



# ANNUAL REPORT 2018-2019





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## CHAIRPERSON'S LETTER

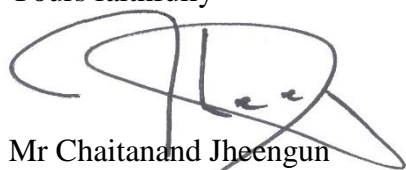
The Honourable Maneesh GOBIN  
Attorney General  
Minister of Agro-Industry and Food Security  
9<sup>th</sup> floor, Renganaden Seeneevassen Bldg  
Port Louis

Sir,

In accordance with Section 9 (1) and (2) of the Statutory Bodies (Accounts and Audit) Act, the Board of the Sugar Insurance Fund is pleased to present its Annual Report including the audited Financial Statements ended 30 June 2019 to be laid before the National Assembly.

The amended Annual Report was approved by the SIFB on 15 January 2021.

Yours faithfully

A handwritten signature in dark ink, consisting of a large, stylized loop followed by a vertical line and a horizontal stroke, with a small mark at the end.

Mr Chaitanand Jheengun  
Chairperson (appointed on 25 January 2021)  
Sugar Insurance Fund Board

**Date: 23/04/2021**



## CHAIRMAN'S REPORT 2018 / 2019

### Challenge

The year under review has proved to be a year of challenge for both the sugar industry as well as for SIFB.

On the sugar industry front, the continuing fall in sugar prices on the world market coupled with increase in cost of production have put planters under a lot of pressure to be able to sustain their sugar cane production. Small planters have also been facing issues such as lack of access to resources and family succession that have compounded the abandonment of their land.

On the SIFB front, Government set up a Fact Finding Committee (FFC) in November 2018 a) to look into the declaration of event year for Crop 2017 and b) subsequently to look into any malpractice by officers and/or directors. Further to FFC submitting its report earlier this year, an event year was declared for Crop 2017 for EFAs ALTEO, OMNICANE and MEDINE. The Board was thereafter fully reconstituted and a new CEO was appointed. The other FFC recommendations are currently being considered for any follow-up action required.

### Government Measures - SIFB

Government is very much aware of the multi functional role of the sugar cane industry in terms of its contribution to the socio-economic development of the country. The sector is considered to be a common public good, which should NOT be put at risk.

It is now well understood from prior reforms carried out that the industry is not solely concerned with sugar production but rather with sugar cane production allowing for its by-products. Its contribution (direct and indirect) to our GDP is sizeable as well as critical from the viewpoint of our energy requirements our environment needs and employment.

The challenges currently facing the industry are however unprecedented. The Government had announced in its recent cabinet decisions and budget speeches, a series of measures to help the planters in respect of Crop Year 2018. The measures pertaining specifically to SIFB were as follows:

- A financial cash compensation of Rs 1,250 per tonne of sugar accrued to all planters/métayers;
- An additional financial support of Rs 257 per tonne of cane (equivalent to Rs 3,287 per tonne of sugar) to planters/métayers producing up to 60 tonnes of sugar [1/3 to be financed by SIFB].

The SIFB's share of these financial assistance amounted to **Rs 371.5 Million** for Crop 2018 (as compared to Rs 446.8 Million for the crop 2017).

The Honourable Pravind Kumar Jugnauth, Prime Minister and Minister of Finance and Economic Development of the Republic of Mauritius also announced in the 2019/20 Budget a welter of measures for Crop 2019 and beyond, including a) a guaranteed price of Rs 25,000 per tonnes of sugar for all planters/métayers for up to their first 60 tonnes of sugar b) various facilities/incentives for sugar cane cultivation, replantation and regrouping of planters c) the provision of a 'National Biomass Framework' for the sugar cane industry and d) the assistance of World Bank in the preparation of a road map for the sugar cane industry.

Details of the Government measures are set out in Appendix B.

### Financial Assistance

In order to give effect to the payment of the financial assistance for Crop Year 2018, the SIF Act was amended by Parliament.

This has led to legal action lodged against SIFB by some of the insureds. It is unfortunate that this occurred during the time that the previous Board had resigned and the new Board had not been fully reconstituted. Since the Board is composed of representatives of various stakeholders amongst planters and millers, it would have been the ideal forum to address TOGETHER issues pertaining to the *raison d'être* of the Fund in times of the unprecedented upheaval facing the industry.

As the case is *sub judice*, the Court ruling is now being awaited.

## Price of Sugar

In accordance with Section 47 of the Sugar Insurance Fund Act, the sugar price for insurance purposes in respect of Crop Year 2018 was determined at the rates of:

- (i) Rs. 10,462 per metric ton of sugar for the growing side, inclusive of added value of molasses.
- (ii) Rs. 9,700 per metric ton of sugar for milling side.

## Declaration of Event Year

Crop 2018 was declared to be an Event Year on account of Drought & Excessive Rainfall in respect of the following group of planters:

1. Growing Units of the EFAs of ALTEO, OMNICANE and MEDINE; and
2. Large Planter grouping of the EFA of ALTEO.

## Opening of Satellite Offices

In order to facilitate communication with planters other than at Head Office, the following offices are now open on Wednesdays (except public holidays) from 8:45 a.m. to 15:30hrs:-

- 1) Rivière du Rempart
- 2) Bon Accueil
- 3) St. Pierre
- 4) Mare d'Albert.

## Actuarial Review 2019

The Consulting Actuary has already started work on the 2019 Actuarial Review and the main items of his Terms of Reference include:

- 1) Under General Insurance
  - a) To undertake an actuarial review as provided for under Section 48 & 49 of the Act.
  - b) Review the general insurance product premium rates and declaration thresholds.
  - c) Investigate alternate product design structures.
  - d) Reassess the capacity of the Fund from a solvency capital management perspective.
  - e) Review the investment strategy of the Fund.
  - f) Make recommendations on the following for the next 2 Crop years:
    - Revised premium rates and declaration thresholds.
    - Possibility/capacity to introduce a hedging product including the impact on the level of climatic cover provided.
    - Appropriateness of the investment strategy of the Fund.
- 2) Under Fire Insurance
  - a) To carry out a detailed examination of the fire insurance account.
  - b) Determine the appropriate solvency capital requirements (SCR), model and test ranges of sensitivity scenario.
  - c) Recommend the SCR and Coverage Ratio based on the forecasted sugar price.
  - d) To review the experience following the introduction of partial fire loss.

The report is due during Q1 of 2020.

## Productivity

SIFB has embarked on the review of operational processes in order to improve productivity and contain costs. For e.g. it is currently considering the use of Technology/IT in the monitoring of the plots under sugar cane cultivation through use of drones and remote-sensing techniques which will enhance the accuracy of field data capture as well as speed of data processing..



## CROP 2018 REVIEW

For the 2018 crop due to an oversupplied market worldwide the price of sugar has declined to as low as MUR 9,700 per ton. Since the price of sugar on world market appears to be below the cost of production over the next few years, it is necessary that measures be taken to ensure the viability of the sector.

On 21 September 2018, Government agreed to provide as support to sugarcane planters the following measures, amongst others, for providing immediate relief to planters for Crop 2018 -

- (a) a “cash compensation” (i.e. one-off financial assistance) of MUR 1,250 per ton of sugar to all planters. The financial implication of this measure depended on the total tonnage of sugar accrued to planters in crop 2018 and was around MUR 318.2 M.
- (b) additional remuneration from bagasse of MUR 1,250 per ton of sugar thus bringing the revenue accruing from bagasse to MUR2,500 for small planters and MUR 1,700 for other planters.
- (c) The Mauritius Cane Industry Authority would assist planters with less than 100 hectares under cane cultivation through an advance from the Planters Fund for the purchase of fertilizers for crop 2019. The advance would be around MUR13, 000 per hectare.

On 7 December 2018, the Government has also agreed for the payment of an additional financial support of Rs257 per tonne of sugarcane to planters producing up to 60 tonnes of sugar. The SIFB contributed 1/3<sup>rd</sup> of Rs257 per tonne of cane (Rs3,287 per tonne of sugar) to planters/métayers producing up to 60 tonnes of sugar.

SIF Act was amended to cater for financial support.

## ABOUT THE SUGAR INSURANCE FUND BOARD

From its introduction by the Dutch, to its cultivation by the French and the British, the sugarcane has turned the sugar industry in Mauritius into its first source of revenue for decades, if not centuries. The sugar industry in Mauritius has constantly been faced with challenges and it has always stood up to convert these challenges into opportunities to ensure sustainable productions of sugarcane and derived products.

Insuring the Mauritian sugar against the negative impact of weather, one of long standing, became a reality when cyclone-damage in 1945 precipitated matters at governmental level, and at the local Chamber of Agriculture. The very next year saw the formal establishment, in October, of a Cyclone and Drought Insurance Fund through Ordinance No 53 of 1946 with compulsory insurance for all cane planters and millers, and an obligation on the latter to provide all relevant information to that Insurance Board. Subsequently in 1974 a Fire Insurance Scheme was incorporated with existing schemes for cyclones, droughts and excessive rainfall and the organisation was restyled the Sugar Insurance Fund Board.

The Fund kicked off as a self-financed not-for-profit institution with no initial capital injection, hence its compulsory participation by all categories of producers. The first premiums paid covered crop 1947 and the first “Event Year” was declared by the Board in 1957 on account of drought. The claims for compensation amounting to some Rs 9 Million were settled for that crop. In 1960 the devastating cyclones Alix and Carol damaged 62% of the national crop harvest. During that year, the fund collected Rs 12 Millions as premiums but effectively paid out 11 times more as compensation to all producers amounting to Rs 140 Millions. This scenario prompted the Fund to strengthen its methods of assessing claims of small planters. Thus, verification of acreages cultivated by small planters first began in February 1960 through land surveys. Registration of planters was for the first time resorted to in May 1960 in respect of the 1960 crop.

Losses against fire outbreaks in cane fields became another insured peril taken on board by the Fund. The fire premium was initially set at Re. 1 per ton of insurable sugar in respect of the harvest of each crop year.

The 1999 crop encountered the most severe and prolonged drought that inhibited cane growth. An unprecedented drought that ever struck the island resulting with 47% of insurable crop harvest lost. The SIFB again stood by the side of all producers by its prompt intervention of cash advance payments on compensation to the tune of 80% of losses paid by December 1999.

Due to its financial strength, arising from sound management of the Fund and the Board’s investment philosophy, the SIFB has, since 2009, stood by the side of the industry in its turbulent times by offering financial assistance to insureds in terms of:

- (i) Discounted General Premiums;
- (ii) Premium Holidays; and
- (iii) Special Financial Assistance.

Since 2009 till date, the SIFB has injected an aggregate of **Rs 3.7 Billion** capital from its accumulated reserves in the form of financial assistance, premium holidays and discounted general premiums to sustain the industry in its times of upheavals.

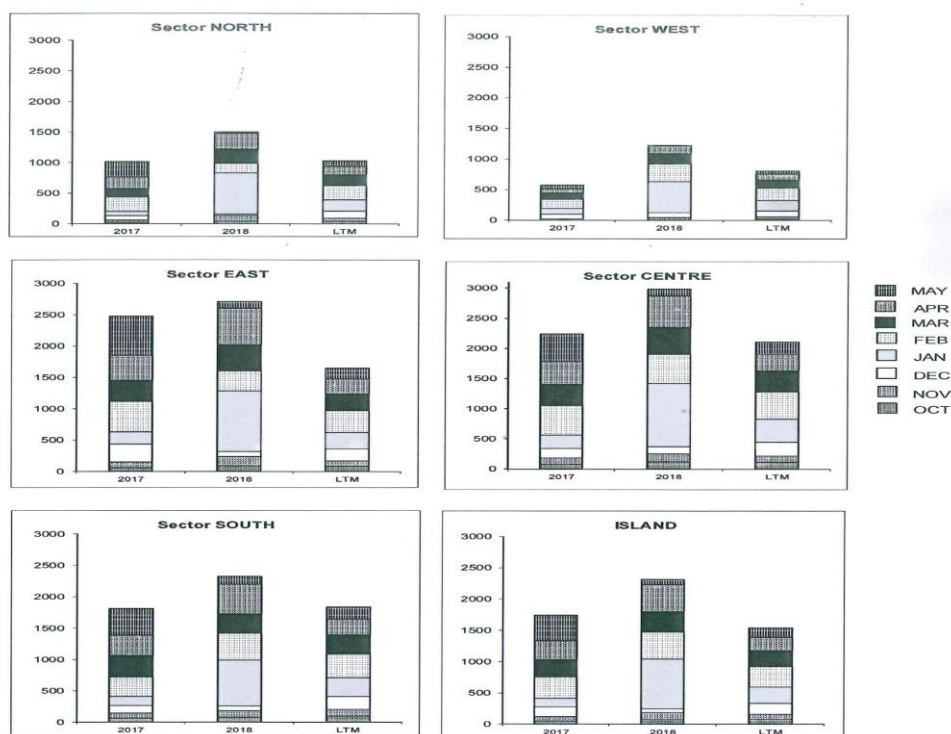
## CROP 2018 HIGHLIGHTS

### 1. CLIMATIC CONDITIONS (extracts from MSIRI 2018 Crop end of month reports)

#### 1.1 The Growth Phase

- A. Crop 2018 growth phase was affected by excessive rainfall in January, March and April in most sectors and by below normal solar radiation during the months of January to April 2018. The cumulative rainfall over the period October 2017 to April 2018 amounted to 1486mm in the North, 2605mm in the East, 2201mm in the South, 1213mm in the West and 2871mm in the Centre. This represented 158%, 176%, 134%, 160%, and 151% of the long-term mean. The major part of the total rainfall was associated with tropical storm *Ava* and severe tropical cyclone *Berguita* in January 2018 and the passage of tropical storm *Fakir* during the last week of April 2018. The below normal distribution pattern of solar radiation also led to reduced rate of photosynthesis and sub-optimal crop growth.
- B. Nevertheless, the weather that prevailed during May 2018 was characterised by below normal rainfall coupled with above normal sunshine duration and temperature which was more favourable to sucrose accumulation than crop growth. As at end-May 2018, the total stalk height was lagging behind in all sectors (except for the West) when compared to the corresponding period in 2017, but also inferior to the normal in all sectors ranging from 4.8 cm in the West to 20.6 cm in the South. Though stalk height remained below normal as at end-May 2018, sucrose accumulation was satisfactory over the island and well above the last crop. With the setting in of winter conditions and flowering of the crop, growth rates had slowed and no major improvement in stalk elongation was observed. Crop elongation was affected such that at the end of the growth phase the deficit in total cane height was lagging behind the normal when compared to Crop 2017.

Figure 1. Monthly rainfall (mm) for the period October 2017 to May 2018 for the 2018 crop compared to the corresponding period of the 2017 crop and to the long-term mean (LTM).



## 1.2 The Ripening Phase

- C. The climatic conditions that prevailed during the months of June and July 2018 were slightly wetter in most sectors as a result of above normal rainfall and temperature amplitude not exceeding the normal. All sectors of the island were deficient in rainfall in August, September and October 2018, coupled with above normal solar radiation and temperature amplitude. The dry weather conditions were more conducive to sucrose accumulation and resulted in better accumulation of sucrose content. Thus, an improvement in extraction rates was observed in all sectors till end-October 2018 when compared to corresponding period in 2017.
- D. Sector-wise, the extraction rates recorded at end-November 2018 was 10.73% in the North, 9.93% in the East/Centre, 10.20% in the South and 10.34% in the West, and exceeded the figures of the corresponding period in 2017 in all sectors. In spite of better extraction rate recorded, the shortfall in cane productivity resulted in sugar productivity inferior to those of 2017 in the North, East-Centre and West sectors.
- 1.3 **In general Crop 2018 growth phase was affected by excessive rainfall and below normal solar radiation. At the end of the growth period, stalk elongation was lagging behind the normal by almost 5% when compared to Crop 2017. Nevertheless, the weather conditions that prevailed during the ripening phase in 2018 was characterized by below normal rainfall, above normal sunshine duration and above normal temperature amplitude which were conducive to cane ripening and sucrose accumulation, however not at the optimal rate due to the shortfall in cane productivity.**

## 2. REGISTRATION OF FACTORIES AND PLANTATIONS

- 2.1 Crop 2018 registration started on 2<sup>nd</sup> May 2018 to end on 31<sup>st</sup> May 2018. A one-stop shop service to all cane planters was offered by SIFB in collaboration with all Millers and the Control & Arbitration Department of the Mauritius Cane Industry Authority (MCIA) for:
- (i) Registration of cane plantations with the SIFB,
  - (ii) Signing of cane contracts with the Millers; and
  - (iii) Registration of cane contracts with the Control & Arbitration Department.
- 2.2 All planters were invited to register their cane plantations with the Board by issue of press communiques. A total of 12,952 accounts of planters/métayers were registered for crop year 2018, inclusive of late registrations and re-registrations.

## 3. CROP HARVEST & MILLING OPERATIONS

- 3.1 The total area under cane plantations (plant, virgin and ratoon canes) stood at **52,161** Ha for Crop 2018. Crop 2018 witnessed an effective drop in extent under cane of **1,917** hectares of cane land from last crop year. **Figure 1** depicts the trend in extent under cane and harvest extent since Crop 2008.

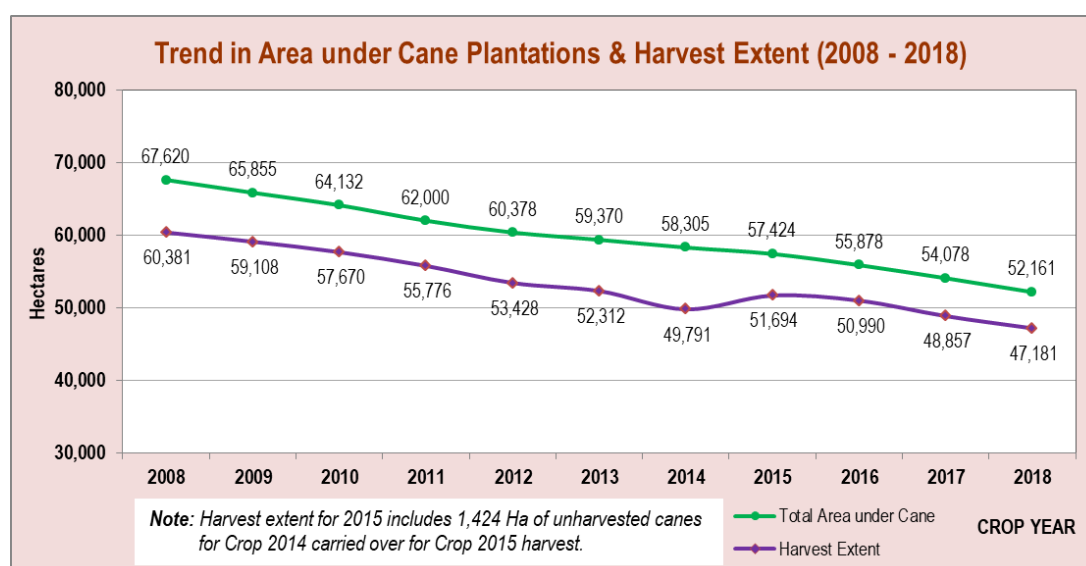


Figure 1

- 3.2 Milling operations for Crop 2018 first started at ALTEO factory on the 2<sup>nd</sup> June 2018 and ended with ALTEO factory on 13<sup>th</sup> December 2018.
- 3.3 The total area harvested for Crop 2018 for milling purposes stood at **47,181** Ha as compared to 48,857 Ha for Crop 2017. The highest harvest extent is seen in ALTEO enlarged factory with 18,793 hectares under cane harvested for milling whilst MÈDINE enlarged factory area had the lowest (4,258 Ha).
- 3.4 The highest cane yield per hectare recorded at enlarged factory level is 78.1 T/Ha for MÈDINE, whilst ALTEO had the lowest cane yield (61.1 T/Ha). **Table 1** shows the harvest extent, cane weight and cane yield for each enlarged factory area.

Table 1 – Harvest Extent and Cane Yield

Enlarged Factory Area	Harvest Extent (Ha)	Cane Weight (T)	Cane Yield [T/Ha]
TERRA	10,621	755,078	71.1
ALTEO	18,793	1,148,588	61.1
OMNICANE	13,508	918,286	68.0
MÈDINE	4,258	332,565	78.1
<b>TOTAL</b>	<b>47,181</b>	<b>3,154,516</b>	<b>66.9</b>

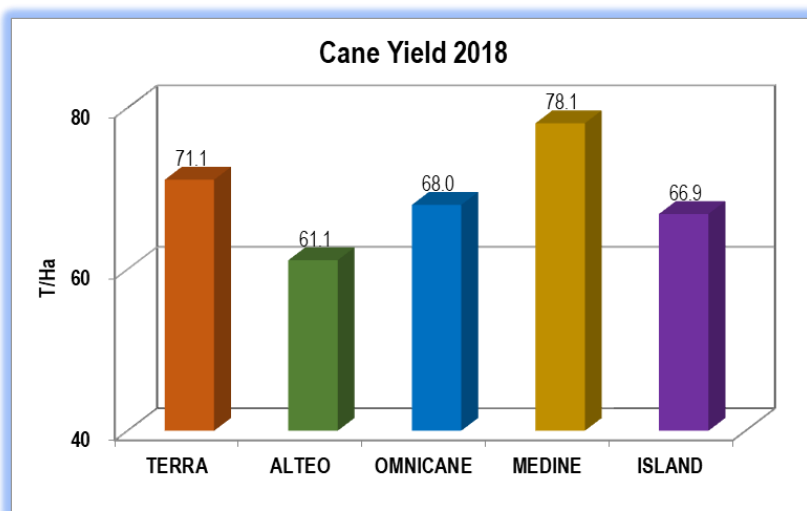


Figure 2

#### 4. SUGAR PRODUCTION

- 4.1 For Crop 2018, the total tonnage of canes harvested and sent to mills for sugar production island-wide by planters was **3,154,516** tonnes, as compared to 3,713,331 tonnes for the last crop season.
- 4.2 For Crop 2018, the amount of sugar produced “*tel quel*” was **325,983** tonnes as compared to 357,702 tonnes manufactured in 2017.
- 4.3 Island average sucrose content per tonne of cane crushed for Crop 2018 was **10.33%** as compared to 9.63% in 2017, indicating a rise of 0.70 percent. The highest extraction rate was recorded at TERRA (10.79%) and the lowest at ALTEO (10.02%).

Table 2 – Final Assessment of Sugar

ENLARGED FACTORY	Crop 2018	Crop 2017
<b>TERRA</b>	10.79%	10.15%
<b>ALTEO</b>	10.02%	9.27%
<b>MEDINE</b>	10.30%	9.56%
<b>OMNICANE</b>	10.45%	10.02%
<b>ISLAND AVERAGE</b>	<b>10.33%</b>	<b>9.63%</b>

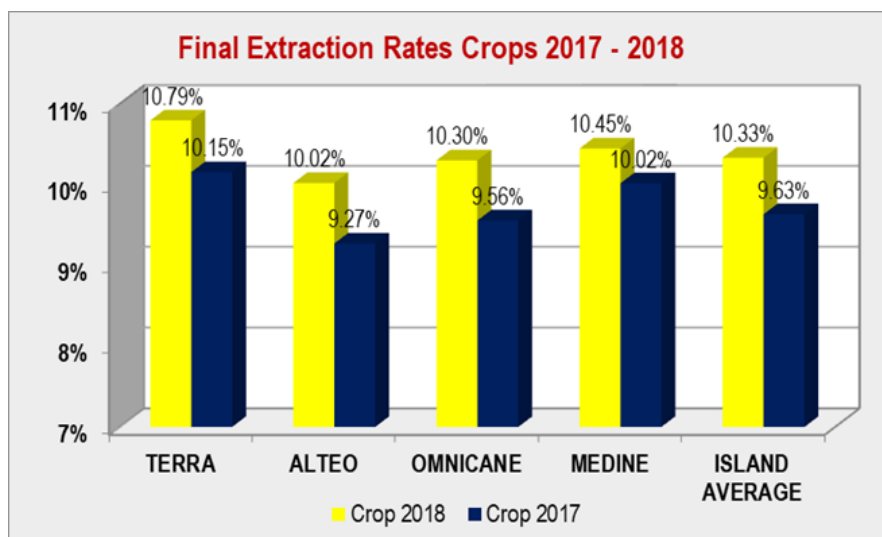


Figure 3

## 5. NUMBER OF SUGAR PRODUCERS

5.1 The total number of planter accounts stands at **12,884**. However, the total number of sugar producers for Crop 2018 stands at **11,775** as compared to 12,630 for Crop 2017. This consists of:

- (i) **11,771 planters/ métayers** having consigned their canes for milling as compared to **12,626** for Crop 2017; and
- (ii) **4 millers** each having a sugar accruing corresponding to 22% of sugar share from all canes consigned to the mills by cane growers.

## 6. NEW INSURANCE TERMS

Following the 2017 actuarial review, section 67 of the Finance (Miscellaneous Provisions) Act 2018 amended the SIF Act implementing new terms of general insurance and fire insurance. Highlights of the new insurance terms are provided below:-

(Annex 3)

## 7. GENERAL INSURANCE

### 7.1 **Sugar Price for Insurance Purposes**

7.1.1 In accordance with Section 47 of the Sugar Insurance Fund Act, the sugar price for insurance purposes in respect of Crop Year 2018 was determined at the rates of:

- (iii) **Rs. 10,462** per metric ton of sugar for the growing side, inclusive of added value of molasses.
- (iv) **Rs. 9,700** per metric ton of sugar for milling side.

7.1.2 These rates were published under General Notice No. 1825 of 2018 in the Government Gazette.



## 7.2 Declaration of Event Year

7.2.1 In March 2019, Crop 2018 was declared to be an Event Year on account of Drought & Excessive Rainfall in respect of the following group of planters:

3. Growing Units of the EFAs of **ALTEO**, **OMNICANE** and **MEDINE**; and
4. Large Planter grouping of the EFA of **ALTEO**.

7.2.2 The Declaration of Event Year for Crop 2018 was published under General Notice No. 900 of 2019 in the Government Gazette.

## 7.3 General Assessment

7.3.1 For Crop Year 2018, the total amount of sugar accruing was 325,980 tonnes against a final Total Insurable Sugar of 393,784 tonnes, i.e. a crop reduction of 17% island-wide.

7.3.2 The General Premium Income (GPI) receivable for the year was **Rs 110.9 Million** from all insureds, as compared to Rs 188.8 Million for the last crop season.

7.3.3 The General compensation payable to eligible insureds for the year was **Rs 298.2 Million** for losses suffered in sugar production, as compared to Rs 468.8 Million for the last crop.

7.3.4 **Table 3** below shows the Total General Premium Receivable, the Total General Compensation payable and the loss ratio for each enlarged factory area.

**Table 3 – Crop 2018 General Assessment**

<b>ENLARGED FACTORY AREA</b>	<b>General Premium Receivable [Rs]</b>	<b>General Compensation Payable [Rs]</b>	<b>Loss Ratio</b>
TERRA	25.2 M	-	0%
ALTEO	41.6 M	248.9 M	599%
OMNICANE	32.2 M	37.7 M	117%
MEDINE	11.9 M	11.6 M	98%
<b>TOTAL</b>	<b>110.9 M</b>	<b>298.2 M</b>	<b>269%</b>

7.3.5 The Fund received a Government grant of Rs16.8 Million for reduced general premiums in favour of small planters/métayers having not more than 60 T of sugar accrued for Crop Year 2018.

## 7.4 Compensation For Destroyed Cane Plantations

7.4.1 The Actuarial Review 2016/17 has recommended to reinstate the formerly repealed sub-sections 26(7), (8) and (9) pertaining to the payment of compensation on account of insured risks for partially or totally destroyed cane plantations, which came into effect as from Crop 2018.

7.4.2 This allows the Board to consider additional compensation payments on a discretionary basis to areas deemed heavily affected by insured risk factors.

7.4.3 During Crop 2018 inspection, cane plantations for a total extent of 67.375 Ha island-wide were found to have been partly/totally destroyed by drought/excessive rainfall after the passage of severe tropical cyclone *Berguita* in January 2018.



- 7.4.4 A total compensation of **Rs 3.36 Million** (net of premium) was disbursed to **513** eligible planters of all EFAs at the rates of:
- (i) **Rs 10,462** per tonne for ratoon/virgin canes; and
  - (ii) **Rs 5,231** per tonne for plant (immature) canes.

## 7.5 Financial Assistance

- 7.5.1 Notwithstanding the established objectives of the Fund, the SIFB disbursed a total financial assistance of **Rs 371.5 Million** for Crop 2018 (as compared to Rs 446.8 Million for the last crop) at the following rates:
- (1) A cash compensation of Rs 1,250 per tonne of sugar accrued to all planters/métayers; and
  - (2) An additional financial support of 1/3<sup>rd</sup> of Rs257 per tonne of cane (Rs3,287 per tonne of sugar) to planters/métayers producing up to 60 tonnes of sugar.

## 8. FIRE INSURANCE

### 8.1 Inter-crop Fire 2018

- 8.1.1 For Crop 2018, the total number of compensated fire cases caused by inter-crop fire was **109** representing a total extent of **141** hectares of canes destroyed island-wide.
- 8.1.2 An increase in compensable cases has been observed when compared to Crop 2017 which stood at 61 eligible insureds for a total extent of 59 hectares.
- 8.1.3 The number of compensable fire cases was more prominent in the North sector of the island followed by the South and Centre/East sectors. Inter-crop Fire compensation paid amounted to **Rs 6.09 M**, as compared to Rs 2.41 M for Crop 2017.

### 8.2 Fire during Harvest 2018

- 8.2.1 The number of fire occurrences during harvest season was observed to be highly prominent in the North sector of the island.
- 8.2.2 A total amount of **Rs 0.97 M** was disbursed to **25** eligible insureds as road transport allowance for milling of burnt canes in factories outside their respective factory areas, as compared to Rs 0.47 M for the last harvest season.

### 8.3 Fire Insurance Account Status

- 8.3.1 The Fire Insurance Scheme has been operating in constant deficit over the preceding crop years. By virtue of an amendment to the SIF Act in the Finance Miscellaneous Provisions Bill 2019, the accumulated deficit standing in the Fire Insurance Account as at 31 December 2016 has been zeroised via a transfer from the General Insurance Account to give effect to Actuarial Recommendations 2016/17 of the Fund.
- 8.3.2 The loss ratio under the Fire insurance Account for Crop 2018 was **73.1%**, representing an island-wide compensation of **Rs 7.1 M** against an island-wide premium of **Rs 9.6 M**.
- 8.3.3 As a result of the surpluses from claims experience of Crops 2017 & 2018 and zeroisation of accumulated deficit, the balance in the Fire Fund stands at **Rs 6.0 M** as at 30 June 2019.

## CORPORATE GOVERNANCE REPORT

### 1.0 CORPORATE GOVERNANCE

The purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of an Institution. Corporate governance is therefore about what the Board of an organisation does and how it sets the values of the organisation. It is to be distinguished from the day-to-day operational management of the organisation by full-time executives. Although corporate governance can be defined in many ways, this Code conceives it as an organizational framework of processes and attitudes that focuses on long-term continuity and success to add value to the organisation and build its reputation. Evidence of the beneficial impacts of good corporate governance is compelling. In particular, improvements in corporate governance are associated with increases in organisations' operational effectiveness and sustainability, financial efficiency, greater access to capital funding, higher values and stronger reputations.

The new Code of Corporate Governance for Mauritius was launched on 13 February 2017. The Code adopts an innovative approach of “apply-and-explain” instead of the mandatory or prescriptive approaches to corporate governance, which have been traditionally applied by other jurisdictions worldwide. As such, rather than being a rigid set of rules, the Code includes eight simple principles.

#### PRINCIPLE 1: GOVERNANCE STRUCTURE

The Sugar Insurance Fund is headed and administered by a Board as established under the Sugar Insurance Fund (SIF) Act. (S4 SIF ACT).

In accordance with Section 62 of the Constitution, the Hon Minister of Agro Industry and Food Security was assigned the responsibility of the Sugar Insurance Fund Board as from 29 November 2018.

The Board derives its authority to act from the Sugar Insurance Fund Act and the relevant laws.

- (1) The Board shall consist of (S5 SIF ACT)
  - (a) a Chairperson, to be appointed by the Minister on such terms and conditions as the Minister may determine;
  - (b) the supervising officer of the Ministry responsible for the subject of agriculture or his representative;
  - (c) the Financial Secretary or his representative;
  - (d) the Director of the Control and Arbitration Department of the Mauritius Cane Industry Authority;
  - (e) a representative of the Chamber of Agriculture;
  - (f) 4 representatives of planters;
  - (g) a representative of millers;
  - (h) a representative of the Mauritius Cane Industry Authority.
- (2) The Directors specified in subsection (1)(f) (g) and (h) shall -
  - (a) be appointed or designated by the Minister, as the case may be; and
  - (b) hold and vacate office on such terms as the Minister may determine.

(3) Every director shall be paid such allowance as may be determined by the Minister.

The quorum of the Board shall be 5.

The roles and responsibilities of the Board include interalia:

- a) The Board is ultimately responsible and accountable for the performance and activities of the Institution.
- b) The Board has delegated authority for the operations and administration of the organization to the Chief Executive Officer (CEO).
- c) The Board is responsible for: adoption of strategic plans and policies as proposed by Management; monitoring the operational performance; establishing policies and processes that ensure integrity of the Institution's internal controls; and risk management.
- d) The role of the Board is to oversee executive management and the proper functioning of the organisation.
- e) The Board is to ensure that the Fund is managed in an effective and responsible manner in accordance with the SIF Act.
- f) The Directors have a legal duty to act in the best interest of the Fund.
- g) The Board is responsible for ensuring that management actively cultivates a culture of ethical conduct and sets the values to which the institution will adhere.
- h) The Board is responsible for ensuring that the strategies adopted promote the sustainability of the Institution.

As per the SIF Act, the Chairman is appointed by the Minister on such terms and conditions as the Minister may determine. The Board shall with the approval of the Minister, appoint a General Manager who shall be the Chief Executive Officer (CEO) of the Board. The General Manager keeps the Chair informed about the business of the Institution.

The Role of the Chair is to:

- (1) Represent the Board, provide leadership to the Board and ensure its effectiveness in all aspects of its role.
- (2) Set the Board agenda with the assistance of the Chief Executive Officer and Board Secretary.
- (3) Ensure that the Board is fully apprised of critical issues and has the opportunity to debate the strategic direction of the Institution.
- (4) Ensure the Board undertakes continuous development in order to enhance governance practices within the Board itself and in the interest of the Institution.

The Role of the General Manager is to:

- (i) Develop and Recommend policies for Board adoption
- (ii) Ensure that policies already adopted are duly implemented.
- (iii) Strive consistently to achieve the company's financial and operating goals and objective.
- (iv) Ensure that the day-to-day business affairs of the company are appropriately monitored and managed;
- (v) Establish and maintain efficient and adequate internal control systems.

- (vi) Ensure that the Board is apprised about the operations of the institution through presentation of relevant board papers.
- (vii) Oversee the implementation of a framework on information, information technology and information security governance.
- (viii) Develop and implement health and safety policies and practices aligned with regulatory requirements.

### **Secretary to the Board and Board Committees**

The Administrative Secretary acts as the Secretary to the Board and its Committees. The Secretary endeavoured to ensure that the Fund complies with its Act and all relevant statutory and regulatory requirements, codes of conduct and rules established by the Board.

### **MANAGEMENT TEAM**

**A brief profile of the Management Team is given hereunder:**

#### **RAJUN JUGURNATH, Chief Executive Officer (From Jan 2016 to Dec 2018)**

Dr. Rajun Jugurnath was the CEO of Sugar Insurance Fund Board from 15 January 2016 to 5 December 2018. Prior to that, he was the Officer-in-Charge of the Public Sector Efficiency Bureau, Ministry of Financial Services, Good Governance and Institutional Reforms. In June 2002, Dr. Rajun Jugurnath was appointed Director of Audit, at the National Audit Office where he retired after a career extending over 40 years in the civil service.

#### **KOOSH RAJ SOOKNAH, Chief Executive Officer (From May 2019 to date)**

Mr Koosh Raj Sooknah is presently the Chief Executive Officer of the Sugar Insurance Fund Board.

Mr K.R Sooknah is a Fellow of the Chartered Institute of Certified Accountants (FCCA) and holder of a Master of Business Administration with specialisation in Financial Management (MBA-FM). He is also a member of the Mauritius Institute of Professional Accountants (MIPA).

Koosh Raj Sooknah has worked in several African countries, United Kingdom and Mauritius. He has worked for more than 25 years in the Construction Industry, gaining experience in the Structural Steel, Mechanical and Electrical, Building and Civil Engineering Companies.

He started his career in 1985 as an audit clerk in an auditing practice in Mauritius and in 1988 he took employment in Tanzania for an Italian construction company. He returned to Mauritius in 1995 and carried on working in the construction in industry. He worked for Grade A building & civil engineering construction company for more than 18 years till September 2017, of which the last 10 years has been as Financial Director.

Mr. K.R. Sooknah is Director on the Board of State Insurance Company Ltd of Mauritius (SICOM).

#### **YUNGKIONG JIMMY NEWKFONHEYTOW, Chief Operations Officer**

Mr. J Newkfonheyto holds a BSc in Computer Science and enrolled as an Associate Member of the Society of Actuaries, North America. He joined the SIFB in May 1998 as Claims Manager and is presently the Chief Operations Officer. He was also Officer in Charge from 5 December 2018 to 5 May 2019.

**GAOUTAM GOOROOCHURN, *Chief Finance Officer***

Mr. G. Gooroochurn, FCCA, holder of an MBA, joined the SIFB as Manager Finance in September 2006. He was assigned responsibilities of Chief Manager Finance on 10 September 2007 and appointed substantively as Chief Manager Finance as from 5 June 2008.

**MOHAMED YASHIN MOHAMED AREFF FAREED ESMAEL PEERMAMODE, *Senior Software Engineer***

Mr M Y Peermamode holder of a Diploma in Information Technology joined the SIFB as Senior Software Engineer in October 1997.

**BANEETA RAMDHONY, *Administrative Secretary***

Mrs. B. Ramdhony holds a BSc in Public Administration and Management and a Masters in Business Administration (General), both from the University of Technology, Mauritius (UTM). She joined the SIFB on 14 November 2014. She was an Administrative Manager in the private sector for some 10 years preceding her appointment at the SIFB.

**MOHAMMAD AMEEN ISHACK NOORMAHOMED, *Internal Auditor***

Mr. M. A. I. Noormahomed, FCCA, holds a BSc (Hons) in Economics & Accountancy from City University (UK) and is registered as a professional Accountant with the Mauritius Institute of Professional Accountants. He joined the SIFB on 22 October 2009 as Manager (Finance). He was appointed as Internal Auditor on 19 November 2012.

**SOO SHUING CHONG CHAP SIN, *Senior Network & Systems Administrator***

Mr. S.S. Chong Chap Sin holder of an MBA and BSc in Electronic Engineer joined the SIFB as Senior Network Engineer in November 1997.

**RAJSHREE DEEPTEE BOODHOO, *Manager (Finance)***

Mrs. R. D. Boodhoo holds a BSc (Hons) in Banking and International Finance from the University of Technology of Mauritius and a MSC in Finance and Investments from Nottingham University. She joined the SIFB on 26 October 2009.

**JAYENDRA SOOKDEB, *Operations Manager***

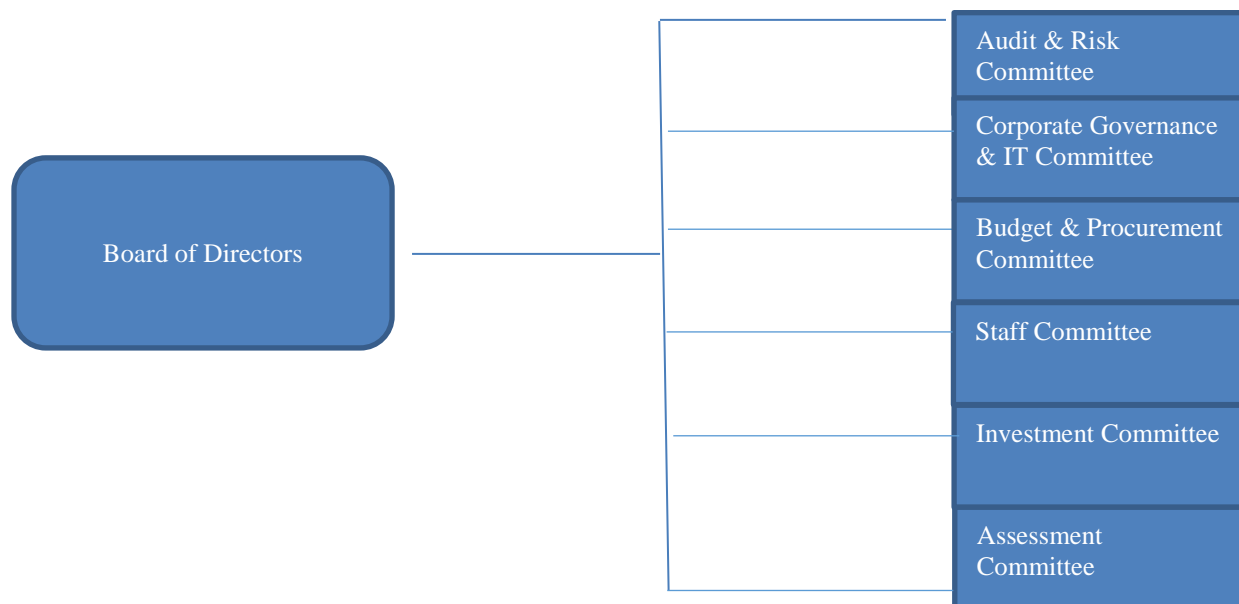
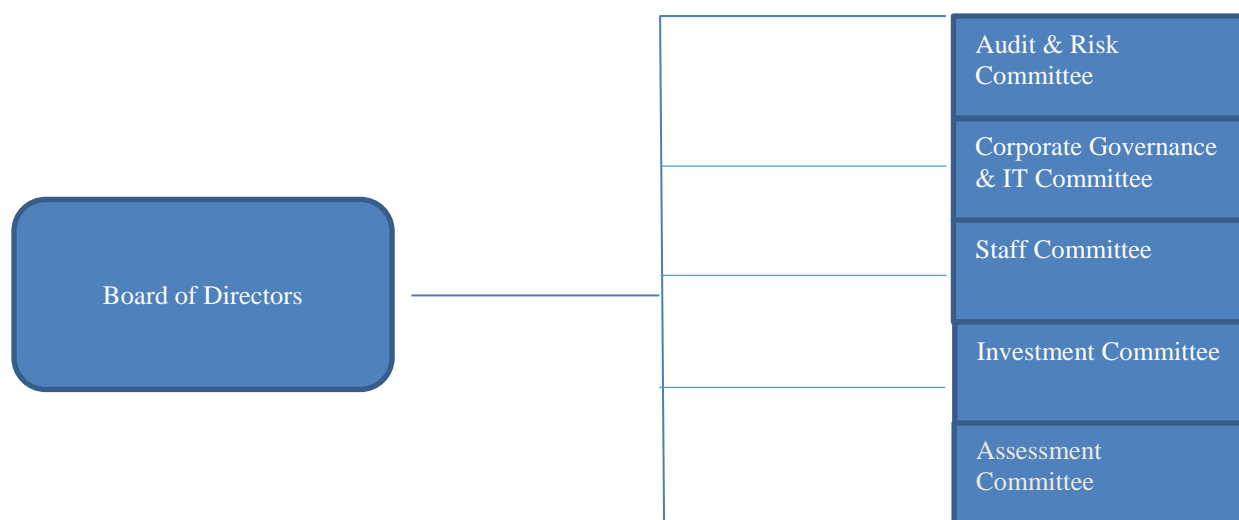
Mr. J. Sookdeb holds a BSc Statistics from the University of Cape Town and an Executive MBA from the European Business School (Paris). He is currently registered as an Associate member of the Institute and Faculty of Actuaries, UK. He joined the SIFB as Claims Manager in April 2009 and is presently the Operations Manager.

**SASAN BUTON, *Land Surveyor***

Mr. S. Buton joined the SIFB in May 1976 and is presently the Land Surveyor. He is the Board's current representative of the Land Conversion Committee of the Ministry of Agro-Industry and Food Security since August 2013.

**PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES**

The Board of Directors of the Sugar Insurance Fund is fully committed to achieving and sustaining the highest standards of corporate governance with the aim of maximizing long term value for all stakeholders. The Board is ultimately responsible for accountability and performance of the organization. Sub committees are formed to assist in the discharging of duties in a more effective manner. However, the Board is ultimately responsible.

**Board Structure for year 2018****Board Structure from May 2019**

- *Corporate Governance & IT Committee*

The Corporate Governance Committee is chaired by the Chairman of the Board and has as members Chairmen of all Committees. Its main function is to ensure compliance with good corporate governance practice. The Committee also look into all IT issues, formulate and approve IT policy, strategies and specific project and make such recommendations to the Board as necessary.

- *Investment Committee*

The Committee established by the Act is presided over by Mr. B. Boyramboli and comprises (i) Mr V. Ramkelawon, and (ii) Mr. S. Mamet and (iii) Mr J. Li Yuen Fong as members, and has as attributes the investment strategies of the SIFB.

- *Assessment Committee*

The Assessment Committee comprising of Mr D.N. Busgeeth as Chairman, Mr C. Dabydoyal and Mr K. Seeam, reviews and formulates policies regarding the General and Fire insurances. The Committee further makes recommendations to the Board for declaration of “event years” and oversees the general assessment process.

- *Audit and Risk Committee*

The Audit and Risk Management Committee comprising of Mr. V. Ramkelawon as Chairman, Mr. C. Dabydoyal, Mr. K. Seeam and Mr S. Mamet oversees the Internal Audit and Internal Control functions and reviews the effectiveness of the internal and external audit process. The Committee assesses and addresses risks inherent to the business. The Committee also addressed issue of procurement functions.

- *Staff Committee*

The Staff Committee comprising of Mr B. Boyramboli as Chairman, Mr V. Ramkelawon, Mr. M. Motah, Mr R. Bhaukaurally and Mr. J. Li Yuen Fong, deals with all staff matters taking into account the dynamics of socio-economic and technological developments facing the sugar cane and insurance and related industries, in Mauritius and world-wide.

A sub committee for Budget & Procurement is actually under consideration.

### **Directors of the Board for period 1<sup>st</sup> July 2018 till 6 December 2018:**

Mr Vivekanand Lochun	Chairman
Mrs Damyantee Takoory	Representative of Ministry of Agro-Industry and Food Security
Mr. Anil Kumar Kokil	Representative of Ministry of Finance and Economic Development,
Mr. Jugdis Bundhoo	Representative of Mauritius Cane Industry Authority
Mr. Devendra Nath Busgeeth	Representative Control and Arbitration Department of the Mauritius Cane Industry Authority
Mr. Georges Leung Shing	Representative of Mauritius Chamber of Agriculture
Mr Chabeelall (Sen) Dabydoyal	Representative of Planters



Mr Vidhianund Dewkurrin	Representative of Planters
Mr Ishwurduth Jugroo	Representative of Planters
Mr Shyamnath Veerasamy	Representative of Planters
Mr. Jean Li Yuen Fong	Representative of Millers

**Note:**

1. By way of letter dated 6 December 2018, the Ministry of Agro Industry and Food Security informed the above Directors that their appointments were terminated forthwith and that the Board of SIF is being reconstituted.
2. Mr. B Bojrazsingh Boyramboli, Senior Chief Executive of the Ministry of Agro Industry and Food Security was designated as Chairperson on the SIFB on 12 December 2018.

**Directors of the Board as from 29 April 2019**

Mr Azaad Aumeerally	Chairman
Mr Bojrazsingh Boyramboli	Representative of Min of Agro Industry & Food Security
Mr Vikraj Ramkelawon	Representative of Ministry of Finance & Economic Development
Mr D. Busgeeth	Representative Control and Arbitration Department of the Mauritius Cane Industry Authority
Mr Sebastien Mamet	Representative of Mauritius Chamber of Agriculture
Mr Chabeelall Dabydoyal	Representative of Planters
Mr Madhoosoodhun Motah	Representative of Planters
Mr Kamless Seeam	Representative of Planters
Mr Reshad Bhaukaurally	Representative of Planters
Mr Jean Li Yuen Fong	Representative of Millers

**Note:**

The Board was partly reconstituted in March 2019 with the following members:

Mr. Bojrazsingh Boyramboli	Chairman
Mr. Devendra Nath Busgeeth	Representative of the Control and Arbitration Department of the MCIA
Mr. Jean Li Yuen Fong	Representative of millers
Mr. Vikraj Ramkelawon	Representative of the Ministry of Finance & Economic Development
Mrs. Damyantee Takoory	Representative of the Ministry of Agro-Industry & Food Security

**Note:**

- (a) As from 20 October 2020, Mr Koosiram Conhye was designated as Chairman of SIFB.
- (b) The Board of SIF was fully reconstituted on 25 January 2021.



## Directors Profile

### MR AZAAD AUMEERALLY

#### CHAIRMAN

Born in 1968, Mr Aumeerally has been working in the Financial Services Industry for the last 30 years. He is a fellow of the Institute of Actuaries (Australia). Mr Aumeerally currently sits on the Mauritius Housing Corporation Ltd. He is also the Founder of Nest Invest.



### MR BOJRAZSINGH BOYRAMBOLI

DIRECTOR - Representative of Ministry of Agro Industry & Food Security

Born in 1958, Mr Boyramboli holds a Diploma in Public Administration and Management. He joined the Public Service in February 1978 and was appointed Senior Chief Executive in September 2018. Mr Boyramboli is well versed in administration management and has good leadership qualities.

### MR VIKRAJ RAMKELAWON

DIRECTOR - Representative of Ministry of Finance & Economic Development

Born in 1976, Mr Ramkelawon holds a Master Degree from the University of Mauritius in Electronic Business and is also a member of the Association of Chartered and Certified Accountants (ACCA) He has a wide experience in the Finance Sector and he is presently Lead Analyst at the Ministry of Finance & Economic Development. He also acts as Chairperson of the Audit and Risk Management Committee



**MR. DEVENDRA NATH BUSGEETH**

**DIRECTOR** – Representative of Control and Arbitration Department

Born in 1958 Mr D.N. Busgeeth holds a BSc Honors in Sugar Technology from the University of Mauritius. He is the Acting Director of the Control and Arbitration Department.

**MR SEBASTIEN MAMET**

**DIRECTOR** - Representative of Chamber of Agriculture

Born in 1975, is the holder of a Bachelor of Art in Managerial Statistics, graduated with a 1<sup>st</sup> class (with Honours), from the University of Exeter, England. He is an associate of the Institute of Chartered Accountants in England and Wales. He is currently General Manager of Terragri Ltd (Agriculture).

*Directorship in Listed companies:*

Intendance Holding Ltd, Ivoirel Limitee, Sucrivoire, Swan General Ltd, Swan Life Ltd, Forges Tardieu Ltd, Terra Services Ltd, Terragen Ltd, Terragen Management Ltd, Terra Milling Ltd, Terrarock Ltd.

**MR. CHABEELALL (SEN) DABYDOYAL**

**DIRECTOR** – Representative of Planters

Born in 1960, Mr C. Dabydoyal is the Secretary of the Medine Camp de Masque Cooperative Credit Society, the Queen Victoria Multipurpose Cooperative Society Ltd and the La Queen Agricultural Cooperative Society Ltd.

He worked as Senior Test Chemist at the former Cane Planters and Millers Arbitration and Control Board. He was the Board Chair of Fairtrade Southern Africa Network and Director of the Board of Fairtrade Africa (November 2013 to February 2016).

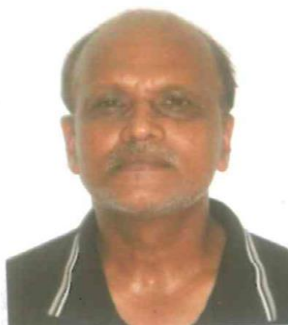
**MR MADHOOSOODHUN MOTAH**

**DIRECTOR** - Representative of Planters

Born in 1957, Mr Motah, recently elevated to the rank of M.S.K, holds a “Diplome en Journalisme de L’Alliance Française”. A social worker since his teenage, he has been President of Grand Bois CCS at intervals for some twelve years. Mr Motah has been a cane and tea planter for more than 40 years.

For the past three years he has been Director on the Board of SIT Land Holdings and SIT Property Development. Mr Motah was also Director on the Board of Cie Sucriere de Riche en Eau and Omnicane Millings Holdings Ltd for the past three years. He has attended several workshops and seminars.



**MR KAMLESS SEEAM**

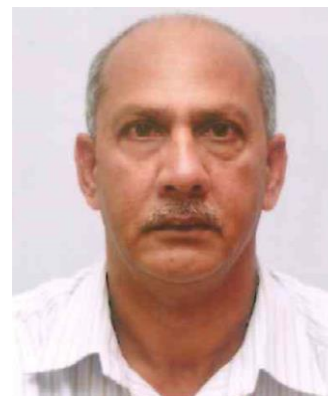
DIRECTOR - Representative of Planters

Born in 1956, Mr Seeam holds 43 years of experience in the Agricultural Sector, mainly in sugar cane cultivations and in the inter-row cropping of foodcrops. Since the last 25 years he is occupying the post of Secretary at Plaine des Roches Multipurpose Cooperative Society. Mr Seeam is also Director in the Board of Mauritius Cooperative Agricultural Federation Ltd since February 2018.

**MR RESHAD BHAUKAURALLY**

DIRECTOR - Representative of Planters

Born in 1958, Mr Bhaukaurally joined the SIFB as temporary Junior Field Assistant in October 1977 and was appointed Junior Field Assistant in February 1984. In November 1992, the post was restyled as Field Officer and in November 1993, he was appointed as Senior Field Officer. Mr Bhaukaurally retired on voluntary retirement scheme in June 2016

**MR. JEAN LI YUEN FONG**

DIRECTOR – Representative of Millers



Born in 1955, Mr Jean Li Yuen Fong was the Director of the Mauritius Sugar Producers' Association until the dissolution of the organization in November 2015. Since January 2016, he is Director of TY Consulting Ltd whose services have been retained by the millers with regard to their representation in the various sugar institutions in Mauritius. He is thus a Board Member of the Mauritius Cane Industry Authority, the Mauritius Sugar Syndicate, Business Mauritius and the Sugar Industry Pension Fund. He is also the Chairman of the Regional Training Centre and a Director of Capital Horizon Ltd and the Sugar Association Building Ltd.

**Attendance at Board meetings and Committee Meetings**

Below is a record of all Board and Committee meetings held during the period July 2018 to June 2019.

**1<sup>st</sup> July 2018 to 6 December 2018**

Board Directors	Board meeting	Investment Committee	Assessment Committee	Audit Committee	Budget & Procurement Committee	Staff Committee	CGC & IT Committee	Total
Mr V. Lochun	5/5	1/1				1/1	-	7
Mr A.K. Kokil	5/5	1/1						6
Mr J. Bundhoo	4/5		1/1				-	5
Mr D.N. Busgeeth	5/5		1/1			1/1		7
Mr C. Dabydoyal	5/5		1/1					6
Mr V. Dewkurrun	5/5			1/1				6
Mr I. Jugroo	5/5					1/1		6
Mr G. Leung Shing	5/5	1/1		1/1			-	7
Mr J. Li Yuen Fong	5/5	1/1					-	6
Mr S. Veerasamy	5/5		-	1/1				6
Mrs D. Takoory	4/5					1/1		5

**Mar 2019 – Jun 2019**

Board Directors	Board meeting	Investment Committee	Assessment Committee	Audit Committee	Staff Committee	CGC Committee	Total
Mr A. Aumeerally (as from Apr 2019)	3/3	1/1				-	4
Mr B. Boyramboli (as from Mar 2019)	6/6	1/1				-	7
Mr V. Ramkelawon (as from Mar 2019)	6/6	2/2		1/1		-	9
Mr D.N. Busgeeth	6/6		2/2			-	8
Mr S. Mamet (as from Mar 2019)	3/5	2/2		1/1			6
Mr C. Dabydoyal (as from Apr 2019)	2/3		2/2	1/1			5
Mr M. Motah (as from Apr 2019)	3/3						3
Mr R. Bhaukaurally (as from Apr 2019)	2/3						2
Mr K. Seeam (as from Apr 2019)	3/3		2/2	1/1			6
Mr J. Li Yuen Fong	4/6	2/2					6

**PRINCIPLE 3: DIRECTORS APPOINTMENT PROCEDURES**

Section 5 of the SIF Act (See extract below) refers to appointment of Directors:

(1) The Board shall consist of—

- a) a Chairperson, to be appointed by the Minister on such terms and conditions as the Minister may determine;
- b) the supervising officer of the Ministry responsible for the subject of agriculture or his representative;
- c) the Financial Secretary or his representative;
- d) the Director of the Control and Arbitration Department of the Mauritius Cane Industry Authority;
- e) a representative of the Chamber of Agriculture;
- f) 4 representatives of planters;
- g) a representative of millers;
- h) a representative of the Mauritius Cane Industry Authority.

(2) The Directors specified in subsection (1) (e), (f) and (g) shall—

- (a) be appointed or designated by the Minister, as the case may be; and
- (b) hold and vacate office on such terms as the Minister may determine.

**PRINCIPLE 4: DIRECTORS DUTIES, RENUMERATION AND PERFORMANCE**

The Board of Directors' key purpose is to lead and control the SIFB.

- To approve, monitor, review and evaluate the implementation of strategies, policies and business plans.
- To prepare a statement of corporate objectives.
- To ensure that the organisation complies with the highest standards of governance and that it has an effective system of controls in place so that risks can be properly assessed and managed.
- To ensure that communications of all material information to the stakeholders be made in a transparent manner.

The Board discharges the above responsibilities either directly or through Board Committees for more in-depth analysis and review of various issues while retaining its responsibility for all policy matters. The Chairman of each Committee periodically places reports of its proceedings before the Board for approval/information, as may be relevant.

In addition the Board is committed to ensure as far as reasonably possible, and in accordance with legislation in force, the safety and health of its staff. To fulfill their responsibilities, Board members have unimpeded access to accurate, relevant and timely information.

The Directors acknowledge their responsibilities for:

- a) adequate accounting records and maintenance of effective internal control systems,
- b) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Public Sector Accounting Standards (IPSAS),
- c) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

**Duties of Board Members**

Each Board member has the fiduciary duty to—

- a) Exercise a reasonable degree of care, skill and diligence;
- b) act in good faith and in the best interests of the Institution and not for any other purpose;
- c) act honestly at all times and must not place themselves in a situation where personal interests conflict with those of the Institution;
- d) exercise independent judgement at all times;
- e) devote sufficient time to carry out their responsibilities and enhance their skills;
- f) promote and protect the image of the Institution; and
- g) owe the Institution a duty to hold in confidence all information available to them by virtue of their position as a Board member.

Directors' fees are fixed in accordance with section (5) of the SIF Act No 4 of 1974. Details from July 2018 to June 2019 are given below:

<b>LOCHUN VIVEKANAND</b>	<b>350,000.00</b>
<b>BOJRAZSINGH BOYRAMBOLI</b>	<b>375,161.29</b>
<b>AUMEERALLY AZAAD</b>	<b>140,000.00</b>
<b>BUSGEETH DEVENDRA NATH</b>	<b>225,000.00</b>
<b>BUNDHOO JUGDIS</b>	<b>125,000.00</b>
<b>DABYDOYAL CHABEELALL</b>	<b>175,000.00</b>
<b>DEWKURUN VIDHIANUND</b>	<b>125,000.00</b>
<b>JUGROO ISHWURDUTH</b>	<b>125,000.00</b>
<b>KOKIL ANIL KUMAR</b>	<b>125,000.00</b>
<b>LEUNG SHING GEORGES</b>	<b>125,000.00</b>
<b>LI YUEN FONG JEAN</b>	<b>225,000.00</b>
<b>VEERASAMY SHYAMNATH</b>	<b>125,000.00</b>
<b>TAKOORY DAMYANTEE</b>	<b>175,000.00</b>
<b>RAMKELAWON VIKRAJ</b>	<b>100,000.00</b>
<b>SEEAM KAMLESS</b>	<b>50,000.00</b>
<b>BHAUKAURALLY RESHAD</b>	<b>50,000.00</b>
<b>EVENOR JEAN-SEBASTIEN MAMET</b>	<b>75,000.00</b>
<b>MOTAH MADHOOSOODHUN</b>	<b>50,000.00</b>

## **PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL**

The Board of SIF is fully responsible for the development and execution of an overall vigorous risk management framework.

The Board has delegated its oversight responsibility to the Audit & Risk Committee. Senior Management is responsible for designing a sound risk governance system and implementing it effectively. Senior management works in close collaboration with the Audit & Risk Committee.

Management will be developing a risk management policy which will ultimately be approved by the Board.



**PRINCIPLE 6: REPORTING WITH INTEGRITY**

The full set of Annual Report is published on the organisation's website ([www.sifb.mu](http://www.sifb.mu)).

The financial statements of the Sugar Insurance Fund Board have been prepared on a going concern basis and in accordance with the Statutory Bodies (Accounts and Audit) Act and in line with International Public Sector Accounting Standards (IPSASs).

**PRINCIPLE 7: AUDIT**

Directors' responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Such systems should ensure that all transactions are authorised and recorded and that any material irregularities are detected and rectified within a reasonable time-frame. The Fund has an established Internal Audit unit which assists the Board and Management in effectively discharging its responsibilities. Internal Audit is an independent function that reports directly to the Audit and Risk Management Committee. Business controls are reviewed on an on-going basis by the Internal Auditor.

The internal auditor helps management in improving organization practice. By reporting to management that important risks have been evaluated and highlighting where improvements are necessary, the internal auditor helps management and board to demonstrate that they are managing the organisation effectively on behalf of their stakeholders.

This function is being currently reviewed coupled with appropriate training so that the overall objectives can be achieved.

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

**PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS**

The Board of Directors of SIF is fully committed to achieving and sustaining the highest standards of corporate governance with the aim of maximizing long term value for all stakeholders. The Board is committed to attaining high standards of corporate governance and recognizes the importance of good governance to safeguard continual growth, success and to boost stakeholders' confidence.

**2.0 Code of Conduct and Ethics for Staff of SIFB**

The code of conduct for Staff of SIFB which was approved by the Board in 2006 provides guidance concerning the standards of ethical conduct by employees of the SIFB. The Code outlines the broad principles of legal and ethical business conduct embraced by the SIFB. **The code of conduct and ethics are being currently updated in line with guidelines as provided by the Independent Commission Against Corruption, amongst others.**



### 3.0 Equal Opportunity Policy

In line with the requirements of the Equal Opportunity Act 2008 and good governance practices, the SIFB has established an Equal Opportunity Policy in year 2013 to safeguard employees and prospective recruits against the risks of discrimination and to promote recruitment, selection, training and employment based on merit.

### 4.0 Complaints Policy

In line with good corporate governance, the SIFB formulated a Complaints Policy and designated a Complaints Coordinator to ensure that complaints and representations from our insureds/stakeholders are dealt with promptly and systematically. The Complaints Policy was formulated in year 2012 and its mechanism is being currently.

**This policy and procedure is being reviewed.**

### 5.0 Health & Safety

The SIFB has on its establishment, a Health and Safety Officer who is responsible for

- (i) preparing, reviewing and updating this policy, accident/hazard reporting procedures.
- (ii) fire and safety procedures and evacuation guidance.
- (iii) Accepting accident/ hazard reporting forms and initiating action thereon.
- (iv) Ensuring compliance with responsibilities laid down in this policy and reporting noncompliance to senior management for actions to be taken.
- (v) Liaison with Fire Brigade, insurers, etc and ensure appropriate recommendations are effected.
- (vi) Implement requirements of Safety and Health legislation as may be applicable.

A Health and Safety Committee meets regularly.

### 6.0 Related Party Transactions & Key Risks

Related party transactions and key risks areas have been fully disclosed in the financial statements.

### 7.0 Legal Advisers

- (i) BLC Robert & Associates Ltd
- (ii) Benoit Chambers
- (iii) State Law Office

### 8.0 External Auditors

Director of Audit, National Audit Office

### Acknowledgement and Thanks

The SIFB wishes to thank the staff for their contribution and the other organisations for their collaboration.



**STATEMENT OF COMPLIANCE**  
**WITH THE CODE OF CORPORATE GOVERNANCE UNDER SECTION 75(3)**  
**OF THE FINANCIAL REPORTING ACT**

Name of Public Interest Entity: **Sugar Insurance Fund Board**

Reporting Period: **1 July 2018 to 30 June 2019**

We, the Directors of Sugar Insurance Fund Board, confirm that to the best of our knowledge:

- a) The Sugar Insurance Fund Board has complied with all its obligations and requirements under the Code of Corporate Governance.

**Note:** On account of good corporate governance, the SIF Act has been amended through the Finance (Miscellaneous Provisions) Act 2019, more particularly section 10, as regards to Chairmanship of Investment Committee:

(1) There is established, for the purposes of this Act, an Investment Committee which shall be chaired by an ex officio member and which shall consist of –

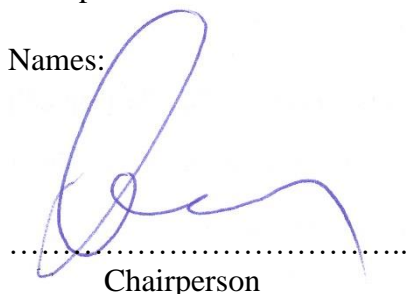
(a) the member referred to in section 5(1)(f);

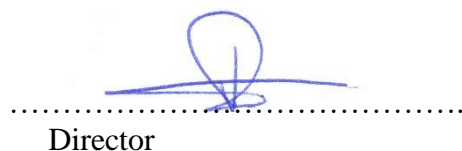
(b) 2 other members to be elected by the Board for such term of office as the Board may determine

SIGNED BY:

Chairperson and one Director

Names:

  
.....  
Chairperson

  
.....  
Director

Date: 15 January 2021

## ADDRESS OF OFFICES

### *Head Office*

18 Sir S. Ramgoolam Street  
 Port Louis  
 Tel: 208-3236  
 Fax: 208-2634  
 E-Mail: [sifb@sifb.mu](mailto:sifb@sifb.mu)  
 Website: [www.sifb.mu](http://www.sifb.mu)

<b>Sub-Offices</b> <i>(open on Wednesday only)</i>	<b>Address</b>	<b>Factory Areas</b>
<b>Bon Accueil</b>	FSC Building Royal Road Bon Accueil Tel: 418-1967	Beau Champ Constance Fuel
<b>Mare D'Albert</b>	18 Royal Road Mare D'Albert Tel: 627-4026	Savannah Mon Trésor Riche En Eau Rose Belle Union St Aubin Britannia St Félix Bel Ombre
<b>Riviere du Rempart</b>	FSC Building Behind Bus Terminal Riviere du Rempart Tel: 409 0490	Mon Loisir Belle Vue St Antoine Beau Plan
<b>St Pierre</b>	FSC Building Royal Road St Pierre Tel: 433-5177	Médine Highlands Mon Désert Alma Réunion

## Financial Performance

The financial year under review shows a higher net deficit of MUR 494.91M (General and Fire) compared to a net deficit of MUR 240.64M for the year ending 30 June 2018. This is mainly attributable to lower general insurance premium receivable (2019: MUR 113.92M, 2018: MUR 184.95M), lower profit realised on sale of securities (2019: MUR 84.36M, 2018: MUR 247.95M) and impairment loss on HTM deposit.

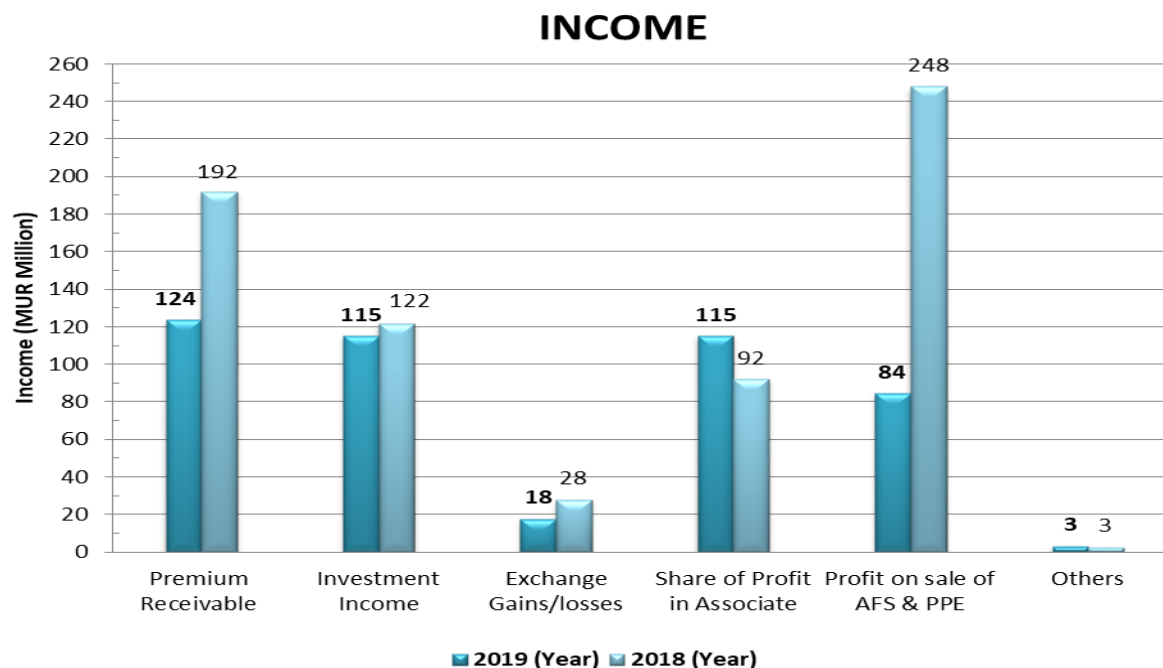
### Summary of Income and Expenditure

Item	General Fund MUR Million	Fire Fund MUR Million	Total MUR Million
Gross Insurance Premium	113.92	9.62	123.54
Insurance compensation payable	(301.77)	(7.03)	(308.80)
Financial Assistance	(436.68)	-	(436.68)
	<b>(624.53)</b>	<b>2.59</b>	<b>(621.94)</b>
Other Expenses	(208.51)	(0.29)	(208.80)
Other Income	335.82	-	335.82
Net (Deficit)/Surplus	<b>(497.21)</b>	<b>2.30</b>	<b>(494.91)</b>

### Income

Insurance premium received, investment income, share of surplus of Associate, fair value gains and profit on sale of securities form the bulk of the Fund's income amounting to MUR 461M for the period under review.

The composition of income is shown below:



## Insurance Premium

Gross Insurance Premium (General and Fire) for crop year 2018 received during the year amounted to MUR 123.5M compared to MUR 191.9M for the previous crop year 2017. The 35.6% decrease is mainly attributable to a lower Total Insurable Sugar (TIS) and a lower weighted average sugar price for crop 2018 (Crop 2018: TIS - 393,784T & sugar price MUR 10,294) (Crop 2017: TIS 422,779T & sugar price MUR 14,043).

### Premium Income

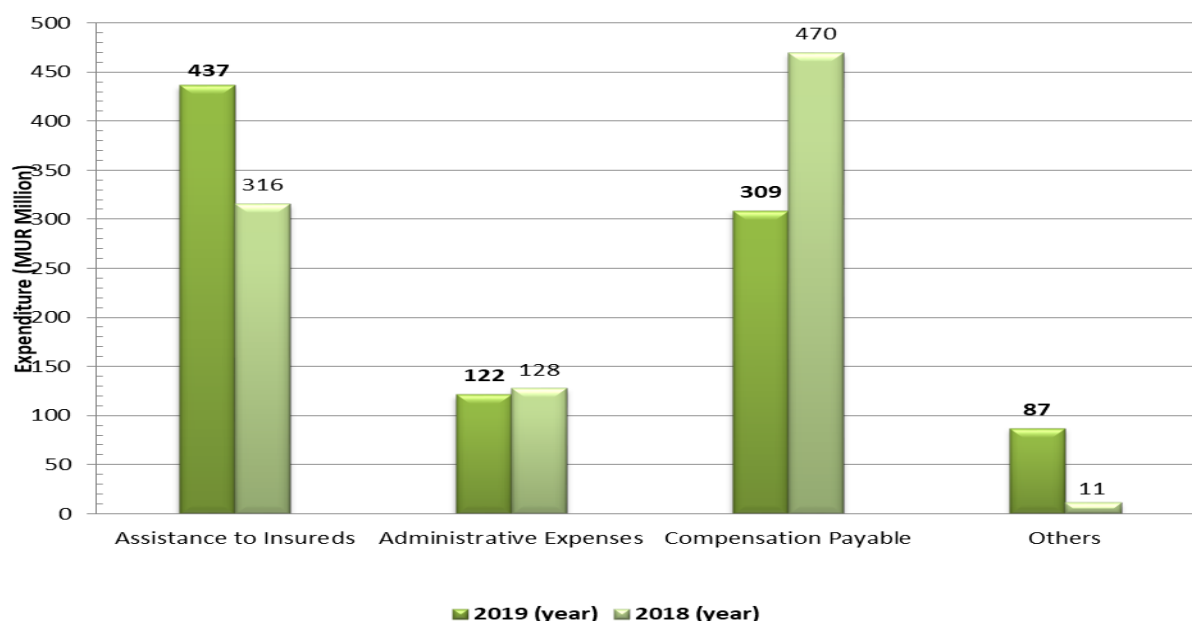
Premium (Gross)	Total MUR Million
General	113.9
Fire	9.6
Total	123.5

## Investment Income

Investment income (Interest and Dividend) totaling MUR 115.2M for the year under review is down by only 5.4% compared to the previous reporting period (MUR 121.8M), despite the fact that some 22% (MUR 1,135.9M) of the Fund's total assets had to be disposed for disbursement of financial assistance / compensation for crop 2017 and 2018 to Insureds. (Disposal from the following main categories has been made: Local quoted securities - MUR 133M, Forex on call/deposits – MUR743.5M, MUR deposits at maturity – MUR 230M, Loan with the MSS - MUR 30M).

## Expenditure

The overall expenditure of the Fund for the year was MUR 954.27M compared to MUR 925.12M for the previous period. The total expenditure is mainly attributable to general insurance compensation (2019: MUR 301.77M, 2018: MUR 466.63M), financial assistance to Insureds (2019: MUR 436.68M, 2018: MUR 315.9M) and Administrative Expenses (2019: MUR 121.60M, 2018: MUR 127.99M)

**EXPENDITURE****Accumulated Fund**

The Accumulated Fund, comprising of the General Fund and the Fire Fund, regressed by 10% during the year from MUR 3,409.2 M to MUR 3,070.1 M.

**Accumulated Fund**

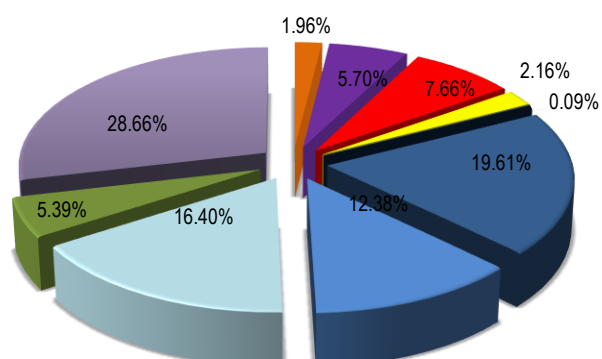
Fund	MUR Million At 30 June 2019	MUR Million At 30 June 2018
General	3,064.1	3,411.3
Fire	6.0	(2.1)
Total	3,070.1	3,409.2

**Assets under management**

Despite the fact that 22% of the Fund's total assets had to be used during the year under review to assist Insureds in respect to crop 2017 and crop 2018, the Fund's total assets under management decreased by some 18.4% from MUR 5.16 billion to MUR 4.21 billion at 30 June 2019.

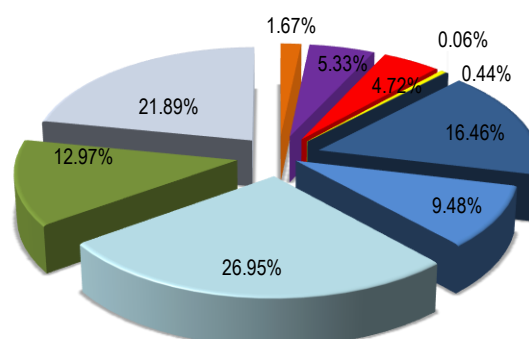
A breakdown of total assets under management is shown below:

30 JUNE 2019



■ PPE  
 ■ Investment Properties  
 ■ Loans  
 ■ Accounts Receivable  
 ■ Cash and Bank balances  
 ■ Local Securities (Quoted & Unquoted)

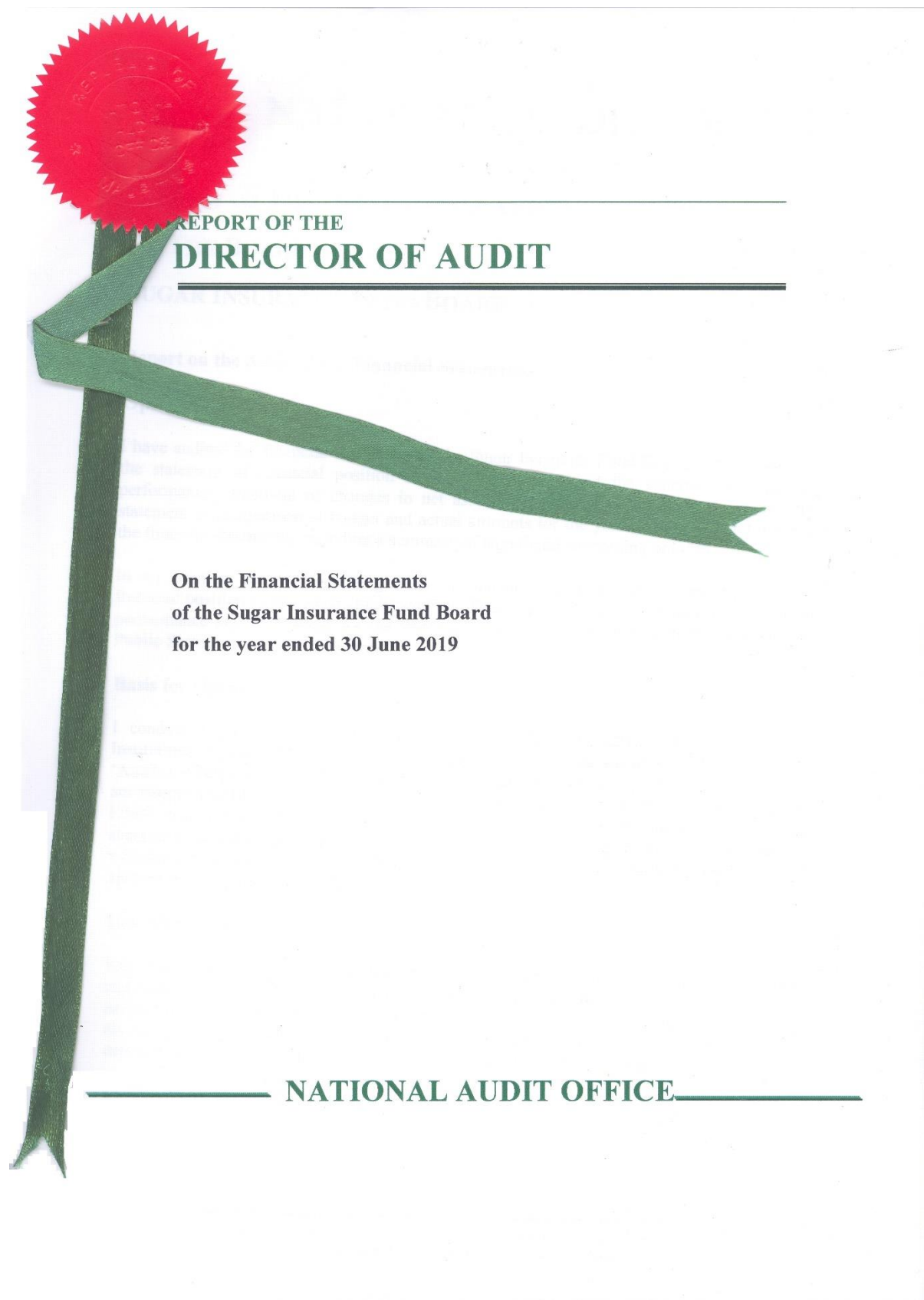
30 JUNE 2018



■ PPE  
 ■ Investment Properties  
 ■ Loans  
 ■ Accounts Receivable  
 ■ Cash and Bank balances  
 ■ Local Securities (Quoted & Unquoted)

# Report of the Director of Audit







# NATIONAL AUDIT OFFICE

## REPORT OF THE DIRECTOR OF AUDIT

### TO THE BOARD OF THE

### SUGAR INSURANCE FUND BOARD

#### Report on the Audit of the Financial Statements

##### Opinion

I have audited the financial statements of the Sugar Insurance Fund Board, which comprise the statement of financial position as at 30 June 2019 and the statement of financial performance, statement of changes in net assets/equity, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Sugar Insurance Fund Board as at 30 June 2019, and of its financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards.

##### Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report. I am independent of the Sugar Insurance Fund Board in accordance with the INTOSAI Code of Ethics, together with the ethical requirements that are relevant to my audit of the financial statements in Mauritius, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Key Audit Matters

Key Audit Matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters to communicate in my report.

##### Emphasis of Matter

I draw attention to the following:

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14<sup>th</sup> Floor, Air Mauritius Centre, John Kennedy Street, Port Louis – Mauritius  
Tel.: 212 2096-97/ 211 0882 Fax: (230) 211 0880

- A total amount of Rs 34,645,805 representing a net loss on revaluation of six investment properties in July 2019 was disclosed at Note 8 to the financial statements. This amount included the loss of Rs 40,905,253 on revaluation of the bare agricultural land at Trianon purchased at a total cost of Rs 115,905,253 in May 2018.
- Note 20 (b) wherein it is reported that in April 2020 the Bank of Mauritius announced the appointment of a Conservator to protect the assets of the Banyan Tree Bank. The Board adopted a prudent approach and the fixed deposit of Rs 40 million with the Bank reaching maturity on 13 July 2020 has been impaired due to uncertainties surrounding the encashment of the amount.

My opinion is not modified in respect of these matters.

#### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the annual report of the Sugar Insurance Fund Board, but does not include the financial statements and my auditor's report thereon.

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

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

#### ***Corporate Governance Report***

My responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From my assessment of the disclosures made on corporate governance in the annual report, the Sugar Insurance Fund Board has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards, and for such internal control as management determines 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, management is responsible for assessing the Sugar Insurance Fund Board'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 management intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the Sugar Insurance Fund Board's financial reporting process.



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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs, 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 ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Sugar Insurance Fund Board's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's 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 Sugar Insurance Fund Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Sugar Insurance Fund Board 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.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

## **Report on Other Legal and Regulatory Requirements**

### ***Management's Responsibilities for Compliance***

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible to ensure that the Sugar Insurance Fund Board's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements.

### ***Auditor's Responsibilities***

In addition to the responsibility to express an opinion on the financial statements described above, I am also responsible to report to the Board whether:

- (a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit;
- (b) the Statutory Bodies (Accounts and Audit) Act and any directions of the Minister, in so far as they relate to the accounts, have been complied with;
- (c) in my opinion, and, as far as could be ascertained from my examination of the financial statements submitted to me, any expenditure incurred is of an extravagant or wasteful nature, judged by normal commercial practice and prudence; and
- (d) in my opinion, the Sugar Insurance Fund Board has been applying its resources and carrying out its operations fairly and economically.

I performed procedures, including the assessment of the risks of material non-compliance, to obtain audit evidence to discharge the above responsibilities.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### ***Statutory Bodies (Accounts and Audit) Act***

I have obtained all information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.

The Sugar Insurance Fund Board has complied with the Statutory Bodies (Accounts and Audit) Act in so far as they relate to the accounts.

Based on my examination of the accounts of Sugar Insurance Fund Board, nothing has come to my attention that indicates that:

- (a) any expenditure incurred was of an extravagant or wasteful nature, judged by normal commercial practice and prudence; and
- (b) the Fund has not applied its resources and carried out its operations fairly and economically.

*Other Matter*

The financial statements for the financial year ended 30 June 2019 were received at my Office on 5 November 2019. Following audit, management was informed on 4 August 2020 of amendments to be made to the financial statements. The amended financial statements were submitted on 19 January 2021.



**C. ROMOAH**  
Director of Audit

National Audit Office  
Level 14,  
Air Mauritius Centre  
PORT LOUIS

1 March 2021



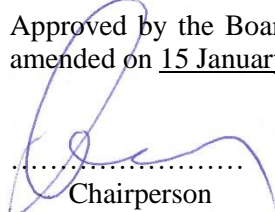
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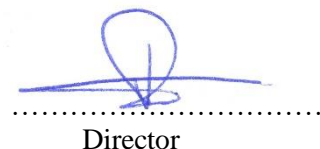
# Financial Statements For the year ended 30 June 2019

**STATEMENT OF FINANCIAL POSITION as at 30 June 2019**

ASSETS	Notes	30 June 2019 MUR	30 June 2018 MUR
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	230,596,561	673,497,199
Receivables	5	90,881,336	22,873,860
Short term loans	6	75,346,398	34,117,614
Investments in securities and deposits	7	375,579,508	505,545,603
		<b>772,403,803</b>	<b>1,236,034,276</b>
<b>NON-CURRENT ASSETS</b>			
Investments in securities and deposits	7	1,662,348,429	2,222,858,259
Investment property	8	240,000,000	275,205,253
Long term loans	9	247,201,374	209,128,252
Investment in Associate	10	1,207,040,880	1,129,509,011
Property, plant and equipment	11	81,804,912	84,893,433
Intangible Assets	12	581,506	1,377,256
		<b>3,438,977,101</b>	<b>3,922,971,464</b>
<b>TOTAL ASSETS</b>		<b>4,211,380,904</b>	<b>5,159,005,740</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables	13	394,048,493	789,867,124
Short Term employee benefits	14	4,980,722	4,912,130
		<b>399,029,215</b>	<b>794,779,254</b>
<b>NON-CURRENT LIABILITIES</b>			
Provision for staff passage benefits	15	3,202,473	3,490,378
Long term employees benefits	14	42,428,750	44,109,062
Retirement benefit obligations	16	270,053,209	259,433,565
		<b>315,684,432</b>	<b>307,033,005</b>
<b>TOTAL LIABILITIES</b>		<b>714,713,647</b>	<b>1,101,812,259</b>
<b>NET ASSETS</b>		<b>3,496,667,257</b>	<b>4,057,193,481</b>
<b>NET ASSETS / EQUITY</b>			
Revaluation reserves		426,579,720	647,993,655
Accumulated funds		3,070,087,537	3,409,199,826
<b>TOTAL NET ASSETS / EQUITY</b>		<b>3,496,667,257</b>	<b>4,057,193,481</b>

Approved by the Board of Directors and authorised for issue on 26<sup>th</sup> September 2019 and subsequently amended on 15 January 2021.

  
.....  
Chairperson

  
.....  
Director



**STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2019**

	Note	Year ended 30 June 2019 MUR	Year ended 30 June 2018 MUR
<b>GENERAL INSURANCE ACCOUNT</b>			
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>			
Insurance premium	17	113,921,051	184,954,237
Investment income	18	115,162,130	121,775,017
Profit on sale of Securities	19	84,357,665	247,952,167
Fair value and Other gains	20(a)	17,690,705	27,898,922
Other Revenue	21	3,480,018	2,830,276
<b>TOTAL REVENUE</b>		<b>334,611,569</b>	<b>585,410,619</b>
<b>EXPENSES</b>			
General Insurance Compensation	22	301,766,632	466,630,737
Assistance to Insureds	23	436,684,867	315,900,000
Administrative	24	121,599,194	127,992,470
Exchange and other losses	20(b)	86,908,359	11,320,604
<b>TOTAL EXPENSES</b>		<b>946,959,052</b>	<b>921,843,811</b>
Share of surplus of Associate	10	115,134,200	92,123,200
<b>Deficit to General Fund for the year</b>		<b>(497,213,283)</b>	<b>(244,309,992)</b>
<b>FIRE INSURANCE ACCOUNT</b>			
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>			
Insurance premium		9,618,601	6,950,943
<b>TOTAL REVENUE</b>		<b>9,618,601</b>	<b>6,950,943</b>
<b>EXPENSES</b>			
Insurance compensation		7,026,539	3,070,713
Management fee to General Fund		288,558	208,528
<b>TOTAL EXPENSES</b>		<b>7,315,097</b>	<b>3,279,241</b>
<b>Surplus to Fire Fund for the year</b>		<b>2,303,504</b>	<b>3,671,702</b>
<b>Total Deficit for the year</b>		<b>(494,909,779)</b>	<b>(240,638,290)</b>

**STATEMENT OF CHANGES IN NET ASSETS/EQUITY for the year ended 30 June 2019**

	Note	<u>Accumulated Funds</u>		<i>Revaluation Reserves</i>		<i>Total</i> MUR
		<i>General Fund</i> MUR	<i>Fire Fund</i> MUR	<i>Property</i> MUR	<i>Investments</i> MUR	
<b>At 31 December 2015</b>		<u>3,816,167,799</u>	<u>(246,828)</u>	<u>116,829,041</u>	<u>586,709,310</u>	<u>4,519,459,322</u>
Gains on revaluation of land and building		–	–	15,893,244	–	15,893,244
Released on disposal of available-for-sale financial assets		–	–	–	(30,177,592)	(30,177,592)
Change in value of available-for-sale financial assets		–	–	–	148,589,740	148,589,740
Re-measurement of Defined Benefit Obligations		(66,959,878)	–	–	–	(66,959,878)
Share of Associate not reported in surplus		–	–	–	9,698,000	9,698,000
Net Deficit for the period		<u>(88,526,426)</u>	<u>(5,509,880)</u>	<u>–</u>	<u>–</u>	<u>(94,036,306)</u>
<b>At 30 June 2017</b>		<u>3,660,681,495</u>	<u>(5,756,708)</u>	<u>132,722,285</u>	<u>714,819,458</u>	<u>4,502,466,529</u>
Released on disposal of available-for-sale financial assets		–	–	–	(223,186,168)	(223,186,168)
Change in value of available-for-sale financial assets		–	–	–	43,199,281	43,199,281
Re-measurement of Defined Benefit Obligations		(5,086,670)	–	–	–	(5,086,670)
Share of Associate not reported in surplus		–	–	–	(19,561,200)	(19,561,200)
Net (Deficit)/Surplus for the year		<u>(244,309,992)</u>	<u>3,671,702</u>	<u>–</u>	<u>–</u>	<u>(240,638,290)</u>
<b>At 30 June 2018</b>		<u>3,411,284,832</u>	<u>(2,085,006)</u>	<u>132,722,285</u>	<u>515,271,371</u>	<u>4,057,193,482</u>
<b>Prior year adjustments</b>						
Offset of deficit fire fund at Dec 2016	26(i)	(5,756,708)	5,756,708	–	–	–
Movement on transfer of PPE to Investment Properties	26(ii)	81,732,838	–	(81,732,838)	–	–
<b>Restated balance at 01 July 2018</b>		<u>3,487,260,962</u>	<u>3,671,702</u>	<u>50,989,447</u>	<u>515,271,371</u>	<u>4,057,193,482</u>
Release on disposal of available-for-sale financial assets		–	–	–	(90,705,721)	(90,705,721)
Change in value of available-for-sale financial assets		–	–	–	30,140,623	30,140,623
Re-measurement of Defined Benefit Obligations		(198,937)	–	–	–	(198,937)
Share of Associate not reported in surplus		–	–	–	(4,852,411)	(4,852,411)
Movement on application of IFRS 9 by Associate		74,263,589	–	–	(74,263,589)	–
Net (Deficit) / Surplus for the year		<u>(497,213,283)</u>	<u>2,303,504</u>	<u>–</u>	<u>–</u>	<u>(494,909,779)</u>
<b>At 30 June 2019</b>		<u>3,064,112,331</u>	<u>5,975,206</u>	<u>50,989,447</u>	<u>375,590,273</u>	<u>3,496,667,257</u>

**CASH FLOW STATEMENT for the year ended 30 June 2019**

	Note	Year ended 30 June 2019 MUR	Year ended 30 June 2018 MUR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Deficit for the year		(494,909,779)	(240,638,290)
Adjustments for:			
Share of profit of Associate		(115,134,200)	(92,123,200)
Provision for passage benefits		2,325,143	2,574,825
Payment of passage benefits		(2,813,048)	(3,040,194)
Depreciation of non-current assets		3,991,316	4,372,139
Amortisation of Intangible Assets		795,749	1,078,148
Investment income		(115,162,130)	(121,775,017)
Loss/(Profit) on sale of Investment Property		906,350	(83,400)
Gain on disposal of Available-for-sale securities		(84,318,840)	(247,952,167)
Loss on disposal of HTM securities		5,104,480	-
Loss/(Gain) on revaluation of Investment Properties		34,645,805	(17,923,235)
Gain on change in accounting estimates		(373,258)	-
Impairment loss on local unquoted securities		40,000,000	11,320,604
Loss on valuation of investments		(10,156,984)	(5,098,413)
Retirement benefits charged		10,420,707	10,494,408
Provision for employees benefits		2,126,803	6,433,064
Employees benefits paid		(3,738,523)	(3,467,585)
(Increase)/Decrease in trade and other receivables		(2,899,572)	144,285
(Decrease)/Increase in trade and other payables		(395,719,256)	330,704,029
<b>NET CASH USED BY OPERATING ACTIVITIES</b>		<b>( 1,124,909,237)</b>	<b>(364,980,000)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment to acquire financial assets		(31,962,500)	(475,223,131)
Proceeds from sale of financial assets		705,695,170	405,562,943
Dividend received		52,173,707	55,144,237
Interest received		95,848,504	89,941,797
Payment for property, plant and equipment		(428,910)	(1,906,347)
Payment for Investment Properties		(730,902)	(116,907,008)
Proceeds from sale of investment property		384,000	35,083,400
<b>NET CASH GENERATED/(USED) BY INVESTING ACTIVITIES</b>		<b>820,979,069</b>	<b>(8,304,109)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term loans granted		(104,604,449)	(451,747,867)
Proceeds from short term loans		63,375,665	585,809,579
Long term loans granted		(102,872,305)	(204,879,064)
Proceeds from long term loans		5,130,619	4,273,992
<b>NET CASH USED BY FINANCING ACTIVITIES</b>		<b>(138,970,470)</b>	<b>(66,543,360)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(442,900,638)</b>	<b>(439,827,469)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>673,497,199</b>	<b>1,113,324,668</b>
	27	<b>230,596,561</b>	<b>673,497,199</b>
<b>REPRESENTED BY:</b>			
<b>Bank and cash balances</b>		3,801,771	4,543,681
<b>Short Term deposits</b>		226,794,790	668,953,518
		<b>230,596,561</b>	<b>673,497,199</b>

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 30 June 2019

	Note	Original/ Final Budget MUR	Actual Amount MUR	Variance MUR
<b>GENERAL INSURANCE ACCOUNT</b>				
<b>REVENUE</b>				
Insurance premium	28(i)	153,400,000	113,921,051	(39,478,949)
Interest Receivable	28(ii)	75,000,000	95,804,779	20,804,779
Dividend Income	28(iii)	40,000,000	19,357,351	(20,642,649)
Profit on sale of Securities	28(iv)	–	84,357,665	84,357,665
Share of profit of Associate	28(v)	–	115,134,200	115,134,200
Fair value and other gains	28(vi)	–	17,690,705	17,690,705
Other Revenue		2,500,000	3,191,460	691,460
<b>TOTAL REVENUE</b>		<b>270,900,000</b>	<b>449,457,211</b>	
<b>EXPENSES</b>				
General Insurance Compensation	28(vii)	–	301,766,632	301,766,632
Assistance to Insureds	28(viii)	–	436,684,867	436,684,867
Administrative and other Expenses	28(ix)	108,985,000	121,599,194	12,614,194
Other Losses	28(vi)	–	86,908,359	86,908,359
<b>TOTAL EXPENSES</b>		<b>108,985,000</b>	<b>946,959,052</b>	
<b>Surplus/(Deficit) to General Fund for the year</b>		<b>161,915,000</b>	<b>(497,501,842)</b>	
<b>FIRE INSURANCE ACCOUNT</b>				
<b>REVENUE</b>				
Insurance premium		9,717,000	9,618,601	(98,399)
<b>TOTAL REVENUE</b>		<b>9,717,000</b>	<b>9,618,601</b>	
<b>EXPENSES</b>				
Insurance compensation	28(x)	3,000,000	7,026,539	4,026,539
<b>TOTAL EXPENSES</b>		<b>3,000,000</b>	<b>7,026,539</b>	
<b>Surplus to Fire Fund for the year</b>		<b>6,717,000</b>	<b>2,592,062</b>	
<b>Total Surplus/(Deficit) for the year</b>		<b>168,632,000</b>	<b>(494,909,780)</b>	

(1) The Original and Final Budget are the same.

(2) The Budget is prepared on the accrual basis of accounting.

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 June 2019**1. GENERAL*****Legal form and main objective***

The Sugar Insurance Fund Board (“the Fund”) is a statutory body established under the Sugar Insurance Fund Act No 4 of 1974 (as subsequently amended). Its registered office is situated at 18, Sir Seewoosagur Ramgoolam Street, Port-Louis, Mauritius and operates under the aegis of the Ministry of Agro Industry and Food Security. Its main objective is to operate a Crop Insurance for sugar producers.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

**2.1 Basis of preparation**

The financial statements of the Sugar Insurance Fund Board have been prepared on a going concern basis and in accordance with the Statutory Bodies (Accounts and Audit) Act and in line with International Public Sector Accounting Standards (IPSASs). As per IPSAS 1 paragraph 38, the Fund’s ability to continue as a going concern has been positively assessed. The comparative figures for the previous reporting period were also prepared in compliance with IPSASs and are therefore fully comparable.

The financial statements comply with all IPSASs in issue at end of reporting date and have been consolidated to include the state of affairs and results of the Fund’s associate and are prepared under the historical cost convention, except that:

- (i) Land and buildings are carried out at revalued amounts;
- (ii) Investments properties are stated at fair value;
- (iii) Available-for-sale financial assets are stated at their fair value; and
- (iv) Held-to-maturity investments are carried at amortised cost.

For Financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**2.2 New and Revised International Public Sector Accounting Standards (IPSASs).****2.2.1 Standards, Amendments to published Standards issued but not yet effective*****IPSAS 40 – Public Sector combinations***

This Standard was issued in January 2017 and will be effective for accounting periods beginning on or after 1 January 2019. The scope of this standard includes all transactions or other event that meet the definition of a public sector combination; that is the bringing together of separate operations into one public sector entity. The Fund has not applied this Standard prospectively and the Directors anticipate that adoption of this Standard in future will have no impact on the financial statements of the Fund.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.2 New and Revised International Public Sector Accounting Standards (IPSASs).****2.2.1 Standards, Amendments to published Standards issued but not yet effective*****IPSAS 41 – Financial Instruments.***

This standard was issued in August 2018 and will be effective for annual periods starting on or after 1 January 2022. The standard sets out requirements for classifying, recognising and measuring financial instruments including impairment, derecognition and general hedge accounting to replace those in IPSAS 29. The Fund has not applied this standard prospectively.

***IPSAS 42 – Social Benefits.***

This standard was issued in January 2019 and will be effective for annual periods starting on or after 1 January 2022. IPSAS 42 defines social benefits and includes requirements for the recognition and measurement of social benefits Schemes. It also includes disclosure requirements that will provide additional information that users may need to evaluate the effect of social benefits. The Fund has not applied this standard prospectively.

**2.2.2 New and Revised IPSASs applicable to the Fund**

In the current period, the Fund has applied the following new IPSASs issued by the International Public Sector Accounting Standards Boards (IPSASB) that are mandatorily effective for an accounting period beginning on or after 1 July 2018.

***IPSAS 39: Employee Benefits***

The Standard supersedes IPSAS 25 and prescribes the accounting and disclosure for employee benefits including short term benefits; pensions, post-employment life insurance and medical benefits; termination benefits and other long term benefits, except for share-based transactions and employee retirement benefit plans. The effective date for adoption of this standard is for accounting periods starting on or after 1<sup>st</sup> January 2018. However, the Fund elected for an early adoption at its previous reporting.

**2.3 Existing IPSASs not applicable to the Fund**

The following Standards already effective since prior financial years are not applicable to the Fund's operations.

IPSAS 6 – Consolidated and Separate Financial Statements

IPSAS 10 – Financial reporting in Hyperinflationary Economies

IPSAS 12 – Inventories

IPSAS 18 – Segment Reporting

IPSAS 22 – Disclosure of Financial Information about the General Government Sector

IPSAS 27 – Agriculture

IPSAS 32 – Service Concession Arrangements: Grantor

IPSAS 34 – Separate Financial Statements

IPSAS 37 – Joint arrangements

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.4 Basis of consolidation**

The financial statements have been consolidated to include the state of affairs and results of the Fund and those of its Associate.

An Associate is an entity over which the Fund has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associate is accounted for by the equity method of accounting and is initially recognised at cost. The Fund's investment in associate includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Fund's share of its associate's post-acquisition profits or losses is recognised in the Statement of Comprehensive Income, its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Fund's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Fund does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

**2.5 Revenue recognition**

The Fund's revenue are earned from exchange transactions only and measured at the fair value of consideration received or receivable.

*General Insurance Premium Income Account*

Insurance premium income contributed to General Insurance Account is determined by reference to the total value of insurable sugar and premium percentage set out in the Second Schedule of the Sugar Insurance Fund Act No 4 of 1974 (as subsequently amended) in respect of the crop year for which the premium is payable.

*Fire Insurance Premium Income Account*

(a) Insurance premium income contributed to Fire Insurance Account is determined at the base rates of:

- (i) Rs 34.19 per ton of Insurable Sugar for Small Planters/Metayers: and
- (ii) Rs 27.01 per ton of Insurable Sugar for Large Planters .

(b) A No Claims Discount Structure is applicable as per the fifth schedule of the Sugar Insurance Fund Act No 4 of 1974 (as subsequently amended).

(c) Miller's Fire premium: Total Premium of all planters and metayers in EFA x 22/78

*Other revenues*

These are recognised on the following basis:

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on an accrual basis.

A management fee of 3% of Fire Premium is charged to the Fire Insurance Account.

A proportion of interest and dividend is apportioned to the Fire Fund based on Fund Value at start of reporting period.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.6 Insurance contracts****(a) Recognition and measurement**

Insurance covers provided by the Fund protect the insureds from the negative impact of events such as cyclones, droughts and excessive rainfall on sugar production consequently.

Compensation paid to insureds on occurrence of any event or a combination of events linked to the extent of loss suffered. Premiums are recognised as revenue on the period of cover.

Claims are charged to income based on the estimated liability for compensation payable to insured. They include claims arising out of events that have occurred up to the end of reporting period though not reported to the Fund by the insureds. Estimated claims are based on internal data and provisional figures obtainable from different stakeholders.

**(b) Liability adequacy test**

At each end of reporting period, liability adequacy tests are performed to ensure the adequacy of the insurance liabilities. In performing these tests current best estimates of future contractual cash flows and claims are used. Any deficiency is immediately charged to the Statement of Financial Performance.

**2.7 Property, plant and equipment**

Property, plant and equipment excluding land and building held for administrative purposes are stated in the statement of financial position at cost net of accumulated depreciation and any accumulated impairment losses. Land and building are reported at their revalued amounts. Depreciation is provided on a straight-line basis so as to write off the depreciable value of the assets over their estimated useful lives. A full year depreciation is charged in the year of acquisition, with no charge in year of disposal. The annual rates used for the purpose are as follows:

		Note
Buildings	Higher of 2.5% or based on remaining useful economic life	(i)
Improvement to land and buildings	10%	
Furniture & other equipment	6.67% (15 years)	(ii)
Motor vehicles	20%	(iii)
Computer equipment and software	20%	

- (i) The depreciation charged on buildings is based on their remaining useful economic life, determined through a thorough examination carried out in December 2009 by S. Jadav and Partners – Structural Engineer.
- (ii) Prior to the year 2011, items of Furniture & Other equipment were depreciated at the rate of 10% (over 10 years). The consumption experience showed that the Fund was still deriving economic benefit from items under this asset class above the 10 year period. The depreciable life was thus increased to 15 years as from the year 2011.
- (iii) After 5 years of use, where the Fund is still deriving Economic benefit from the asset, the useful economic life is extended to 10 years.

Profit or loss on disposal of property, plant and equipment is determined by the difference between the carrying values of the assets and their disposal proceeds and is accounted for in the statement of Financial Performance.

Any increase arising on the revaluation of land and buildings is credited in equity (Revaluation Reserve), except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Freehold land is not depreciated.



**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.8 Intangible Assets acquired**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment loss (if any). Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at each end of reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less impairment losses and are not subject to any amortisation.

An Intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or on disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised

**2.9 Impairment of tangible and intangible assets**

At each end of the reporting period, the Fund reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**2.10 Investment property**

Investment property which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value at end of reporting period, representing open-market value determined by external valuers. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

**2.11 Non-current Asset held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of carrying value or fair value net of associated cost to sell.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.12 Foreign currencies**

The financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (functional currency). The results and financial position of the Fund are expressed in Mauritian rupees, which is Fund's functional and presentation currency.

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in such currencies are retranslated in Mauritian Rupees using the rate of exchange (buying rate) ruling at the end of reporting period, such rate being determined as the highest buying rate available from the Fund's main bankers and the Bank of Mauritius. Profits and losses arising on exchange are included in the profit or loss for the year. Translation of non monetary items, such as equities classified as available-for-sale financial assets is accumulated in the investments revaluation reserve.

**2.13 Insurance compensation**

Insurance compensation is expensed when the claims are assessed following the end of the crop season.

**2.14 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank, cash in hand and short term deposits.

**2.15 Provision/Contingent Liabilities****(a) Provision**

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each end of reporting period and adjusted to reflect the current best estimate.

**(b) Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. A contingent liability should not be recognised but disclosed.

The present obligation that arises from past events is not recognised because:

- (i) It is not probable that an outflow of resources will be required to settle the obligation; or
- (ii) The amount of the obligation cannot be measured with sufficient reliability.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.16 Retirement benefit obligations***(i) Defined Benefit Plan*

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by the Pension Fund Manager (SICOM Ltd) using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Re-measurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Fund determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss. Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements (if any) are recognised immediately in profit or loss. The defined benefit plan is closed for new entrants and any employee joining the Fund on a permanent and pensionable service will join a defined contribution plan.

*(ii) Defined Contribution Plan*

A defined contribution plan is a pension plan under which the Fund pays fixed contributions and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitled them to the contributions.

*(iii) State Plan*

Contributions to the National Pension Scheme are expensed to profit or loss in the period in which they fall due.

**2.17 Financial instruments**

Financial assets and financial liabilities are recognised in the statement of financial position when the Fund has become party to the contractual provisions of the financial instruments. Financial Assets are initially measured at fair value, plus transaction costs. Financial assets are classified into the following specified categories: “held-to-maturity” investments, “available-for-sale” financial assets and “Loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.17 Financial instruments (cont'd)****a) Financial Assets****(i) Held-to-maturity investments**

Investments with fixed or determinable payments and fixed maturity dates, that the Fund has the positive intent and ability to hold to maturity, are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

**(ii) Available-for-sale (AFS) financial assets*****Quoted AFS Financial Assets***

Listed and Quoted Securities that are traded in an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are accumulated in the investments revaluation reserve until the security is disposed of or is determined to be impaired at which time the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. Impairment losses recognised in profit or loss for securities classified as available-for-sale is not subsequently reversed through profit or loss.

***Unquoted Available For Sale Investments***

Unquoted available-for-sale investments for which reliable fair values cannot be obtained are stated at cost. Investments of the Fund in unquoted available-for-sale investments are generally in the form of shares. The fair value of these financial instruments cannot be measured reliably as there is no specific market for the exchange/sale of these instruments.

Available-for-sale financial assets are included in non-current assets unless Management intends to dispose the investments within twelve months of the end of the reporting period.

**(iii) Loans and receivables**

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

***Impairment of financial assets***

Financial assets are assessed for indicators of impairment at each 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.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.17 Financial instruments (cont'd)****a) Financial Assets (cont'd)*****Impairment of financial assets (cont'd)***

For shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- high probability that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis.

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 with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, 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. In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

***Derecognition of financial assets***

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the asset and substantially all the risks and rewards of ownership of the asset to another entity.

***(b) Financial liabilities***

Financial liabilities, including borrowings and trade and other payables, 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 Fund derecognises financial liabilities only when its share of obligations are discharged or expired.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****3. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements in accordance with IPSASs requires the Fund's Management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations 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.

**4. CASH AND CASH EQUIVALENT**

	<b>June 2019</b>	<b>June 2018</b>
	<b>MUR</b>	<b>MUR</b>
Foreign Currency deposits with banks:		
USD	<b>114,447,733</b>	197,104,803
EURO	<b>52,674,984</b>	434,372,190
GBP	<b>28,269,257</b>	28,468,823
Deposits on call at banks – MUR	<b>31,402,816</b>	9,007,702
Bank and Cash Balances - MUR	<b>3,801,771</b>	4,511,769
Cash Balances – EURO	<b>-</b>	31,912
	<b>230,596,561</b>	673,497,199

**5. ACCOUNTS RECEIVABLE/ PREPAYMENTS**

Long term loan to MSS (Note 9 (i))	<b>60,000,000</b>	-
Other Loans (Note 9 (iii))	<b>12,900</b>	15,813
Motor Vehicle Loans (Note 9 (iv))	<b>3,054,571</b>	3,281,938
Personal loans (Note 9(ii))	<b>802,899</b>	904,057
Interest receivable	<b>22,622,850</b>	17,117,072
Debtors insurance premium receivable	<b>14,928</b>	14,928
Dividends receivable	<b>533,282</b>	599,718
Other receivables/Prepayments	<b>3,839,906</b>	940,334
	<b>90,881,336</b>	22,873,860

**6. SHORT TERM LOANS**

Loans to Mauritius Sugar Syndicate - (MSS)	<b>75,346,398</b>	<b>34,117,614</b>
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Loans to MSS relates to the balance of Premium Crop 2018 advanced to the MSS for a period of 3 months at an interest rate of 3.20% p.a.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****7. INVESTMENTS IN SECURITIES AND DEPOSITS**

	----- Available-For-Sale Financial Assets -----			Held-To-Maturity Securities and Deposits	Total
	Local Quoted Securities MUR	Local Unquoted Securities MUR	Foreign Equities/ Funds/ Bonds MUR	MUR	MUR
<b>AT FAIR VALUE</b>					
At 1 July 2018	835,473,117	13,480,736	488,863,644	1,390,586,365	2,728,403,862
Re-classification	143,090,000	—	—	(143,090,000)	—
Additions	7,170,000	—	—	24,792,500	31,962,500
Disposals/Matured / Redeemed	(179,181,692)	—	(84,054)	(550,428,725)	(729,694,471)
Interest capitalised / receivable	—	—	—	6,958,439	6,958,439
Impairment loss	—	—	—	(40,000,000)	(40,000,000)
Fair value Gain/(Loss)	6,368,145	(690,394)	32,785,676	1,834,180	40,297,607
<b>At 30 June 2019</b>	<b>812,919,570</b>	<b>12,790,342</b>	<b>521,565,266</b>	<b>690,652,759</b>	<b>2,037,927,937</b>
<b>Classified as:</b>					
- Short term	25,046,750	—	—	350,532,758	375,579,508
- Long term	787,872,820	12,790,342	521,565,266	340,120,001	1,662,348,429
	<b>812,919,570</b>	<b>12,790,342</b>	<b>521,565,266</b>	<b>690,652,759</b>	<b>2,037,927,937</b>
<b>AT COST</b>					
<b>At 30 June 2019</b>	<b>638,920,349</b>	<b>1,280,827</b>	<b>224,281,321</b>	<b>709,264,186</b>	<b>1,573,746,683</b>
At 30 June 2018	577,418,172	1,280,827	224,365,375	1,375,368,760	2,178,433,134

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****7. INVESTMENTS IN SECURITIES AND DEPOSITS (CONT'D)****(a) Available-For-Sale Securities and Deposits*****Local Quoted***

Local quoted investments include investments in companies listed on the Official Market and the Development and Enterprise Market of the Stock Exchange of Mauritius (SEM). Such investments are stated at fair values based on SEM prices at close of business at the end of reporting period.

***Local Unquoted***

Local unquoted investments comprise of shares and bonds held in Sugar Investment Trust (SIT), bonds held in the Max City property Fund. Units of the MFL Fund and Shares held in Afrasia Bank. Investment in SIT shares have been fair valued at MUR 9.84 Million at 30 June 2019. Investments in The MFL Fund, which is an open-ended Fund, are stated at market value at MUR 1.59 Million at 30 June 2019 and Shares in Afrasia Bank valued at MUR 1.38M.

***Foreign Equities /Funds /Bonds***

Investments in foreign equities/ funds/ bonds, include shares held in African Reinsurance Corporation (Africa Re), Investec GSF, Comgest, Threadneedle, Sarasin, BlackRock Global, Shroders, GAM, UBS, Fidelity, Franklin Templeton, Morgan Stanley Funds, IOST Perpetual Bonds, India Sovereign Bonds and are stated at market value based on the exchange rate ruling at the end of reporting period.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable (levels defined in section 2.1):

	Period 2018/2019			
	<u>Level 1</u> MUR	<u>Level 2</u> MUR	<u>Level 3</u> MUR	<u>Total</u> MUR
Available-for-sale financial assets	812,919,570	521,565,266	12,790,342	1,347,275,178

	Period 2017/2018			
	<u>Level 1</u> MUR	<u>Level 2</u> MUR	<u>Level 3</u> MUR	<u>Total</u> MUR
Available-for-sale financial assets	835,473,117	488,863,644	13,480,736	1,337,817,498

**(b) Held-To-Maturity Securities and Deposits**

Held-To-Maturity Securities and Deposits, which are stated at amortised cost, bear interests at rates ranging from 2.50 to 8.00 % per annum and mature between July 2019 and May 2027 and comprise of:

	<u>June 2019</u> MUR	<u>June 2018</u> MUR
Deposits	173,958,439	445,507,940
Fixed Maturity Unquoted Bonds	516,694,320	915,255,325
Treasury Bills	-	29,823,100
	<u>690,652,759</u>	<u>1,390,586,365</u>



**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****8. INVESTMENT PROPERTY**

	June 2019 MUR	June 2018 MUR
At start of year	275,205,253	140,350,000
Disposal	(1,290,350)	-
Additions	730,902	116,932,018
Carrying value	274,645,805	257,282,018
(Loss)/Gain on revaluation	(34,645,805)	17,923,235
At end of year	240,000,000	275,205,253

Investment property relates to Land and Buildings and includes the following:-

- (i) Land at Brown Sequard Street, Port Louis for a total extent of 314 toises: rented as covered parking.
- (ii) A 2 storey concrete building at Royal Road, Quartier Militaire standing on a plot of land of a total extent of 73.35 perches.
- (iii) Two buildings situated at corner Independence and Brown Sequard Avenue, Vacoas standing on a plot of land of 24.50 perches (1118.82m<sup>2</sup>).
- (iv) A building at Royal Road, Mare D'Albert standing on a plot of land of 60.0 perches.
- (v) Bareland at Royal Road, Central Flacq of a total extent of 48.92 perches (2064.79m<sup>2</sup>).
- (vi) Bare Agricultural land at Trianon for a total extent of 25.323m<sup>2</sup>.

The above properties were last revalued by Ramrekha & Patten Chartered Valuation Surveyors (Principal – P Ramrekha, M.S.C, F.R.I.C.S. CSK Chartered Valuation Surveyor) in July 2019 and in accordance with the requirements of the RICS Valuation - Global Standards 2017 incorporated International Valuation Standards (IVS) 2017. As disclosed by the valuer, the Market Approach was adopted to value the properties; except for the property at Brown Sequard Street, Port Louis where the income generating capacity of the property has been adopted.

The fair value hierarchy is as follows:

	June 2019 MUR	June 2018 MUR
Land and Buildings	240,000,000	275,205,253

**9. LONG TERM LOANS**

	June 2019 MUR	June 2018 MUR
Loan to MSS (i)	240,000,000	200,000,000
Personal Loans (ii)	778,632	635,698
Other Loans (iii)	-	12,900
Motor Vehicles Loans (iv)	6,422,742	8,479,654
	247,201,374	209,128,252
<b>(i) Loan to the Mauritius Sugar Syndicate</b>		
Total amount due	300,000,000	200,000,000
Deduct: Amount falling due within one year (Note 5)	(60,000,000)	-
Amount falling due more than one year	240,000,000	200,000,000

Loan to Mauritius Sugar Syndicate advanced at an interest rate of 4.50% p.a. repayable over a period of 5 years with a 2 year moratorium period.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****9. LONG TERM LOANS (CONT'D)****(ii) Personal Loans (staff)**

	<b>June 2019</b>	<b>June 2018</b>
	<b>MUR</b>	<b>MUR</b>
Total amount due	<b>1,581,531</b>	1,539,755
Deduct: Amount falling due within one year (Note 5)	<b>( 802,899)</b>	(904,057)
Amount falling due after more than one year	<b>778,632</b>	635,698

Personal loans to staff bear interest at Repo plus 1% per annum.

**(iii) Other Loans (staff)**

Total amount due	<b>12,900</b>	28,713
Deduct: Amount falling due within one year (Note 5)	<b>(12,900)</b>	(15,813)
Amount falling due more than one year	<b>-</b>	12,900

Other loans represent housing loans to staff.

**(iv) Motor Vehicles Loans (staff)**

Total amount	<b>9,477,313</b>	11,761,592
Deduct: Amount falling due within one year (Note 5)	<b>(3,054,571)</b>	(3,281,938)
Amount falling due after more than one year	<b>6,422,742</b>	8,479,654

Motor Vehicle Loans to staff disbursed prior to January 2013 bear interest at 7.5% per annum and thereafter at 4.0% per annum, as per conditions of service.

**10. INVESTMENT IN ASSOCIATE**

The Fund holds 20% of the ordinary share capital of SICOM Group and is represented on its Board of Directors. SICOM Group has a financial year starting on 1 July and ending on the subsequent 30 June.

Summarised financial information of the Fund's Associate is set out below:

	<b>June 2019</b>	<b>June 2018</b>
	<b>MUR</b>	<b>MUR</b>
Total Assets	<b>20,916,456,000</b>	19,685,301,000
Total Liabilities	<b>14,876,595,000</b>	14,033,100,000
After Tax adjusted profit for the year	<b>579,961,000</b>	460,616,000
Share of profit (20%)	<b>115,134,200</b>	92,123,200
Share of net assets	<b>1,207,040,880</b>	1,129,509,011

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****11. PROPERTY, PLANT AND EQUIPMENT**

The Fund's Property, Plant and Equipment include freehold land and building that were last revalued in August 2017 by Ramrekha & Patten Chartered Valuation Surveyors (Principal – P Ramrekha, M.S.C, F.R.I.C.S. CSK Chartered Valuation Surveyor).

Had Freehold Land and Buildings been valued at historic amount, the carrying value would have been as follows:

	Cost MUR	Accumulated depreciation MUR	Net book value MUR
<b>At 30 June 2019</b>			
<b>Freehold Land</b>	<b>2,946,841</b>	<b>–</b>	<b>2,946,841</b>
<b>Building</b>	<b>22,763,712</b>	<b>(21,056,434)</b>	<b>1,707,278</b>
	<b>25,710,553</b>	<b>(21,056,434)</b>	<b>4,654,119</b>
<b>At 30 June 2018</b>			
Freehold Land	2,946,841	–	2,946,841
Building	22,763,712	(20,487,341)	2,276,371
	25,710,553	(20,487,341)	5,223,212

Details of the Fund's buildings and freehold land measured at fair value and information about the fair value hierarchy at period/year end are as follows:

	<b>Level 3</b> <b>June 2019</b> <b>MUR</b>	<b>June 2018</b> <b>MUR</b>
Freehold Land	<b>41,400,000</b>	41,400,000
Buildings	<b>33,127,692</b>	34,213,846
	<b>74,527,692</b>	75,613,846
<b><u>Reconciliation:</u></b>		<b>MUR</b>
Opening balance at 1 July 2018		76,700,000
Depreciation charge for the year		(2,172,308)
Balance at year end		74,527,692

**(i) As disclosed by the Valuer:**

- for the purpose of the valuation report, the Market Approach was adopted;
- The valuation exercise is in accordance with the requirements of the RCIS Valuation – Global Standards 2017 incorporating International Valuation Standards (IVS) 2017.

**(ii) The following assumptions were made by the Valuer:**

- The property is appraised free and clear from all charges and encumbrances;
- The property has good and marketable title deed;
- Vacant possession can be given;
- The building have been erected under competent supervision, in accordance with all planning regulations and have the benefit of planning consents or existing use rights for their current use;
- The building comply with all statutory and local authority regulations including building, fire and health and safety regulations.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	<b>Freehold Land MUR</b>	<b>Buildings  MUR</b>	<b>Improvement to Land and Buildings MUR</b>	<b>Furniture &amp; Other Equipment MUR</b>	<b>Motor Vehicles  MUR</b>	<b>Computer Equipment  MUR</b>	<b>Total  MUR</b>
<b>COST AND VALUATION</b>							
At 30 June 2017	41,400,000	35,300,000	7,606,958	16,250,688	4,066,450	25,325,064	129,949,160
Additions	-	-	55,556	1,291,785	-	827,282	2,174,623
At 30 June 2018	41,400,000	35,300,000	7,662,514	17,542,473	4,066,450	26,152,346	132,123,783
<b>Additions</b>				<b>143,203</b>		<b>386,332</b>	<b>529,535</b>
<b>At 30 June 2019</b>	<b>41,400,000</b>	<b>35,300,000</b>	<b>7,662,514</b>	<b>17,685,676</b>	<b>4,066,450</b>	<b>26,538,678</b>	<b>132,653,318</b>
<b>DEPRECIATION</b>							
At 30 June 2017	-	-	5,521,843	13,051,496	1,966,451	22,318,420	42,858,210
Charge for the year	-	1,086,154	612,140	342,734	600,000	1,731,111	4,372,139
At 30 June 2018	-	1,086,154	6,133,983	13,394,230	2,566,451	24,049,531	47,230,349
Change in accounting estimates	-	-	-	-	(373,258)	-	(373,258)
Charge for the year	-	1,086,154	532,667	520,645	706,645	1,145,204	3,991,315
<b>At 30 June 2019</b>	<b>-</b>	<b>2,172,308</b>	<b>6,666,650</b>	<b>13,914,875</b>	<b>2,899,838</b>	<b>25,194,735</b>	<b>50,848,406</b>
<b>NET BOOK VALUE</b>							
<b>At 30 June 2019</b>	<b>41,400,000</b>	<b>33,127,692</b>	<b>995,864</b>	<b>3,770,801</b>	<b>1,166,612</b>	<b>1,343,943</b>	<b>81,804,912</b>
At 30 June 2018	41,400,000	34,213,846	1,528,531	4,148,243	1,499,999	2,102,815	84,893,433

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****12. INTANGIBLE ASSETS – COMPUTER SOFTWARE**

	June 2019	June 2018
	MUR	MUR
<b><u>Cost</u></b>		
At start of year	9,706,728	9,706,728
Additions	–	–
At end of year	9,706,728	9,706,728
<b><u>Amortisation</u></b>		
At start of year	8,329,472	7,251,324
Charge for the year	795,750	1,078,148
At end of year	9,125,222	8,329,472
<b>Carrying value at year end</b>	<b>581,506</b>	<b>1,377,256</b>

**13. PAYABLES**

Assistance to Insureds	383,684,255	316,281,555
General Compensation	3,397,542	466,630,737
Fire Compensation	2,444	–
Accruals	3,884,951	3,551,692
Provision for passage benefits (note 15)	2,800,000	3,000,000
Others	279,301	403,139
	<b>394,048,493</b>	<b>789,867,124</b>

**14. EMPLOYEES BENEFITS**

At start of year	49,021,192	46,127,344
Charge for the year	2,126,803	6,433,064
	51,147,995	52,560,408
<u>Less:</u> Payment during the year	(3,738,523)	(3,539,216)
<b>At end of year</b>	<b>47,409,472</b>	<b>49,021,192</b>
<b>Classified as:</b>		
Long Term	42,428,750	44,109,062
Short Term	4,980,722	4,912,130

**15. PROVISION FOR STAFF PASSAGE BENEFITS**

At start of year	6,490,378	6,955,747
Payment during the year	(2,738,783)	(3,040,194)
Provision for the year	2,538,895	2,574,825
Other Adjustments	(288,017)	–
	6,002,473	6,490,378
<u>Less:</u> Amount due within one year (Note 13)	(2,800,000)	(3,000,000)
<b>At end of year</b>	<b>3,202,473</b>	<b>3,490,378</b>

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****16. RETIREMENT BENEFIT OBLIGATIONS**

Provision for retirement benefits for the SIFB staffs are made under the Statutory Bodies Pension Act 1978 as amended. The pension plan is a final salary defined benefit plan for employees and is wholly funded by the employer and the employees. The assets of the funded plan are held independently and are administered by the State Insurance Company of Mauritius Ltd (SICOM Ltd).

The following employee benefits information is based on the report submitted by SICOM Ltd in line with IPSAS 39.

**(i) Amounts recognised in statement of financial position:**

	<b>June 2019</b>	June 2018
	<b>MUR</b>	<b>MUR</b>
Defined benefit obligation	<b>821,274,054</b>	824,317,122
Fair value of plan assets	<b>(551,220,844)</b>	(564,883,556)
Liability recognised in statement of financial position	<b>270,053,210</b>	259,433,566

**(ii) Amounts recognised in statement of financial performance:**

Current service cost	<b>7,528,017</b>	7,170,190
Employee Contributions	<b>(3,232,074)</b>	(3,203,556)
Fund Expenses	<b>215,593</b>	213,406
Net Interest expense	<b>16,144,072</b>	16,458,964
Profit & Loss Charge	<b>20,655,608</b>	20,639,004

**(iii) Amount recognised in Net Asset/Equity:**

Liability experience (gain) / Loss	<b>(7,305,090)</b>	20,689,968
Assets experience Loss/ (gain)	<b>7,504,027</b>	(15,603,298)
Net Asset/Equity (NAE)	<b>198,937</b>	5,086,670

**(iv) Liability recognised in the statement of financial position:**

At start of year	<b>259,433,566</b>	243,852,488
Amount recognised in Profit & Loss	<b>20,655,608</b>	20,639,004
Contributions paid by employer	<b>(10,234,901)</b>	(10,144,596)
Amount recognised in NAE	<b>198,937</b>	5,086,670
At end of period	<b>270,053,210</b>	259,433,566

**(v) Reconciliation of present value of obligation:**

Present value of obligation at start of period	<b>824,317,122</b>	794,349,530
Current service cost	<b>7,528,017</b>	7,170,190
Interest cost	<b>47,810,393</b>	50,044,020
Benefits paid	<b>(51,076,388)</b>	(47,936,586)
Liability (gain)/ loss	<b>(7,305,090)</b>	20,689,968
Present value of obligation at end of period	<b>821,274,054</b>	824,317,122

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****16. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

(vi) Reconciliation of fair value of plan assets:

	<b>June 2019</b> <b>MUR</b>	<b>June 2018</b> <b>MUR</b>
Fair value of plan assets at start of period	<b>564,883,556</b>	550,497,042
Expected return on plan assets	<b>31,666,321</b>	33,585,056
Employer contributions	<b>10,234,901</b>	10,144,596
Employee contributions	<b>3,232,074</b>	3,203,556
Benefits paid + other outgo	<b>(51,291,981)</b>	(48,149,992)
Asset (loss)/gain	<b>(7,504,027)</b>	15,603,298
Fair value of plan assets at end of period	<b>551,220,844</b>	564,883,556

(vii) Components of the amount recognised in NAE:

Assets experience (Loss)/gain during the year	<b>(7,504,027)</b>	15,603,298
Liability experience gain / (Loss) during the year	<b>7,305,090</b>	(20,689,968)
Net Asset/Equity (NAE)	<b>(198,937)</b>	(5,086,670)

(viii) Distribution of plan assets at end of period were:

	<b>% of fair value of total plan assets</b>	
Percentage of assets at end of year	<b>June 2019</b>	<b>June 2018</b>
Fixed interest securities and cash	<b>58.7</b>	59.5
Loans	<b>3.4</b>	3.7
Local equities	<b>13.1</b>	14.6
Overseas equities and bonds	<b>24.2</b>	21.6
Property	<b>0.6</b>	0.6
Total	<b>100.0</b>	100.0

(ix) The cost of providing the benefits is determined using the Projected Unit Method. The principal assumptions used for the purpose of the actuarial valuation were as follows:

	<b>Year ended</b> <b>30 June 2019</b> <b>%</b>	<b>Year ended</b> <b>30 June 2018</b> <b>%</b>
Discount rate	<b>5.80</b>	6.30
Future salary increases	<b>4.00</b>	4.00
Future pension increases	<b>3.00</b>	3.00
Mortality before retirement	<b>A 6770 Ultimate Tables</b>	
Mortality in retirement	<b>PA (90) rated down by 2 years</b>	
Retirement age	<b>As per Schedule II in the Statutory Bodies Pension Funds Act</b>	

The discount rate is determined by reference to market yields on bonds.

(x) Weighted average duration of the defined benefit obligation (Calculated as a % change in PV of liabilities for a 1% change in discount rate) : 11 years

(xi) Expected Employer's contributions for the financial year 2019/2020: Rs. 10,682,780

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****16. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

(xii) Additional disclosure on assets issued or used by the reporting:

At the end of the reporting period, assets were neither held in entity's own financial instruments nor were property and other assets occupied or used by the entity.

(xiii) The plan is exposed to actuarial risks such as: Investment risk, Interest rate risk, mortality and longevity risk and salary risk.

(xiv) Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase & mortality. The sensitivity analyses below have been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting period.

- If the discount rate would be 100 basis points (1%) higher (lower), the defined benefit obligation would decrease by Rs 81 M (increase by Rs 96.7 M) if all other assumptions were held unchanged.
- If the expected salary would increase (decrease) by 100 basis points, the defined benefit obligation would increase by Rs 22.2 M (decrease by Rs 20.0 M) if all assumptions were held unchanged.
- If life expectation would increase (decrease) by one year, the defined benefit obligation would increase by Rs 26 M (decrease by Rs 26 M) if all assumptions were held unchanged.
- In reality one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depends to a certain extent on expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

(xv) Five year summary – Experience adjustment

*Amounts recognised in statement of financial position:*

	<b>June 2019</b>	June 2018	June 2017	December 2015	December 2014
	<b>MUR</b>	MUR	MUR	MUR	MUR
Present value of funded obligation	821,274,054	824,317,122	794,349,530	727,804,418	677,619,115
Fair value of plan assets	(551,220,844)	(564,883,556)	(550,497,042)	(559,172,301)	(298,461,467)
	270,053,210	259,433,566	243,852,488	168,632,117	379,157,648
Unrecognised actuarial (loss)/gain		–	–	–	–
Liability in statement of financial position	270,053,210	259,433,566	243,852,488	168,632,117	379,157,648

*Reconciliation of the present value of defined benefit obligation:*

	<b>June 2019</b>	June 2018	June 2017	December 2015	December 2014
	<b>MUR</b>	MUR	MUR	MUR	MUR
Present value of obligation at start of period	<b>824,317,122</b>	794,349,530	727,804,418	677,619,115	670,531,072
Current service cost	<b>7,528,017</b>	7,170,190	9,923,364	7,126,083	6,965,121
Interest cost	<b>47,810,393</b>	50,044,020	70,960,931	50,821,434	53,642,486
Benefits paid	<b>(51,076,388)</b>	(47,936,586)	(72,114,840)	(47,413,261)	(46,784,676)
Liability loss/(gain)	<b>(7,305,090)</b>	20,689,968	57,775,657	39,651,047	(6,734,888)
Present value of obligation at end of period	<b>821,274,054</b>	824,317,122	794,349,530	727,804,418	677,619,115



**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****16. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)***Reconciliation of fair value of plan assets:*

	<b>June 2019</b>	June 2018	June 2017	December 2015	December 2014
	<b>MUR</b>	<b>MUR</b>	<b>MUR</b>	<b>MUR</b>	<b>MUR</b>
Fair value of plan assets at start of period	<b>564,883,556</b>	550,497,042	559,172,301	298,461,467	316,485,350
Expected return on plan assets	<b>31,666,321</b>	33,585,056	52,008,688	32,135,902	23,920,553
Employer contributions	<b>10,234,900</b>	10,144,596	15,908,691	8,579,378	8,781,769
Employer Special Contribution		–	–	296,200,000	–
Employee contributions	<b>3,232,074</b>	3,203,556	5,023,797	2,851,218	3,315,582
Benefits paid + other outgo	<b>(51,291,981)</b>	(48,149,992)	(72,432,214)	(47,596,151)	(47,054,234)
Asset gain/(loss)	<b>(7,504,027)</b>	15,603,298	(9,184,221)	(31,459,513)	(6,987,553)
Fair value of plan assets at end of period	<b>551,220,844</b>	564,883,556	550,497,042	559,172,301	298,461,467

**17. INSURANCE PREMIUM**

The Government of Mauritius paid MUR 17.26 Million to the Fund, representing General Insurance Premium for Crop 2018 and adjustments for crop 2017 for all Insureds having a sugar production of up to 60 tons.

**18. INVESTMENT INCOME**

	<b>June 2019 MUR</b>	June 2018 MUR
Interest Income on:		
<i>Held to maturities securities/ deposits</i>	<b>53,032,209</b>	60,820,397
<i>Cash and cash equivalent</i>	<b>6,803,360</b>	7,897,487
<i>Loans &amp; receivables</i>	<b>14,840,172</b>	10,880,040
<i>Available-for-sale securities</i>	<b>21,129,038</b>	16,380,672
Total Interest Income	<b>95,804,779</b>	95,978,596
Dividends	<b>19,357,351</b>	25,796,421
	<b>115,162,130</b>	121,775,017

**19. PROFIT ON SALE OF SECURITIES**

On sale of local quoted shares	<b>84,315,540</b>	247,697,197
On maturity of local quoted notes	<b>3,300</b>	255,000
On maturity of HTM Securities	<b>38,825</b>	–
	<b>84,357,665</b>	247,952,197

**20 (a) FAIR VALUE AND OTHER GAINS**

On AFS Securities	<b>8,322,804</b>	–
On translation of foreign currency deposits	<b>2,625,094</b>	2,790,678
On revaluation of investment properties (see 20 (b))	<b>–</b>	17,923,235
On held to maturity securities	<b>1,834,180</b>	5,098,413
On disposal of foreign currencies	<b>4,535,370</b>	2,086,596
On change in amounts estimates –Motor Vehicle	<b>373,258</b>	–
	<b>17,690,705</b>	27,898,922

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****20 (b) FAIR VALUE AND OTHER LOSSES**

	<b>June 2019</b>	<b>June 2018</b>
	<b>MUR</b>	<b>MUR</b>
On impairment of HTM Deposit (*)	<b>40,000,000</b>	-
On disposal of HTM Securities	<b>5,143,305</b>	-
On revaluation of Investment Properties ( <i>see 20(a)</i> )	<b>34,645,805</b>	-
On disposal of foreign currency (Euro)	<b>6,212,900</b>	-
On disposal of property compulsory acquisition	<b>906,350</b>	-
On fair value of securities	-	11,320,604
	<b>86,908,360</b>	<b>11,320,604</b>

(\*) The Fund holds a fixed deposit of MUR 40 Million with the Banyan Tree Bank (BTB); placed for a period of 3 years at 4.60% and reaching maturity on 13 July 2020. In April 2020, the Bank of Mauritius (BOM) announced the appointment of a Conservator to protect the assets of the BTB. Prior to maturity of our deposit, the Conservator communicated his decision to suspend all repayment/withdrawal of deposits. Due to uncertainties around the recapitalisation of the BTB at period end, the Board adopted a prudent approach and the investment has been fully impaired. In subsequent period ends, the situation will be reassessed for any reversal of the impairment loss.

**21. OTHER REVENUE**

	<b>June 2019</b>	<b>June 2018</b>
	<b>MUR</b>	<b>MUR</b>
Request for information/land conversion/duty-free certificate	<b>833,143</b>	1,036,127
Late registration fee	<b>122,800</b>	101,940
Morcellement permit fee	<b>94,910</b>	64,715
Rental of parking	<b>2,056,500</b>	1,183,500
Disposal of scrap items	-	8,900
Management fee from fire fund	<b>288,558</b>	208,528
Profit on sale of PPE	-	83,400
Other sundry receipts	<b>84,107</b>	143,166
	<b>3,480,018</b>	<b>2,830,276</b>

**22. GENERAL INSURANCE COMPENSATION**

Crop 2018 has been declared as an event year on account of drought and excessive rainfall for (i) Growing units in Alteo, Medine and Omnicane EFA and (ii) Large planter grouping in Alteo EFA.

**23. ASSISTANCE TO INSUREDS**

- (i) As per Cabinet decision dated 07 December 2018, an additional financial support of MUR 257 per tonne of sugarcane is to be provided to planters producing up to 60 tonnes of sugar. The Fund was called upon to finance one-third of the additional financial assistance.
- (ii) On 27 December 2019, Cabinet further decided that the SIFB should extend the financial support given to small planters for crop 2018 to other categories of procedures namely large planters and millers. A provision of MUR 381.34 M was thus made in the accounts.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****24. ADMINISTRATIVE EXPENSES**

	June 2019 MUR	June 2018 MUR
Staff costs	94,958,353	96,693,606
Provision for Employees Benefits	2,126,803	6,433,064
Depreciation	3,991,316	4,372,139
Amortisation of Intangible Assets	795,749	1,078,148
Directors fees	2,740,161	3,840,000
Auditors' remuneration	350,000	425,000
Legal, Professional, Actuarial and Fund Mgmt fees	4,878,653	5,186,864
Utilities	3,665,190	3,541,339
Others	8,092,969	6,422,310
	<b>121,599,194</b>	<b>127,992,470</b>

**25. REINSURANCE PREMIUM**

Having regards to its ability to muster maximum probable losses and in view of hardening crop reinsurance market, the Board since the year 2012 decided to bear the full insurance risks.

**26. PRIOR YEAR ADJUSTMENT***(i) Offset of deficit in Fire Fund at December 2016*

The SIF Act was amended under the Finance Act 2019 to implement the recommendation of the Consulting Actuary to offset the deficit in the Fire Fund at December 2016.

*(ii) Movement in reserve on transfer of PPE to Investment Properties*

In the financial year 2017/2018, Land and Buildings no more used for administrative purposes were transferred from PPE to Investment Properties. The accumulated revaluation gains on these properties have now been transferred from Revaluation Reserves to Accumulated Fund.

**27. CASH AND CASH EQUIVALENT (Cash Flow)**

	June 2019 MUR	June 2018 MUR
Cash & cash equivalent is represented by:		
Bank and cash balances	3,801,771	4,543,681
Short term deposits	226,794,790	668,953,518
As reported in Statement of Financial Position	<b>230,596,561</b>	<b>673,497,199</b>

The above cash and cash equivalent balances held by the Fund at year end are available for use without any restriction. The Fund has no undrawn borrowing facilities at year end.

**28. BUDGET COMPARED TO ACTUAL***(i) General Insurance Premium*

The General Insurance Premium for crop 2018 was budgeted based among others on:

- a sugar price of MUR 13,600 per metric tonne and
- a total insurable sugar (TIS) of 410,000 metric tonnes.

The final weighted average sugar price for insurance purposes was determined at MUR10,294 per metric tonne and a TIS 393,784 of metric tonnes.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****28. BUDGET COMPARED TO ACTUAL (CONT'D)****(ii) Interest Receivable**

Interest receivable was much higher than budgeted mainly due to the fact that foreign currency deposits yielding negligible interest were diverted towards more remunerative bonds and notes.

**(iii) Dividend Income**

Actual dividend receivable decreased due to substantial disposal of the Fund's holding on the local stock market during the last two financial years to crystallise gains and for other financial obligations.

**(iv) Profit on sale of AFS Securities**

The Fund made a net disposal of 29.7% of its holdings in local quoted shares during the financial year; thus realising its gains.

**(v) Share of surplus in Associate**

The Fund's Budget Estimates for the financial year was not consolidated to include the expected performance of its Associate (SICOM Ltd).

**(vi) Fair Value and other gains / losses**

- a) Fair value and other gains resulted mainly on translation of forex at year end, fair value gains on securities and gains on disposal on US dollars.
- b) The revaluation of Investment properties at year end by a professional valuer resulted in revaluation loss amounting to some MUR 34.6 Million coupled with loss on disposal of Euro and exchange losses at maturity of foreign currency denominated notes/bonds.
- c) The deposit with Banyan Tree Bank for an amount of MUR 40M has been impaired at 100%.

**(vii) General Insurance Compensation**

At time of budgeting, Crop 2018 was expected to be a non-event year for general insurance. Event year on account of drought and excessive rainfall was declared for growing units in Alteo, Omnicane and Medine Enlarged Factory Areas (EFAs) and for large planter grouping in Alteo EFA.

**(viii) Assistance to Insureds**

- a) Decision to provide additional financial support to sugarcane planters producing up to 60 tonnes of sugar was taken by Cabinet in December 2018.
- b) In December 2019, Cabinet further decided to extend the support at (a) above to all other categories of insureds.

**(ix) Administrative Expenses**

Administrative Expenses include:

- a) Retirement benefit obligation charged (MUR 10.4M) and determined by SICOM Ltd, the Pension Fund Manager after an actuarial valuation of the Staff Pension Fund at end of reporting date.
- b) Provision for employees benefits (MUR 2.1M) based on accumulated leaves at year end.
- c) Proof of concept for drone project (MUR 2.3 M)

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****28. BUDGET COMPARED TO ACTUAL (CONT'D)****(x) Fire Insurance Compensation**

Higher fire compensation for Crop 2018 is a result of:

- (a) More fire outbreaks over both the crop cycle and harvest season.
- (b) Compensation based on new insurance terms as per the fifth schedule of the SIF Act 4 of 1974 as subsequently amended.

**29. RELATED PARTY TRANSACTIONS**

The Fund is making the following related party transaction disclosures in accordance with IPSAS 20, Related Party Disclosures:

	<b>June 2019</b>	June 2018
	<b>MUR</b>	MUR
<b>(a) Outstanding balances</b>		
Loans to key management personnel under conditions of service	<b>90,301</b>	239,703
<b>(b) Transactions with entity under common directorship</b>		
(i) Short Term Loans	<b>75,346,398</b>	34,117,614
(ii) Long Term Loans	<b>300,000,000</b>	200,000,000
	<b>375,346,398</b>	234,117,614

Transactions with entity under common directorship represent loans granted to the Mauritius Sugar Syndicate both on Short Term and Long Term basis.

These transactions have been effected at full arm's length.

	<b>June 2019</b>	June 2018
	<b>MUR</b>	MUR
<b>(c) Compensation of key management personnel:</b>		
- Short term benefits	<b>3,481,676</b>	4,120,561
- Post-employment benefits contribution	<b>441,205</b>	648,875
- Other benefits	<b>934,505</b>	1,025,542
	<b>4,857,386</b>	5,794,978

**(d) Disclosure of control:**

The Fund in its ordinary course of business transacts with its Associate (SICOM Ltd) as follows:

- (i) Provider of Insurance on Property, Plant and Equipment (PPE)  
Insurance on PPE was contracted with the Associate following a tendering exercise conducted by the Fund's Insurance Broker.
- (ii) Staff Pension Fund Manager  
As per Statutory requirements, SICOM Ltd is the Board's Staff Pension Fund Manager.

As per provisions of the Act constituting the Fund, the Directors represent the interest of stakeholders. However, the Board considers that such representation does not trigger any other related party transactions that would require any further disclosure.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****30. FINANCIAL INSTRUMENTS****30.1 Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenue and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.17 to the financial statements.

**30.2 Categories of financial instruments***Financial assets*

	<b>June 2019 MUR</b>	June 2018 MUR
- Held to maturity investments	<b>690,652,759</b>	1,390,586,365
- Loans and Receivables (including cash & Cash Equivalents and excluding prepayments)	<b>641,351,717</b>	938,684,393
- Available for sale financial assets	<b>1,347,275,178</b>	1,337,817,498
	<b><u>2,679,279,654</u></b>	<u>3,667,088,256</u>

*Financial liabilities*

Liabilities	<b><u>714,713,647</u></b>	<u>1,101,812,259</u>
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**30.3 Financial risk management**

The Fund is exposed to financial risks namely market risk (including currency risk, interest rate risk and market price risk), credit risk and liquidity risk.

**(i) Price Management**

The Fund's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

- **Foreign currency risk management**

The Fund undertakes certain transactions denominated in foreign currencies. Hence, the Fund is exposed to the risk that the exchange rate of the Mauritian rupee relative to the currencies listed below may change in a manner which has a material effect on the reported values of its financial assets and financial liabilities. The price paid to producers being influenced by the value of foreign currency exchange rates, reserves have been built in foreign currencies.

The currency profile of the financial assets and financial liabilities is summarised as follows:-

**Currency profile**

Currency	<b>Financial Assets June 2019 MUR</b>	<b>Financial Liabilities June 2019 MUR</b>	Financial Assets June 2018 MUR	Financial Liabilities June 2018 MUR
Mauritian Rupees	<b>1,549,827,612</b>	<b>714,713,647</b>	1,877,397,580	1,101,812,259
United States Dollars	<b>835,686,948</b>	—	1,123,185,817	
Euro	<b>265,383,893</b>	—	637,939,408	
British Pounds	<b>28,381,201</b>	—	28,565,451	
	<b><u>2,679,279,654</u></b>	<b><u>714,713,647</u></b>	<u>3,667,088,256</u>	<u>1,101,812,259</u>

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****30. FINANCIAL INSTRUMENTS (CONT'D)****30.3 Financial risk management (cont'd)**

The Fund is mainly exposed to USD and Euro.

The following table details the Fund's sensitivity to a 1% increase and decrease in the Rupee against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the Rupee strengthens by 1% against the relevant currency. There would be an equal and opposite impact on profit and other equity, if the rupee weakens by 1%.

	June 2019 MUR	June 2018 MUR
<b>(a) USD Impact</b>		
Profit and loss in statement of financial position	<b>1,866,501</b>	5,260,189
Revaluation Reserve in statement of financial position	<b>6,490,369</b>	5,971,669
<b>(b) EURO Impact</b>		
Profit or loss in statement of financial position	<b>529,589</b>	4,744,456
Revaluation Reserve in statement of financial position	<b>2,124,250</b>	1,634,938

The above is mainly attributable to:

- (i) available-for-sale securities
- (ii) short term deposits
- (iii) held to maturity securities

- **Interest rate risk management**

The Fund has limited exposure to interest rate risk as none of its financial liabilities is interest bearing, all of the Fund's loans receivable and most of its fixed deposits are fixed-interest bearing, while only part of its quoted notes and bonds are at floating interest rates. A 25 basis point change in interest rate has an effect of some MUR 0.4Million on the Fund's interest receivable.

The interest rate profile of the financial assets of the Fund was:-

Financial assets	Currency	Fixed Interest rate (%)		Floating Interest rate (%)	
		2019	2018	2019	2018
Bank Deposits	MUR			<b>0.00-2.30</b>	0.00 - 1.80
Loan to MSS – Short Term	MUR	<b>2.50-3.20</b>	2.50 - 2.75		-
Loan to MSS – Long Term	MUR	<b>4.50</b>	4.50		-
Fixed deposits	MUR	<b>3.90-6.00</b>	3.90 - 6.00		-
Short term deposits	GBP	<b>0.60-0.70</b>	0.60 - 0.90		-
Short term deposits	USD	<b>2.30-2.85</b>	1.65 - 2.30		-
Short term deposits	EUR	<b>1.20</b>	1.10 - 1.25		-
Debentures/Notes	MUR	<b>5.25-6.30</b>	5.25 - 6.30	<b>4.70-5.35</b>	4.70 - 5.35
Debentures/Notes	USD	<b>2.50-8.00</b>	2.00 - 6.00	-	-
Debentures/Notes	EUR	<b>3.35</b>	3.35	<b>6mEuribor+4.00</b>	6m Euribor +4.00
Treasury Bills	MUR	<b>3.55-3.56</b>	3.56		



**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****30. FINANCIAL INSTRUMENTS (CONT'D)****30.3 Financial risk management (cont'd)**

- Market Management risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices no matter whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The carrying amount of investments which are traded on the market may be subject to market price variations. The Fund manages this risk by holding a diversified portfolio of investments in Mauritius and overseas.

The following table details the Fund's sensitivity to a 1% decrease/increase in the price of its equity investments.

	<b>June 2019</b>	<b>June 2018</b>
	<b>MUR</b>	<b>MUR</b>
Available-for-sale securities	<b>13,472,752</b>	<b>13,378,175</b>

**(ii) Credit risk management**

Credit risk is the risk that a counter party will default on its contractual obligations resulting in financial loss to the fund. The Fund's credit risk is primarily attributable to its insurance receivables. However, there was no concentration of credit risk at end of reporting period since there were no outstanding insurance receivables.

**(iii) Liquidity risk management**

The Fund is exposed to calls on its available cash resources mainly from substantial claims arising from insurance contracts.

The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate framework for the management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk by maintaining adequate liquidity reserves, banking facilities and highly liquid investments, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets.

The following table details the Fund's expected maturity for its financial assets. The table has been drawn up based on the undiscounted cash flow of contractual maturities of the financial assets including interest that will be earned on those assets except where the fund anticipates that cash flow will occur in a different period.

	<b>Within 1 month MUR</b>	<b>1 to 3 months MUR</b>	<b>3 months to 1 year MUR</b>	<b>More than 1 year MUR</b>	<b>No fixed maturity MUR</b>
Held to maturity (incl. interest)	<b>55,909,918</b>	<b>87,769,644</b>	<b>170,278,877</b>	<b>376,694,320</b>	<b>-</b>
Available-for-sale	<b>25,046,750</b>	<b>-</b>	<b>-</b>	<b>289,134,743</b>	<b>1,033,093,685</b>
Loans & Receivables (excl prepayments)	<b>75,346,398</b>	<b>876,869</b>	<b>94,216,619</b>	<b>240,315,269</b>	<b>-</b>
Cash & cash equivalents	<b>202,286,053</b>	<b>-</b>	<b>28,310,508</b>	<b>-</b>	<b>-</b>
	<b>358,589,119</b>	<b>88,646,513</b>	<b>292,806,004</b>	<b>906,144,332</b>	<b>1,033,093,685</b>



**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****30. FINANCIAL INSTRUMENTS (CONT'D)****30.3 Financial risk management (cont'd)**

The following table details the Fund's remaining maturity for its contractual liabilities. The table has been drawn up based on the undiscounted cash flow of financial liabilities based on the earliest date on which the Fund can be required to pay.

	<i>Within 1 month</i>	<i>1 to 3 months</i>	<i>3 months to 1 year</i>	<i>More than 1 year</i>
	<i>MUR</i>	<i>MUR</i>	<i>MUR</i>	<i>MUR</i>
<b>Liabilities</b>	<b>2,901,218</b>	<b>6,140,280</b>	<b>384,895,945</b>	<b>111,051</b>

**31. MANAGEMENT OF INSURANCE RISKS*****Insurance risk***

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

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Fund faces under its insurance contracts is the actual claims and benefit payments not covered by the reinsurance contracts.

***Insurance contracts******(i) Frequency and severity of claims***

If any, their severity is largely dependent upon the occurrence of cyclones, droughts and excessive rainfall.

***(ii) Concentration of insurance risks***

The Fund's main activities are restricted to providing insurance to the Sugar Industry against losses in sugar production; it faces similar risks in all of its insurance contracts such that the variability of the expected outcome cannot be reduced.

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

Claims are payable on a claims-assessment basis. The Fund is liable for all insured risks that occurred during the crop year, even if the loss is discovered after the end of the crop year.

Although the Fund has in place estimation processes which consider all the factors that can influence the amount and timing of cash flows about the estimated costs of claims, such processes may prove to be very uncertain since the claims are mostly long tail. The Fund takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures.

**32. FINANCIAL COMMITMENT**

At end of reporting date, the Fund had no financial commitment with other parties.

**33. TAXATION**

The Fund is exempt from income tax.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019

### 34. SENSITIVITY ANALYSIS

The risks associated with the insurance contracts are complex and subject to a number of variables. The Fund uses internal and external data to measure its claims. Internal data is derived mostly from the Fund's records.

For Crop 2018, the following variables are relevant:

- (i) Climatic conditions  
Climatic conditions relates to the effects of cyclonic winds, excessive rainfall and drought.
- (ii) Islandwide tonnage of canes of 3,154,516 tonnes.  
Islandwide tonnage of canes is the total tonnage of canes harvested and received at mills.
- (iii) Islandwide extraction rate 10.33%  
Islandwide extraction rate is the sugar to be extracted from canes milled for sugar production based on the average % polarisation of cane (richesse).
- (iv) Islandwide sugar production of 325,980 tonnes  
Islandwide sugar production is the total sugar produced out of the total tonnage of canes milled at the islandwide extraction rate.
- (v) Harvestable Extent of 47,181 Hectares  
Harvestable extent is the total land under cane cultivation meant for sugar production.
- (vi) Islandwide Total Insurable Sugar 393,784 tonnes  
Islandwide total insurable sugar is based on the individual sugar potential of each insured and the harvestable extent of cane growers.
- (vii) Islandwide average ranking 15.0  
The islandwide average ranking is the average ranking of all insureds weighted by their TIS (potential). For crop 2018, the actuarial review 2016/2017 recommended the assignment of the maximum ranking of 15.0 to all Insureds.

The main variable which has the most material effect on insurance liabilities is islandwide Sugar Production expressed as a percentage of islandwide Total Insurable Sugar.

### 35. CONTINGENT LIABILITY

In line with IPSAS 19, the following contingent liability is being disclosed.

#### *Deep River Beau Champ Ltd v/s Sugar Insurance Fund Board*

No event year was declared for Crop 2010. Deep River Beau Champ (DRBC) Ltd appealed to the Supreme Court to alter the Board's decision. Further to the decision of the Supreme Court, an arbitrator had been nominated. The hearing for the case ended on 29 August 2018. Given the complexity of the case, written submissions had to be filed by both parties by 31 January 2019. The arbitrator is yet to give his award for the case and his mandate had been extended up to January 2020. The Board maintains its view that the probability of the outcome of the case being in favour of DRBC Ltd is very low. In the event the outcome is in favour of DRBC Ltd, the estimated liability to the Board is estimated at some MUR 24 Million for that crop year.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019****36. CLAIMS HISTORY AND DEVELOPMENT**

The claims history and development is summarised below:

**General and Fire insurance**

<b>Crop Year</b>	<b>General Compensation MUR</b>	<b>Fire Compensation MUR</b>	<b>General and Fire Premium (gross) MUR</b>	<b>See Note below</b>	<b>Loss Ratio</b>
<b>2018</b>	<b>301,766,632</b>	<b>7,026,539</b>	<b>123,539,652</b>	<b>1</b>	<b>250%</b>
2017	466,630,737	3,070,713	191,905,180	1	239.32%
2016		12,612,851	237,455,450	1	5.32%
2015	406,827,520	7,226,480	207,962,000	1 & 2	199.10%
2014		7,250,000	192,344,374	1 & 2	3.70%
2013		7,469,662	271,200,000	1	2.80%
2012		7,731,929	293,800,000	1	2.60%
2011	191,027,292	8,717,308	574,000,000	2	34.80%

**Note**

- 1 Based on new insurance terms.
- 2 Before deduction of discounts given to Insureds. (MUR 200.55 Million in 2015, MUR 185.23 Million in 2014, MUR 397.6 Million in 2011 and MUR 354.2 Million in 2010)

No reinsurance proceeds were receivable for crop years 2007 onwards.

**37. CONTROLLING PARTY**

The Government of Mauritius is regarded as the controlling party as it appoints the Directors of the Fund.

## Appendix A

### Financial and Statistical Tables

Table I:	Statement of Funds
Table II:	Fire Statistics, Crop 2018
Table III:	Sugar Price
Table IV:	Events by Factory Area, 2006 - 2018
Table V:	Credit Co-operative Societies, Crop 2018
Table VI:	Millers, Crop 2018
Table VII:	Area Harvested & Cane Weight, Crop 2018
Table VIII:	Number of Planters, Sugar Produced & Insurable Sugar, Crop 2018
Table IX:	Premium, Compensation and Shortfall - Crop 2018
Table X:	Past Years Data (2005 – 2018)

## SUGAR INSURANCE FUND BOARD

Table 1 : Statement of Funds

Financial Year/period	Income				Expenditure					Operating Surplus/ (Deficit)	Accumulate d Funds	Surplus/ (Deficit) on revaluation	Revaluation Reserves	Total Equity
	Gross Premium	Other contributions	Investments & Other Income	Total Income	Net compensation	Financial Assistance	Net Reinsurance Premium	Operating & other Expenses	Total Expenditure					
	Note 2	Note 3	Note 4		Note 5		Note 6	Note 7				Note 8		
Up to 2009	15,771,153,098	2,115,727,347	4,175,352,485	22,062,232,930	13,652,697,178	-	2,501,344,934	1,946,693,101	18,100,735,213	3,961,497,717	3,961,497,717	918,613,753	918,613,753	4,880,111,470
2010	512,194,395	-	231,699,399	743,893,794	19,158,000	-	39,077,537	530,339,521	588,575,058	155,318,736	4,116,816,453	234,971,747	1,153,585,500	5,270,401,953
2011	574,000,000	-	197,394,861	771,394,861	199,917,308	-	38,197,390	591,209,638	829,324,336	(57,929,475)	4,058,886,978	32,504,741	1,186,090,241	5,244,977,219
2012 (Restated)	293,800,000	-	1,000,101,144	1,293,901,144	7,731,929	-	-	140,573,741	148,305,670	1,145,595,474	5,204,482,452	(561,796,941)	624,293,300	5,828,775,752
2013 (Restated)	271,520,300	-	296,510,208	568,030,508	7,469,662	-	-	535,157,275	542,626,937	25,403,571	5,229,886,023	148,461,755	772,755,055	6,002,641,078
2014	192,155,641	7,072,238	341,441,261	540,669,140	7,250,000	900,000,000	-	357,056,844	1,264,306,844	(723,637,704)	4,506,248,319	(35,635,428)	737,119,627	5,243,367,946
2015	207,934,630	-	327,139,143	535,073,773	414,130,480	414,659,158	-	396,611,483	1,225,401,121	(690,327,348)	3,815,920,971	(33,581,276)	703,538,351	4,519,459,322
2017 (18 months)	237,455,450	-	343,224,912	580,680,362	12,612,851	447,000,000	-	282,063,695	741,676,546	(160,996,184)	3,654,924,787	144,003,391	847,541,742	4,502,466,529
2018	191,905,180	-	492,579,581	684,484,761	469,701,450	315,900,000	-	144,608,272	930,209,722	(245,724,961)	3,409,199,826	(199,548,087)	647,993,655	4,057,193,481
2019	123,539,652	-	335,824,718	459,364,370	308,793,171	436,684,867	-	208,796,110	954,274,148	(494,909,778)	3,070,087,538	(60,565,098)	426,579,719	3,496,667,257
<b>TOTAL</b>	<b>18,375,658,346</b>	<b>2,122,799,585</b>	<b>7,741,267,712</b>	<b>28,239,725,643</b>	<b>15,099,462,029</b>	<b>2,514,244,025</b>	<b>2,578,619,861</b>	<b>5,133,109,680</b>	<b>25,325,435,595</b>					

## Notes

- Figures for financial years 2003/2004 , 2004/2005 and 2007 have been restated on application of new IFRS
- Gross Premium includes Total General and Fire Premium receivable from all insureds
- Other contributions include receipts from Price Stabilisation Fund, cyclone and Drought Reserve Fund, Special levy, Recoveries from Reinsurers and other transfers from reserves
- Other income includes all other items not classified under Note 2 and 3 and also includes items posted directly to reserves.
- Net compensation includes amounts payable during the financial year/period, net of adjustments.
- Reinsurance premium is based on amounts payable during the financial year/period, net of adjustments.
- Operating & Other expenses include all other items not classified under Note 5 and 6.
- Also Includes transfer of revaluation surplus on disposal and movement in reserves on recognition of Associates in 2012.

Table II: Fire Statistics (Inter-Crop 2018)

SECTOR	Cases Compensated (Number)	Effective Area Burnt (Hectares) (1)	Total Area Harvested (Hectares) (2)	Area Burnt as % of Total Area Harvested (1)/(2)
North	52	29.684	10,621	0.28%
East	10	64.505	14,604	0.44%
South	25	35.682	13,508	0.26%
West	3	3.850	4,145	0.09%
Centre	15	7.345	4,302	0.17%
<b>ISLAND</b>	<b>105</b>	<b>141.066</b>	<b>47,181</b>	<b>0.30%</b>

Table III: Sugar Price for Insurance

Crop	Planters	Millers	Weighted
Year	(Rupees )		
2007	18,206	17,900	18,139
2008	16,444	16,000	16,346
2009	15,627	15,000	15,489
2010	13,409	12,700	13,253
2011	16,013	15,300	15,856
2012	17,133	16,500	16,994
2013	17,091	16,500	16,961
2014	13,184	12,500	13,034
2015	13,735	13,000	13,573
2016	15,946	15,300	15,804
2017	14,196	13,500	14,043
2018	10,462	9,700	10,294

Table IV: Events Declared

ENLARGED FACTORY AREA	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>TERRA (NORTH)</b>											
Belle Vue	D&E	D&E	---	D	---	---	---	---	---	---	---
Beau Plan	D&E	D&E	---	D	---	---	---	---	---	---	---
Mon Loisir	D&E	D&E	---	D	---	---	---	---	---	---	---
<b>ALTEO (CENTRE/ EAST)</b>											
Beau Champ	E	D&E	---	D	---	---	---	E	---		D&E
Constance	E	D&E	---	D	---	---	---	E	---		D&E
FUEL	E	D&E	---	D	---	---	---	E	---		D&E
Mon Desert Alma	E	D&E	---	D	---	---	---	E	---		D&E
Highlands	E	D&E	---	D	---	---	---	E	---		D&E
<b>OMNICANE (SOUTH)</b>											
Britannia	E	E	---	D	---	---	---	E	---		D&E
Mon Trésor	E	E	---	D	---	---	---	E	---		D&E
Riche-en-Eau	E	E	---	D	---	---	---	E	---		D&E
Rose-Belle	E	E	---	D	---	---	---	E	---		D&E
Savannah	E	E	---	D	---	---	---	E	---		D&E
St Félix	E	E	---	D	---	---	---	E	---		D&E
Union St. Aubin	E	E	---	D	---	---	---	E	---		D&E
<b>MEDINE (CENTRE/ WEST)</b>											
Médine	D&E	D&E	---	D	---	---	---	---	---		D&E
Reunion	E	D&E	---	D	---	---	---	---	---		D&E

C: Cyclone  
D: Drought  
E: Excessive  
Rainfall



Table V: Credit Co-operative Societies, Crop 2018

ENLARGED FACTORY AREA	Planters	Area Harvested	Sugar Accrued	Insurable Sugar	General Premium	Fire Premium	General Compensation	Financial Assistance
	(Count)	(Hectares)	(Tonnes)		(Rupees)			
TERRA	1,456	1,572	9,097	9,489	2,676,453	194,711	---	11,371,961
ALTEO	3,768	3,522	14,728	18,601	5,230,862	374,486	32,928,969	18,410,421
OMNICANE	2,005	2,060	9,105	11,122	3,132,189	229,393	17,436,389	11,381,195
MEDINE	116	160	803	1,092	311,035	22,541	1,756,114	1,003,178
<b>ISLAND</b>	<b>7,345</b>	<b>7,313</b>	<b>33,733</b>	<b>40,304</b>	<b>11,350,539</b>	<b>821,131</b>	<b>52,121,472</b>	<b>42,166,755</b>

Table VI: Millers, Crop 2018

ENLARGED FACTORY AREA	Sugar Accrued	Insurable Sugar	General Premium	Fire Premium	General Compensation
	(Tonnes)		(Rupees)		
TERRA	17,537	19,723	5,261,112	470,932	---
ALTEO	25,449	32,396	8,641,626	809,730	50,501,625
OMNICANE	20,748	25,018	6,673,644	592,740	7,312,317
MEDINE	7,494	9,127	2,434,681	242,690	2,406,030
<b>ISLAND</b>	<b>71,227</b>	<b>86,265</b>	<b>23,011,063</b>	<b>2,116,092</b>	<b>60,219,972</b>

Table VII: Area Harvested &amp; Cane Weight, Crop 2018

ENLARGED FACTORY AREA		Up to 0.49 H	0.5 to 0.99 H	1 to 1.99 H	2 to 4.99 H	5 to 9.99 H	10 to 99.99 H	100 H and above	TOTAL
TERRA	Area Harvested (Hectares)	395	436	556	626	162	222	8,224	10,621
	Cane Weight (Tonnes)	25,899	28,375	36,340	43,903	11,371	15,482	593,708	755,078
ALTEO	Area Harvested (Hectares)	766	1,209	1,148	1,453	648	312	13,256	18,793
	Cane Weight (Tonnes)	43,910	64,898	61,393	78,007	34,408	14,751	851,220	1,148,588
OMNICANE	Area Harvested (Hectares)	524	623	605	687	369	733	9,969	13,508
	Cane Weight (Tonnes)	31,258	33,571	34,737	40,193	18,783	52,140	707,604	918,286
MEDINE	Area Harvested (Hectares)	31	40	64	82	174	101	3,766	4,258
	Cane Weight (Tonnes)	2,105	2,263	3,903	4,870	10,915	8,953	299,555	332,565
ISLAND	Area Harvested (Hectares)	1,716	2,309	2,373	2,847	1,353	1,369	35,215	47,181
	Cane Weight (Tonnes)	103,173	129,106	136,374	166,973	75,477	91,326	2,452,087	3,154,516

Table VIII: Number of Insureds, Sugar Produced &amp; Insurable Sugar, Crop 2018

ENLARGED FACTORY AREA		Up to 0.49 H	0.5 to 0.99 H	1 to 1.99 H	2 to 4.99 H	5 to 9.99 H	10 to 99.99 H	100 H and above	Miller	TOTAL
TERRA	Number of Insureds	1,542	611	394	210	26	12	9	1	2,805
	Sugar Accrued (Tonnes)	2,137	2,336	3,000	3,642	963	1,314	50,592	17,537	81,521
	Insurable Sugar (Tonnes)	2,383	2,634	3,357	3,777	982	1,340	55,505	19,723	89,701
ALTEO	Number of Insureds	3,105	1,632	834	497	94	24	5	1	6,192
	Sugar Accrued (Tonnes)	3,316	4,737	4,547	5,979	2,647	1,150	67,290	25,449	115,115
	Insurable Sugar (Tonnes)	4,045	6,387	6,066	7,685	3,424	1,640	86,083	32,396	147,724
OMNICANE	Number of Insureds	1,979	871	430	231	56	19	15	1	3,602
	Sugar Accrued (Tonnes)	2,431	2,596	2,699	3,117	1,475	4,278	57,256	20,748	94,600
	Insurable Sugar (Tonnes)	2,829	3,363	3,264	3,711	2,003	4,238	69,919	25,018	114,345
MEDINE	Number of Insureds	128	56	45	24	25	6	4	1	289
	Sugar Accrued (Tonnes)	172	184	307	393	880	718	24,597	7,494	34,745
	Insurable Sugar (Tonnes)	214	275	435	559	1,189	680	29,533	9,127	42,013
ISLAND	Number of Insureds	6,754	3,170	1,703	962	201	61	33	4	12,888
	Sugar Accrued (Tonnes)	8,055	9,853	10,552	13,132	5,965	7,461	199,734	71,227	325,980
	Insurable Sugar (Tonnes)	9,471	12,659	13,122	15,731	7,598	7,899	241,040	86,265	393,784

Table IX: General Premium &amp; Compensation, Crop 2018

ENLARGED FACTORY AREA		Up to 0.49 H	0.5 to 0.99 H	1 to 1.99 H	2 to 4.99 H	5 to 9.99 H	10 to 99.99 H	100 H and above	Miller	TOTAL
TERRA	General Premium (Rs)	626,271	729,984	937,599	1,069,596	265,493	385,421	15,968,996	5,261,112	25,244,472
	General Compensation (Rs)	---	---	---	---	---	---	---	---	---
ALTEO	General Premium (Rs)	1,066,714	1,780,717	1,717,524	2,162,988	975,715	454,561	24,766,538	8,641,626	41,566,383
	General Compensation (Rs)	6,708,707	11,206,828	10,804,180	13,591,931	6,119,190	2,860,952	147,069,336	50,501,625	248,862,749
OMNICANE	General Premium (Rs)	763,319	927,959	919,878	1,046,146	566,852	1,219,437	20,116,009	6,673,644	32,233,244
	General Compensation (Rs)	4,286,069	5,220,829	5,177,299	5,874,197	3,097,207	5,257,852	1,434,557	7,312,317	37,660,327
MEDINE	General Premium (Rs)	53,143	76,728	125,242	152,273	342,218	195,745	8,496,866	2,434,681	11,876,896
	General Compensation (Rs)	295,612	424,435	702,835	858,599	1,922,435	893,603	4,142,218	2,406,030	11,645,767
ISLAND	General Premium (Rs)	2,509,447	3,515,388	3,700,243	4,431,003	2,150,278	2,255,164	69,348,409	23,011,063	110,920,995
	General Compensation (Rs)	11,290,388	16,852,092	16,684,314	20,324,727	11,138,832	9,012,407	152,646,111	60,219,972	298,168,843

Table X: Past Years Data (2004 – 2018)

Crop Year	Insureds	Area Harvested	Canes Milled	Sugar Accrued	Insurable Sugar	General Premium	General Compensation	Crop Reduction	Events
	(Number)	(Hectares)	(Tonnes)			(Rupees Thousands)		%	
2004	27,617	68,745	5,281,455	574,140	644,356	849,606	349,302	11%	E
2005	26,898	67,404	4,984,315	521,541	628,854	889,665	566,857	17%	D & E
2006	25,693	65,243	4,695,173	506,576	608,730	843,454	581,800	17%	D; E; C: Diwa
2007	24,342	63,188	4,236,793	438,068	567,003	830,595	848,782	23%	D; E; C: Gamede
2008	22,747	60,381	4,533,384	455,374	540,382	711,852	406,633	16%	D & E
2009	21,498	59,108	4,666,949	470,895	523,354	644,223	178,644	10%	D & E
2010	20,311	57,670	4,365,794	457,131	493,306	505,976	-	7%	---
2011	18,816	55,777	4,230,173	439,406	481,003	567,738	191,283	9%	D
2012	17,546	53,428	3,947,285	412,876	462,114	288,595	-	11%	---
2013	16,533	52,312	3,815,782	408,536	447,550	265,733	-	9%	---
2014	14,925	49,791	4,044,421	404,146	424,715	185,232	-	4.8%	---
2015	14,575	51,694	4,009,232	369,531	442,394	200,572	406,905	16.5%	E
2016	13,733	50,990	3,798,657	389,238	437,279	230,133	-	11.0%	---
2017	12,630	48,857	3,713,331	357,702	422,779	188,767	468,460	15.4%	--
2018	12,888	47,181	3,154,516	325,980	393,784	110,921	298,169	17.2%	D & E

## Appendix B

### Measures announced by Government

Government had in its recent Cabinet decisions and Budget speeches, announced a series of measures to help planters in respect of Crop Year 2018 as follows:

- A cash compensation of Rs 1,250 per tonne of sugar accrued to all planters/métayers;
- An additional financial support of Rs257 per tonne of cane (equivalent to Rs 3,287 per tonne of sugar) to planters/métayers having up to 60 tonnes of sugar accrued;

The Honourable Pravind Kumar Jugnauth, Prime Minister and Minister of Finance and Economic Development of the Republic of Mauritius, also announced in the 2019/20 Budget a welter of measures for Crop 2019 as follows:

- 1) All planters will receive a guaranteed price of Rs 25,000 per tonne of sugar for first 60 tonnes of sugar accrued to them.
- 2) The write-off of the debts of small/medium planters under the FORIP scheme for an amount of about Rs 400 M.
- 3) Planters will be entitled to a 50% subsidy on the advance made for the purchase of fertilizers during the 2019 harvest and will only have to repay 50% of the total advanced.
- 4) Planters producing up to 60 tonnes of sugar will be exempted from paying the insurance premium to the SIFB for the 2019 Crop.
- 5) Provision is made for Rs 340 M to enable the MCIA to meet its operational expenses following the abolition of the CESS.
- 6) Provision of Rs 100 M for the start-up of the SPRP project - Sugarcane Planters Regrouping Project - 2019.
- 7) An amount of Rs 50 M has been voted for the implementation of the Cane Replanting Scheme to encourage planters to replant their sugar cane fields.
- 8) The purchase of cane harvesters equipment by the MCIA to address the problems of labour shortages.
- 9) Development of a 'National Biomass Framework' for the sugar cane industry;
- 10) The government has sought the assistance of the World Bank to prepare a master plan to enable the cane industry to be sustainable in the medium and long term. The report from World Bank is due in early 2020.



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