annual report of the NIC Multi-Employer Pension Scheme (the "Scheme"). The Scheme's financial year end of 2019 has just drawn to a close and I am pleased to report on the solid performance achieved in its first year of operations.

Performance and operations

With the start of operations only in October 2018 following regulatory approvals, pension contributions reached the MUR 65 million mark and net assets in excess of MUR 75 million during the year under review.

This year we have made positive steps on our journey to lay down stepping stones to reinforce the financial strength and operations of the Scheme, and ensure these remain on a sustainable footing for the future.

We believe that decision-making should rely on the best available expertise and with this in mind, we have recently appointed MCB Investment Management Co. Ltd ("MCBIM") as investment manager. MCBIM has over 20 years of solid experience and track record in advising and managing pension and investment funds. We also leverage on the expertise of our administrator, the National Insurance Co. Ltd, and our actuary, Aon Hewitt Ltd, who are both reputable players in the pension industry. We are confident that these partnerships will generate long-term sustainable returns for our members.

The operating environment

The private pension legislation enacted in 2012 aims to maintain a fair, safe, stable and efficient private pension industry in Mauritius for the benefit and protection of beneficiaries. Much emphasis is laid on governance – the responsibility of the Trustees is very onerous and demands high standards of skills, competence and diligence. Indeed the Trustees of the Scheme are fully aware of their responsibility and duty of care towards members and beneficiaries and they remain committed to having high governance standards.

Mauritius, along with many developing markets, is facing a severe strain due to increased longevity and expectations of generous retirement benefits versus declining financial resources to safely meet those expectations. The establishment of the Portable Retirement Gratuity Fund under the recent Workers' Rights Act 2019 is a bold step towards revitalising the pension system in Mauritius. Previously, gratuity did not apply to employees resigning and the new structure is designed to address this in order to improve workforce mobility. The need for pension provision will undoubtedly bolster the private pension industry in the long run. This will only be achievable if the government, public and private sector employers and pension providers work hand in hand together.

Continuous education

Improving the financial wellbeing of our members is at the heart of our purpose. We are an advocate of financial education through trainings and member roadshows held all year round. With the support of the Scheme's Actuary, we ensure that the Scheme's members receive regular communications on how their pension stands now and in the future, so they take informed decisions and may continuously re-adjust as they approach retirement. The Trustees also ensure they remain abreast with the changing regulatory and operating environment and have put in place a professional development and on-going education program.

Outlook

We are making progress on our strategy to be better, and are very clear on what we need to do to deliver continued performance in the current economic, regulatory and competitive environment. The Scheme is well placed to meet these challenges. This has been made possible by valuable contributions from the Scheme's stakeholders; so thanks are due to members of the governing body, our scheme administrator, our actuary, our investment manager, our custodian and more importantly to our members for placing their trust in us.

Scheme Information

02.

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 MISSION

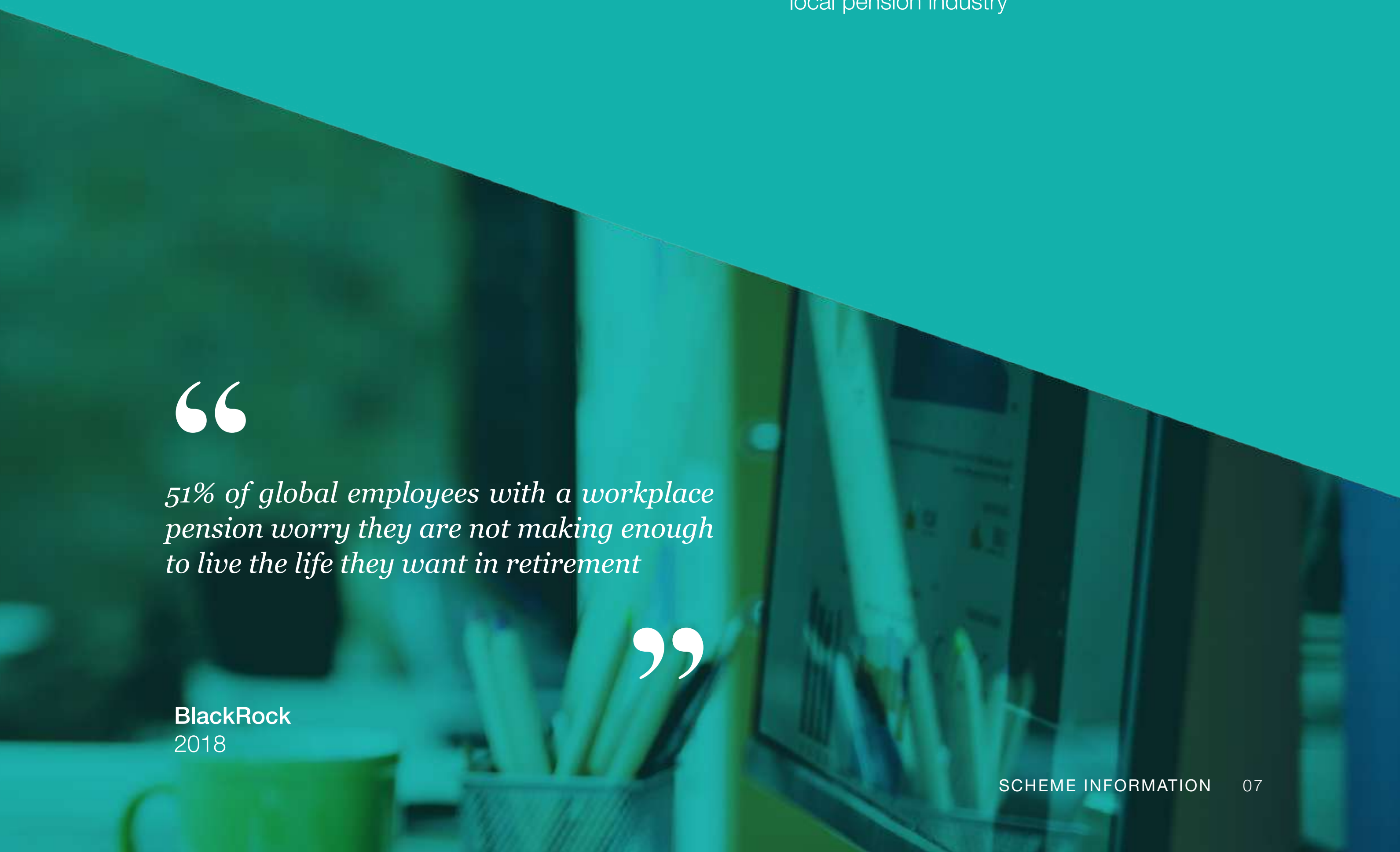
We improve members' lives through our expertise and commitment to educating, communicating with and securing long-term sustainable and rewarding benefits for our members and their beneficiaries.

OUR 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 member's funds, we will strive to enhance and increase the value of the fund for our members.

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



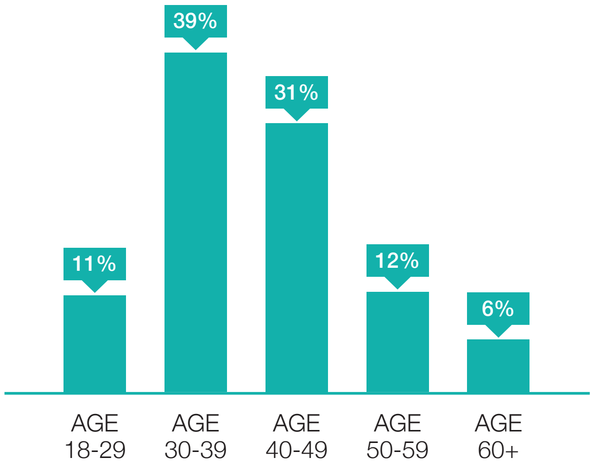
“

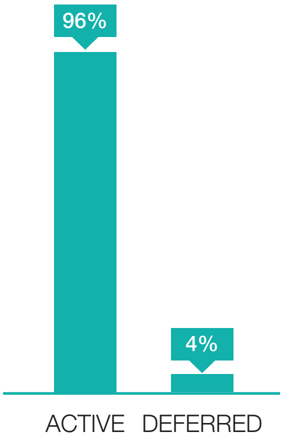
51% of global employees with a workplace pension worry they are not making enough to live the life they want in retirement

”

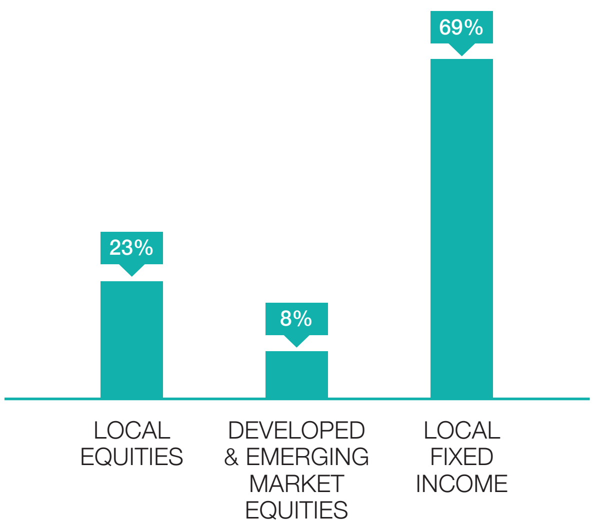
BlackRock
2018

MEMBERSHIP PROFILE
AS AT 30 JUNE 2019





ASSET ALLOCATION
AS AT 30 JUNE 2019



MUR 65m

PENSION CONTRIBUTIONS

MUR 76m

NET ASSETS

324

MEMBERS

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.

Chitra Devi Moonoosamy
TRUSTEE (CHAIRPERSON)

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 Fellow Member of the Governance Institute (FCIS), 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 Legal & Compliance, Human Resources and Corporate Affairs. She also fulfils the role of alternate Money Laundering Reporting Officer. She has held various strategic positions in her 25 years of cross-industry experience notably in Life and General Insurance, Financial Services, Business Process Outsourcing, Healthcare Services and Retail Markets.

Laxman Mewasingh
TRUSTEE (VICE-CHAIRPERSON)

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.

Kailash Kumar Moloye
TRUSTEE (CONTACT PERSON)

Mr Moloye is a Fellow of the Governance Institute (UK), the holder of a BSc (Hons) in Management and a Diploma in Business Administration with over 15 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 a 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
(Formerly Known as Moore Stephens (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 360 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
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 is licensed and regulated by the Financial Services Commission to conduct investment managementand 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. Its is a subsidiary of MCB Capital Markets Ltd which offers services such as Corporate Finance, Advisory, Investment Management, Stockbroking, Private Equity and Registry.

The coverage of pension systems in the Africa region is limited to the small segment of the population in the formal sector. Coverage is thin partly because traditional contributory pension schemes are not responding to the needs of the informal sector. As a result, a large share of the region's adult population has no access to contributory pension schemes during their working lives.

The World Bank Group
2019

Investment Policy Statement

03.

> *Global life expectancy has increased due to growing wealth and improved standards of living, and advances in healthcare. However, with falling birth rates, populations are aging in many countries. The spectre of shrinking working-age populations and increasing automation of work processes is driving the forecasts for growing pension gaps.*

Swiss Re
2019

The Scheme seeks to preserve the purchasing power of a Member's assets, with investments selected to target returns in excess of inflation in the long run. The Scheme will aim to provide a balance between wealth creation and capital protection.

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 recognize 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.

The Trustees will keep the risks under regular review.

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 an 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.

Investment Manager's Review

04

LOCAL EQUITY REVIEW

Local equity indices were down for the financial year with the SEMDEX posting -5.2% and the DEMEX posting -4.7% respectively. The negative sentiment was accentuated by foreign divestment, targeted towards blue-chip stocks.

2019 kick-started with the restructuring and amalgamation of ENL Group entities – ENL, ENL Finance, ENL Land, ENL Commercial Ltd, with and into La Sablonniere, which was renamed as ENL Limited. IBL Ltd expanded its reach within the construction industry by acquiring 100% of General Construction together with a financial partner, although this deal is yet to be finalised. CIEL consolidated its holdings, namely through increasing its stake in C-Care (Mauritius) Ltd and CIEL Textile. LUX Island Resorts spun off its hotel management arm, renamed as the LUX Collective, from its real estate and hotel operations. CIM also restructured its activities by spinning off its property arm, Lavastone which was listed on the DEM at the start of January 2019.

FOREIGN EQUITY REVIEW

Central Banks and geo-political tensions dominated the headlines for the period under consideration. The first half of the financial year witnessed negative performances across all equity markets. US equities declined materially in Q2 2018-2019, with especially steep falls in December, as the Federal Reserve (Fed) raised interest rates on continued stability in economic data, while the US-China trade dispute contributed to the negative investor sentiment. In Europe, domestic political factors were a drag on market performance. France was hit by unrest in key cities following the “Yellow vests” movements, which dented business confidence and resulted in negative performances for equity markets.

The second half of the year saw a reversal in investor sentiment, as concerns over the China-US trade dispute eased and major central banks grew more accommodative. Indeed, the Fed confirmed in January that it would adjust interest rate hikes, and settled further into its dovish stance as the year progressed with Chairman Jerome Powell claiming that the institution stands ready to cut rates to combat economic headwinds.

Likewise, the European Central Bank (ECB) stepped away from tighter monetary policy. Chinese equities rebounded significantly in Q3 2018-2019 due to the US’s decision to suspended tariff hikes on $200 billion of Chinese goods, together with ongoing government support for the Chinese domestic economy. Indian equities also enjoyed a rally at the start of the year as early opinion polls pointed to a return of Prime Minister Modi’s coalition Government in the upcoming general election.

LOCAL FIXED INCOME REVIEW

During the course of the year, monetary policy remained loose with the Monetary Policy Committee of the Bank of Mauritius maintaining its Key Repo Rate at 3.50%. The primary dealer system was in its second year of operation and helped to contribute towards increased liquidity of Government of Mauritius securities.

Excess liquidity was a recurrent theme during the financial year increasing from MUR 7.1 billion in June 2018 to MUR 16.9 billion in June 2019, thereby affecting yields to the downside. To contain excess liquidity on the market, the Bank of Mauritius made a few interventions through the issuance of BoM bills and special deposits to the tune of MUR 9.3 billion. However, yields remained at relatively low levels as demand outweighed supply of Government bonds.

The corporate bond space witnessed some increased activity with the issuance of notes and bonds from CIEL, Alteo, ABC Banking and Medine across different maturities. The premium on Government yields on offer from these bonds meant an increased demand from various participants, which included banks, investment managers, insurance companies and individuals.

FOREIGN FIXED INCOME REVIEW

It was a positive year for the global fixed income market with both riskier assets and government bonds experiencing a strong rebound, following sharp declines at the end of the year 2018.

Broadly, these reflected expectations that central banks would keep monetary policy loose, including the possibility of US rate cuts. At their meetings in mid-June, comments from the Fed and ECB confirmed the growing dovishness among policymakers; with both central banks clearing the way for further policy measures if needed.

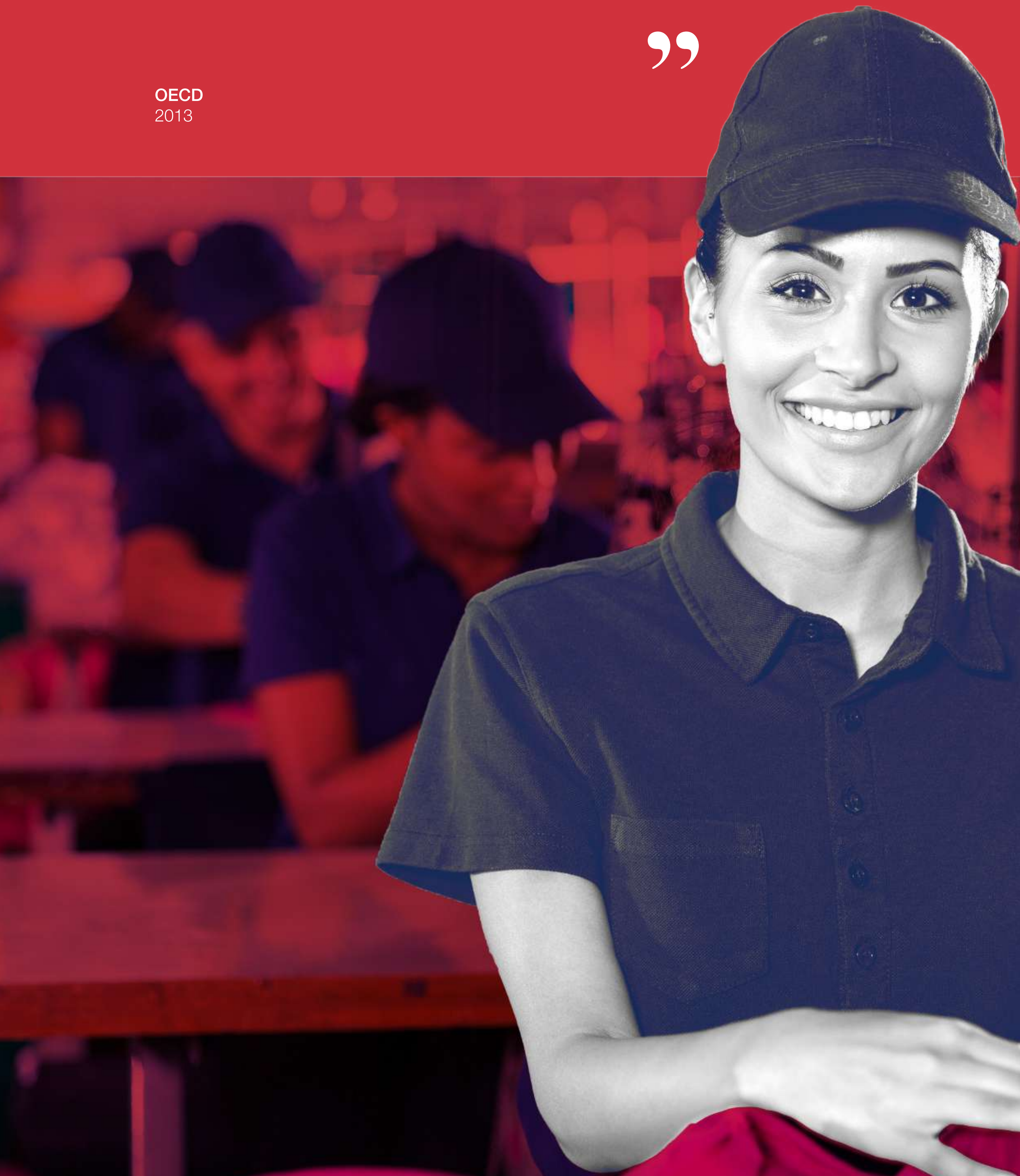
Report of the Board of Trustees

FOR THE YEAR ENDED 30 JUNE 2019

05.

Ensuring coverage of workers through one or more pension plans is fundamental to fighting income poverty in old age.

OECD
2013



The Board of Trustees has pleasure in submitting its report together with the audited financial statements of NIC MULTI-EMPLOYER PENSION SCHEME, (the "Scheme"), for the year ended 30 June 2019.

GENERAL INFORMATION

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. However, actual withholding of contributions from the employees' monthly salaries and their remittances to the Scheme together with the employers' share of contributions started in October 2018, though the application of the Scheme took effect retrospectively from 01 July 2015 in accordance with the Rules of the 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 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 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.

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:

	Date Appointed	Date Resigned
Mrs Chitra Devi Moonoosamy (Chairperson)	01 July 2016	-
Mr Laxman Mewasingh (Vice-Chairperson)	01 July 2016	-
Mr Kailash Kumar Moloye (Contact Person)	01 July 2016	-
Mr Asveen Kumar Ramchurn (Vice-Chairperson)	01 July 2016	05 May 2017

TRUSTEES MEETING ATTENDANCE

The attendance of members of the Board of Trustees at meetings during the financial year ended 30 June 2019 is as follows:

	Trustees Meetings (2)
Mrs Chitra Devi Moonoosamy	2/2
Mr Laxman Mewasingh	2/2
Mr Kailash Kumar Moloye	2/2

BENEFITS PAYABLE UNDER THE SCHEME

The Scheme is a defined contribution plan.

Retirement Benefits

The benefits payable under the Scheme are summarised as follows:

(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.

(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 from 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 occuring 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 2019, and the statements of changes in net assets available for benefits, general account, 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' 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 2019, there were 311 active members (30 June 2018: NIL), 13 deferred members (30 June 2018: NIL) and no pensioners (30 June 2018: NIL).

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

	Count
Active members as at 01 July 2018	-
New entrants	325
Leavers and exits during the period:	
Retirements	-
Death	(1)
Deferred pensioners	(13)
Transfer outs	-
Active members as at 30 June 2019	**311**

	Count
Deferred members as at 01 July 2018	-
New deferred pensioners	13
Exits during the period:	
Retirements	-
Death	-
Transfer outs	-
Deferred members as at 30 June 2019	**13**

TRUSTEES' REMUNERATION

	2019 MUR	**2018** MUR
Trustees' remuneration	-	-

AUDITORS

The auditors of 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:

Mrs Chitra Devi Moonoosamy
Chairperson

Mr Laxman Mewasingh
Vice-Chairperson

16 January 2020

12% of annual incomes are currently being saved on average by people yet to retire

Schroders
2018

Independent Auditor's Report

06.


3.456
2.589
1.258
4.896
3.45
2.58
6.58
12.3
7.42
8.52
5.42
0.58
FINANCIAL 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 30 to 50, which comprise the statement of net assets available for benefits as at 30 June 2019 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, 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 2019 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 Schemes 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 or 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 Schemes 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 Board of Trustees either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

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 skepticism 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 Board of 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.

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.

The Scheme does not have any statutory audit requirement for the period from the date of establishment of the Scheme to 30 June 2018. Consequently, comparative figures have not been audited.

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 we have 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
(Formerly known as MOORE STEPHENS)
Chartered Accountants

Arvin Rogbeer, FCA, FCCA
Licensed by FRC

16 January 2020

Port Louis
Mauritius

Financial Statements for the Year Ended 30 June 2019

07.

On average, people will need 11 times their annual pay at age 65 to retire and maintain their standard of living, but the numbers fluctuate when factoring in taxation and medical costs by age.

Aon Hewitt
2015

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT 30 JUNE 2019

	Notes	2019 MUR	2018 MUR
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss	7	22,845,039	-
Total non-current assets		**22,845,039**	**-**
CURRENT ASSETS			
Accounts receivable	8	1,486,003	-
Cash and cash equivalents	9	55,274,551	-
Total current assets		**56,760,554**	**-**
CURRENT LIABILITIES			
Accounts payable	10	(3,908,313)	-
Total current liabilities		**(3,908,313)**	**-**
NET ASSETS			
Net current assets		52,852,241	-
Net assets		**75,697,280**	
FINANCED BY:			
Personal Member Account	11	66,626,910	-
General Account	11	9,070,370	-
Personal Member Account and General Account		**75,697,280**	**-**

These Financial Statements have been approved by the Board of Trustees on 16 January 2020 and signed on its behalf by:

Mrs Chitra Devi Moonoosamy
Chairperson

Mr Laxman Mewasingh
Vice-Chairperson

The notes on pages 34 to 50 form an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 MUR	2018 MUR
INCOME			
Employers' contributions		56,469,834	-
Employees' contributions		8,741,231	-
Total income	11	**65,211,065**	**-**
RETURN ON INVESTMENTS			
Fair value gains on financial assets at fair value through profit or loss	7	140,133	-
Foreign exchange gains		236,307	-
Dividend income		125,646	-
Interest income		913,759	-
Total return on investments		**1,415,845**	**-**
Net assets available for benefits	11	**66,626,910**	**-**

The notes on pages 34 to 50 form an integral part of these financial statements.

GENERAL ACCOUNT FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 MUR	2018 MUR
INCOME			
Contribution towards expenses		11,570,694	-
Total income		**11,570,694**	**-**
EXPENSES			
Administration fees		2,314,139	-
Investment manager fees		29,997	-
Custodian fees		36,608	-
Audit fees		109,250	-
Licence fees		9,794	-
Other expenses		536	-
Total expenses		**2,500,324**	**-**
Surplus of income over expenses for the year	11	**9,070,370**	

The notes on pages 34 to 50 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 MUR	2018 MUR
OPERATING ACTIVITIES			
Contributions received		65,211,065	-
Administrative fees		11,570,694	-
Movement in accounts receivable		(657,844)	-
Movement in accounts payable		3,908,313	-
General account expenses		(2,500,324)	-
Net cash generated from operating activities		**77,531,904**	**-**
INVESTING ACTIVITIES			
Interest		85,600	-
Dividends received		125,646	-
Purchase of financial assets at fair value through profit or loss	7	(22,704,906)	-
Net cash used in investing activities		**(22,493,660)**	**-**
Net change in cash and cash equivalents		**55,038,244**	**-**
Cash and cash equivalents, beginning of year		-	-
Exchange differences on cash and cash equivalents		236,307	-
Cash and cash equivalents, end of year	9	**55,274,551**	**-**

The notes on pages 34 to 50 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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").

The comparative amounts are Nil as the Scheme started its operations as from October 2018. The Scheme does not have any statutory audit requirement for its first financial period from 01 July 2016 (date of establishment) to 30 June 2018. Consequently, comparative figures have not been audited.

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

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

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Scheme has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Scheme started its operations during the financial year and has accordingly no comparatives to restate in respect of the classification and measurement of financial instruments.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting.

Details of these new requirements as well as their impact on the Scheme's financial statements are described below.

The Scheme has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application is 1 January 2018. All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

• debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

• debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);

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

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

Impact of initial application of IFRS 9 Financial Instruments (Continued)

• all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Scheme may make the following irrevocable election/designation at initial recognition of a financial asset:

• the Scheme may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

• the Scheme may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL to eliminate or significantly reduce an accounting mismatch.

In the current year, the Scheme has not designated any debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Scheme to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Scheme to recognise a loss allowance for expected credit losses on:

(1) Debt investments measured subsequently at amortised cost or at FVTOCI;
(2) Lease receivables;
(3) Trade receivables and contract assets; and
(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Scheme to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Scheme is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for lease receivables, trade receivables and contract assets in certain circumstances.

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

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

Impairment of financial assets (Continued)

The Trustees of the Scheme have assessed that there has been no significant increase in credit risk since initial recognition of financial instruments that remain recognised on the date of initial application of IFRS 9 (i.e. 1 January 2018).

Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Scheme's financial liabilities.

General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Scheme's risk management activities have also been introduced.

IFRS 9 requires hedging gains and losses to be recognised as an adjustment to the initial carrying amount of non-financial hedged items (basis adjustment). In addition, transfers from the hedging reserve to the initial carrying amount of the hedged item are not reclassification adjustments under IAS 1 Presentation of Financial Statements and hence they do not affect other comprehensive income. Hedging gains and losses subject to basis adjustments are categorised as amounts that will not be subsequently reclassified to profit or loss in other comprehensive income.

The application of the IFRS 9 hedge accounting requirements has had no significant impact on the results and financial position of the Scheme for the current and/or prior year.

Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Scheme had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Scheme has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Scheme has elected to designate as at FVTPL at the date of initial application of IFRS 9.

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

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

Impact of initial application of IFRS 9 on financial performance and cash flows

The application of IFRS 9 has had no impact on the financial performance of the Scheme.

The application of IFRS 9 has had no impact on the consolidated cash flows of the Scheme.

Impact of application of IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The mandatory application date for the standard is 01 January 2018. The application of the new standard has no impact on the Scheme's financial statements.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

The amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The amendment has no impact on the Scheme's financial statements.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The amendment has no impact on the Scheme's financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

- IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant.

- IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. The amendment has no impact on the Scheme's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The amendment has no impact on the Scheme's financial statements.

Transfers of Investment Property (Amendments to IAS 40). The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The amendment has no impact on the Scheme's financial statements.

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

b) 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 01 January 2019 or later periods, but which the Scheme has not early adopted.

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

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- IFRIC 23 Uncertainty over Income Tax Treatments
- Prepayment Features with negative compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Annual Improvements to IFRSs 2015-2017 Cycle
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)

Where relevant, the Scheme 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.

IFRS 16 Leases - effective 01 January 2019

Adoption of IFRS 16 will result in the Scheme recognising right-of-use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the Scheme does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment. The Scheme is assessing the impact of this new standard and will adopt the standard when it becomes effective.

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 for 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 category 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 (FVPL)

The Scheme classifies the following financial assets at FVPL :
- Debt investments that do not qualify for measurement at either amortised cost of FVPL
- 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;
- Derivative financial instruments not designated as hedging instruments.

Amortised cost

These assets arise principally arise from 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 other receivables and cash and cash equivalents in the statement of financial position.

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

3. Significant accounting policies (Continued)

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.

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. Significant accounting policies (Continued)

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 realize 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. As at the year ended 30 June 2019, no member had left the Scheme.

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. Significant accounting policies (Continued)

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.

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 continue to be 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.

5.1.1 Foreign currency risk

Foreign currency 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:

	2019 MUR	2018 MUR
FINANCIAL ASSETS		
United States dollar (USD)	14,481,958	-
Mauritian rupee (MUR)	65,123,635	-
Total	79,605,593	-

	2019 MUR	2018 MUR
FINANCIAL LIABILITIES		
Mauritian rupee (MUR)	3,908,313	-

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

Sensitivity analysis

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

5. Financial risks (Continued)

5.1 Market risk (Continued)

5.1.1 Foreign currency risk (Continued)

	IMPACT ON PROFIT OR LOSS AND EQUITY	
	2019 MUR	**2018** MUR
United States dollar (USD)	724,098	-

5.1.2 Interest rate risk

The Scheme has no variable interest-bearing financial assets or financial liabilities and is therefore not exposed to interest rate risk.

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.

Sensitivity

The impact on the Scheme's profit or loss and equity had the equity market values change by 10% with other assumptions left unchanged would have been as follows:

	IMPACT ON PROFIT OR LOSS AND EQUITY			
		2019 MUR		**2018** MUR
	+10%	**-10%**	**+10%**	**-10%**
Financial assets at fair value through profit or loss (FVTPL)	2,284,504	(2,284,504)	-	-

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 asset.

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

5. Financial risks (Continued)

5.2 Liquidity risk (Continued)

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

Maturities of financial assets and liabilities:

AS AT 30 JUNE 2019	< 1 year MUR	1-5 years MUR	> 5 years MUR	No maturity dates MUR	Total MUR
FINANCIAL ASSETS					
Financial assets at fair value through profit or loss	-	-	-	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	3,908,313	-	-	-	3,908,313
Net position	52,852,241	-	-	22,845,039	75,697,280

5.3 Credit risk

Credit risk is a risk that a counterparty will be unable to pay an amount in full when it falls 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 allowances for doubtful receivables based on prior experience and the current economic environment.

FINANCIAL ASSETS	2019 MUR	2018 MUR
NON-CURRENT		
Financial assets at fair value through profit or loss	22,845,039	-
	22,845,039	-
CURRENT		
Accounts receivable	1,486,003	-
Cash and cash equivalents	55,274,551	-
	56,760,554	-
Total	79,605,593	-

5. Financial risks (Continued)

5.3 Credit risk (Continued)

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) is considered negligible, since the counterparties are reputable banks and financial institutions with good quality external credit ratings.

None of the Scheme's financial assets are secured by collateral or other credit enhancements.

5.4 Categories of financial instruments

	2019 MUR	2018 MUR
FINANCIAL ASSETS		
Investments in financial assets	22,845,039	-
Accounts receivable	1,486,003	-
Cash and cash equivalents	55,274,551	-
Total financial assets	**79,605,593**	**-**
FINANCIAL LIABILITIES		
Accounts payables	**3,908,313**	**-**
Total financial liabilities	**3,908,313**	**-**

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.

5. Financial risks (Continued)

5.5 Fair value measurement of financial instruments (Continued)

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

				2019 MUR	2018 MUR
FINANCIAL ASSETS	Level 1	Level 2	Level 3	Total	Total
Quoted securities	22,845,039	-	-	22,845,039	-
Total	22,845,039	-	-	22,845,039	-

Measurement of fair value of financial instruments

The methods used for the purpose of measuring fair values of securities are detailed below:

Listed securities and Schemes (Level 1)

The listed equity shares are denominated in MUR and are publicly traded on the Stock Exchange of Mauritius. The Scheme also invests in iShares (S and P 500 Index Fund, MSCI World Index US and MSCI Emerging Markets ETF iShares) that are denominated in USD and traded overseas.

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

7. Financial assets at fair value through profit or loss

	2019 MUR	2018 MUR
At 01 July	-	-
Additions	22,704,906	-
Fair value gains	140,133	-
At 30 June	**22,845,039**	**-**

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

	2019 MUR	2018 MUR
QUOTED SECURITIES		
Local	16,974,991	-
Overseas	5,870,048	-
Total	**22,845,039**	**-**

Fair value hierarchy of financial assets

				2019 MUR	2018 MUR
FINANCIAL ASSETS	Level 1	Level 2	Level 3	Total	Total
Quoted securities	22,845,039	-	-	22,845,039	-
Total	**22,845,039**	**-**	**-**	**22,845,039**	**-**

8. Accounts receivable

	2019 MUR	2018 MUR
Contributions receivables	369,759	-
Interest receivable	828,159	-
Other receivables	288,085	-
Total	**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 fair values.

9. Cash and cash equivalents

	2019 MUR	2018 MUR
CASH AT BANK		
Mauritian rupees	46,662,641	-
United States dollars	8,611,910	-
Total	**55,274,551**	**-**

Included in the figure of MUR 46,662,641 is an amount of MUR 6,286,609, representing the balance of Administrative Fees included in the Personal Member Account ("PMA") bank account and not yet transferred to the separate bank account kept for the General Account as at 30 June 2019. This balance also comprises short-term deposits amounting to MUR 35,146,624.

The closing rate of the USD was MUR 35.57.

10. Accounts payable

	2019 MUR	2018 MUR
Accruals	2,467,296	-
Other payables	1,441,017	-
Total	**3,908,313**	**-**

The carrying amounts of accounts payable approximate their fair values.

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 consist of the following:

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

11. Personal Member Account and General Account (Continued)

Accumulated Schemes

	Personal Member Account MUR	**General Account** MUR	**Total** MUR
At 01 July 2018	-	-	-
Members' contributions	65,211,065	-	65,211,065
Surplus of income over expenses	-	9,070,370	9,070,370
Return/interest accrued to members	1,415,845	-	1,415,845
Transfers	-	-	-
As 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 is make expenses of the Scheme.

12. Related party transactions

There are no related party transactions during the year ended 30 June 2019.

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 continue to be prepared on the going concern basis.

14. 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 2019.

NIC MULTI-EMPLOYER PENSION SCHEME

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