



Business Mauritius
Provident Association

ANNUAL REPORT

20 /21



Our Vision

To provide lifetime care to our members and contribute towards their peace of mind through flexible health care covers.

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President's Message



Dear Members,

To say that the 2020–2021 year was challenging is truly an understatement. The global COVID-19 pandemic has affected - and continues to affect - our community's personal and economic wellbeing. No one could have predicted the widespread and long term effects of COVID 19 and its significant impact on our health, economy and livelihoods. We are all experiencing continued barriers as we navigate our way through the pandemic and the health care industry is no exception.

In such an unprecedented and challenging year, BMPA delivered positive operating results. We have cautiously managed our financial position to ensure that BMPA remains financially strong and well set up for the future. Our financial performance also reflects the pricing adjustments to our contribution rate to ensure continued sustainability of the Association. I believe it is extremely important that every member understands the scale of the issues we face with respect to escalating medical costs and that all bold initiatives that are being rolled out by the Association are part of a long-term effort to ensure we remain competitive and sustainable. Delivering through these turbulent times is testament to BMPA's resilience.

There is no better time to demonstrate the value of such an important social function of a medical scheme than the extraordinary period that we are currently in. As a caring medical scheme provider, we have offered timely relief for settlement of contribution, extended the timeframe for claim submissions and provide coverage on medical conditions associated with the pandemic. We are proud to say that BMPA is among few medical schemes provider on the island providing coverage for COVID 19 related clinic admission.



Your Health, Wellbeing and Peace of Mind are, and will remain, our only focus.

Looking back over this exceptional year, two things struck me. The first is clearly BMPA Team's unreserved commitment to supporting our customers during the crisis. The second is the power and utility of the solutions and services we've developed over the past three years, particularly the Mosanté Mobile Application which has helped our members to digitally submit their claims during lock down and the HR portal, a web based platform specially designed for HRs/Employers to access and manage the membership details of their employees. **We're convinced this crisis presents an opportunity to further accelerate the digital transition.**

As we look ahead, we have difficult but important work to do to embody our commitment to these principles. With the vision and support of our Committee Members, Administrator and Business Mauritius, we look forward to building back better while continuing to invest for the long-term and addressing the healthcare needs of the community we serve. Their values, skills and commitment will ensure we stay on course and continue to give our members every reason to be confident in us.

To close, I can say confidently that Mosante has grown from strength to strength and is currently a financially healthy and attractive medical scheme, with its members at the heart of its operations.

Very best wishes to you all for a safe and a healthy year 2022.

Sincerely

Mr Sailendrasingh (Ashley) GOKHOOL
President

Management Committee



Mr Sailendrasingh (Ashley) GOKHOOL
President

Chief Operating Officer - STR Marketing Ltd



Mr Eric LISIS
Treasurer

Human Resource Manager-
Building & Civil Engineering
Co. Ltd



Miss Nathalie NICOLIN
Vice-Treasurer

Senior HR Officer - General
Construction Co Ltd



Mr Ballakrishna
APPADU
Vice President

Educator - Adventist
College



Mr Tejnarain CHUMROO
Secretary

Secretary- Federation of Unions of Managers of Private
Secondary Schools



Mr Sunil
SANTBAKSHSINGH
Vice - Secretary

Human Resources
Manager - Mauritius
Sugarcane Industry
Research Institute



Mrs Nurazleen
Goburdhun
Member

Human Resources Manager -
Synnove Energy



Mrs Myrna AREKION
Member

Group Human Resources
Manager - Mauritius Oil
Refineries Ltd



Mr Bernard PREFUMO
Member

Finance and Administrative
Manager - Maurco Ltd





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Governance

Management Committee

BMPA is led by a Management Committee which is collectively responsible for its long-term success, reputation and governance. The Management Committee provides leadership and guidance towards the achievement of the Association's strategy and always acts in its best interest. While showing great respect for its fiduciary responsibilities, the Management Committee also assumes responsibility for all legal and regulatory requirements of the Association. The roles and responsibilities of the Management Committee are set out in the Association's Charter.

The Management Committee has approved the following key governance documents: which are available on the Association's website:

- › Board Charter
- › Sub Committees' Charters
- › Code of Conduct for Management Committee Members

The Management Committee retains ultimate responsibility for the Association, even when delegating certain functions to internal staff and external service providers. During the year 2020/21, seven Management Committee meetings and one special Management Committee meeting were held. Sub Committees have been established in order to assist the Management Committee in its roles and responsibilities and to enhance its efficacy.

The Management Committee has established the following Committees to assist in the discharge of its responsibilities:



**Audit, Risk and
Corporate Governance
Sub-committee**



**Investment
Sub-Committee**



**Marketing
Sub-Committee**

Each Sub Committee has its own charter, approved by the Management Committee and reviewed as and when required.



Audit, Risk and Corporate Governance Sub-committee

The Audit, Risk and Corporate Governance Sub-committee assists the Management Committee in fulfilling its oversight responsibilities related to corporate accounting, financial reporting practices, quality and integrity of financial reports, compliance, internal control and business ethics.

The Committee is chaired by Mr Bernard Prefumo and the committee is composed of the following members:

Mr Eric LISIS
Member

Mr Nilesh GAMMOO
Member

Mr Sunil SANTBAKSHSINGH
Member

The Committee met four times during the year.



Investment Sub-committee

The Investment Sub-Committee lays down and reviews on a regular basis the investment strategy of the Association. The Committee has the objective of selecting investments to achieve a reasonable rate of return, while taking associated risks into consideration. It also takes investment decisions and ensures that investments are reasonable and proper.

The Committee is chaired by Mr Daniel Chan Chong and composed of the following members:

Mr Nilesh GAMMOO
Member

Mr Bernard PREFUMO
Member

Mrs Myrna AREKION
Member

Mr Imrith RAMTOHUL
Investment Advisor -
AON Solutions Ltd

The Committee met once during the year.



Marketing Sub-committee

The Marketing Committee sets the vision for and manages the overall marketing strategy of BMPA

- > Work with the Secretariat (Business Mauritius) to define the short-term and long-term marketing needs.
- > Contribute to and review the marketing plan to ensure progress towards annual and long-range goals.

The Committee was chaired by Mrs Nurazleen Gobhurdun and composed of the following members:

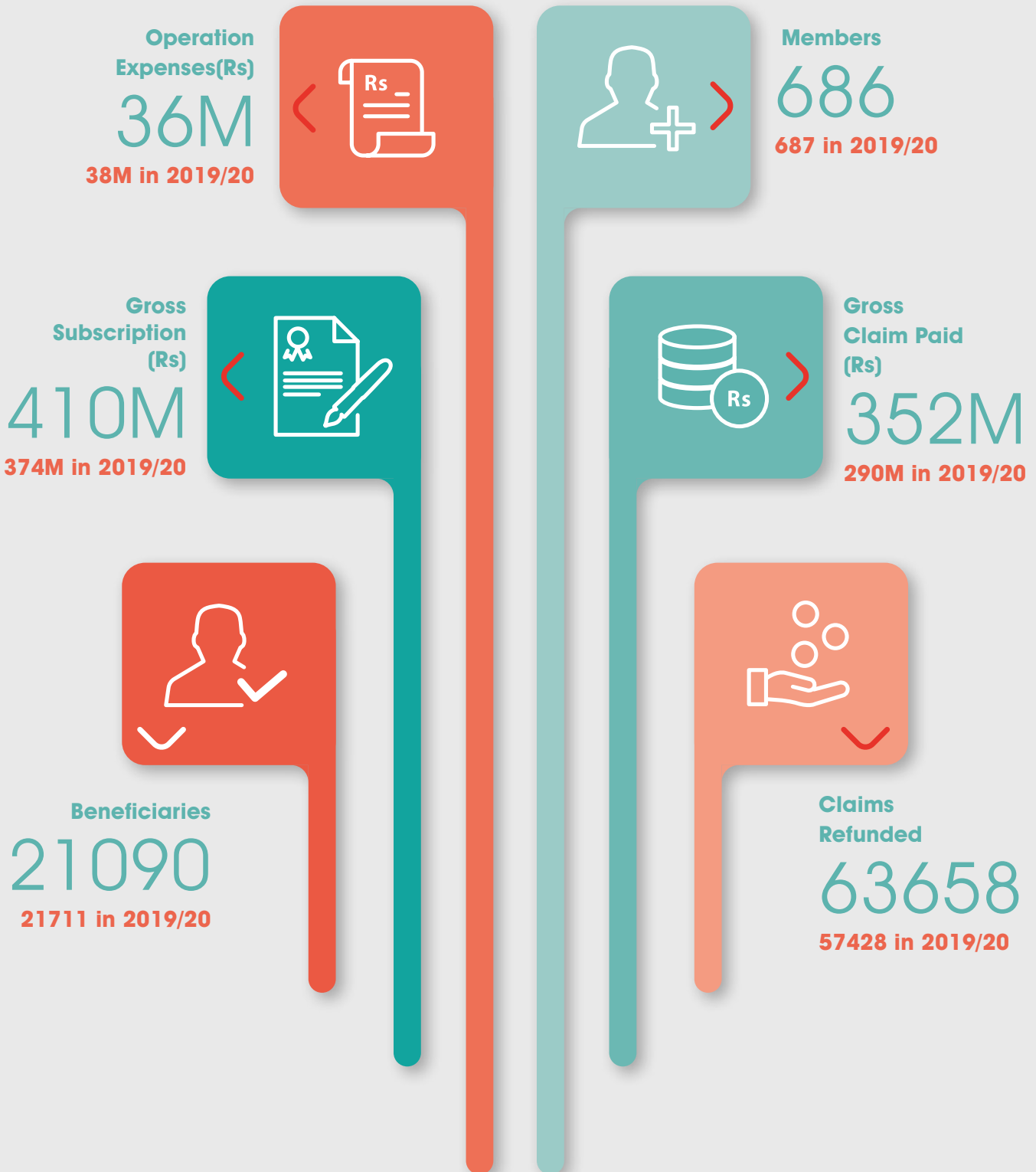
Mr Ballakrishna APPADU
Member

Mrs Isabelle CANGY
Member

Mr Nilesh GAMMOO
Member

Mr Tejnarain CHUMROO
Member

The Committee met four times during the year.



Key Figures

2020/21

Operational Highlights



Responding to COVID-19

Throughout the pandemic our priority has been to focus on the welfare of our members and our people, and to play our part in government and public health responses. Mosanté is among the very few health providers in the country to provide coverage for COVID 19 treatment.

We have also extended the timeframe for claim submission for all those who were not able to submit their claims during the lockdown period.



Support Ticketing system

Mosanté introduced a Support Ticketing System to better manage complaints and queries from its members. The new ticketing system is a technology based solution which allows members to log each and every complaint & query into the system through a dedicated email helpdesk@businessmauritiuspaa.org and a unique ticket number is generated for every new submission.

Members are notified by SMS and email at every stage of the ticket cycle until such query/complain is resolved.



Digitalising our Services

In 2020/21 we have accelerated the digitalisation of our services to make sure members could continue to access those services at the comfort of their home safety:



Mobile APPLICATION

A mobile application which enables a beneficiary to have real time information on his medical cover anywhere, anytime at his fingertips.

With mosanté app, members have access to view:

- > Status on Claims
- > Benefit Limits Available under their Health Plans
- > Membership Details of Main Member & Dependents
- > Details of Contributions

Special features of mosanté app:

- > Snap & Send: Claim Submission - Submit photos of your claims via Mosanté App
- > Electronic Membership Card: Access Membership Card at all times for both cashless and in-patient services.

MOSANTÉ APP IS FREELY AVAILABLE ON :



Online PORTAL

Online Portal is a platform which allows our members to access and get real time information on their account.

Key Functionalities:

- **Outpatient claim upload:**
 - > The Out-Patient Claim Upload gives the possibility to submit your claims through electronic medium
 - > Out-Patient Claims Submission
 - > Real time tracking of Claims through the various stages of process
 - > Notifications in case of missing documents
 - > Possibility to re-upload missing documents
- **Track their claims status**
- **View their available benefit limits**
- **View membership details**
- **Download and print:**
 - > Personalised Claim Forms
 - > Payment Resumes
 - > Testimonial
 - > Terms and Conditions



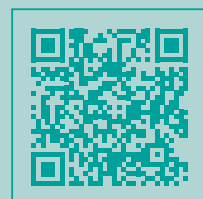
HR PORTAL

The HR Portal, is a web based platform specially designed to access and manage the membership details of your employees.

The platform enables the user to:

- > View List of Members, Members' Information, Plans, Contribution
- > Download List of Members
- > Print Personalised Claim Form of Employees
- > Print Testimonial for your Employees
- > Add or Delete Member/ Dependant
- > Change Plan of Member
- > Change Department (If Applicable)

*SCAN TO ACCESS THE PORTAL





SANITIZE HAND REGULARLY

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Internal Audit

BMPA's internal audit function is outsourced to Deloitte Associates Limited as from July 2019. Deloitte reports directly to the Audit, Risk and Governance Committee of BMPA. Internal audit assignments are carried out in accordance with the Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors.

Internal Audit gives an independent and objective assurance to senior management and the Management Committee on the adequacy and operational effectiveness of the internal control, risk management and governance processes. Internal Audit assesses whether risks have been identified, appropriate internal controls are in place to monitor those risks and whether these controls are working effectively. Remediation is ensured through an effective follow-up exercise done on a systematic basis.

The prevailing risk management attitudes and behaviours are assessed whereby areas of relative strength are highlighted as well as areas for improvement. Internal Audit is independent of both business management and the activities it reviews.

A risk-based approach was used to set up a three-phased plan that was approved by the Audit, Risk and Governance Committee. The Deloitte internal audit team comprises of members who are either qualified or certified professionals of the Institute of Internal Auditors (USA) Association of Chartered Certified Accountants.

During the period July 2019 to June 2021, Deloitte has conducted 3 internal audit assignments:

Phase 1

Review of the Claims Process which covered the following main areas:

- Review of claims management, staffing and reasonableness of nature and timing of claims, while making efficient use of data analytics tools;
- Claims submission process and verification for accuracy and validity of the claims as per policyholders' terms and conditions;
- Review of claims payment process, including required levels of approval from management;
- Authority matrix for settlement of claims based on risk involved and monetary value; and
- Review of claims files processed; monitoring and recording of claims done in a timely manner.

Phase 2

Review of Underwriting and Trade Receivables which encompassed the following:

- Review of Completed Application, Loss History, Loss Control Reports, MVR's and Financials.
- Customer on-boarding, KYC procedures and approval from appropriate level of Management.
- Discounts, rebates and special rates offers to policyholders and whether those were approved by Management.
- Quality review of the policyholder's exposures.
- Pricing of Medical Schemes and review of planned revenue against actual revenue.
- Review of the Cash Management Process and Debtors Management System based on underwriting collection and databases.

Phase 3

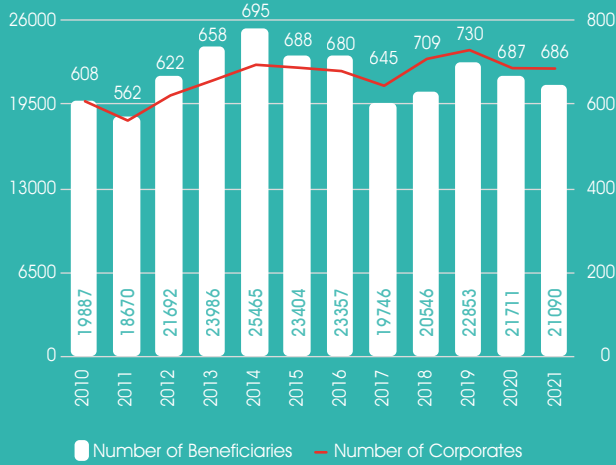
Review of the re-insurance process

Review of IT General Controls and a follow-up of the phase 1 management action plan has been performed. The follow-up provides assurance to BMPA as to whether the internal audit findings with regards to claims (phase 1) have been addressed in a timely manner.

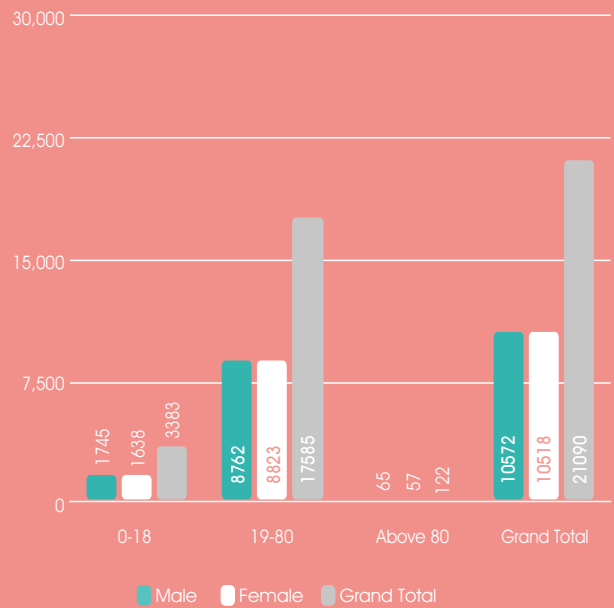
For all 3 phases, Deloitte submitted the final report with observations, recommendations, and management action plans to BMPA's Audit and Risk Committee.

Membership and Statistics

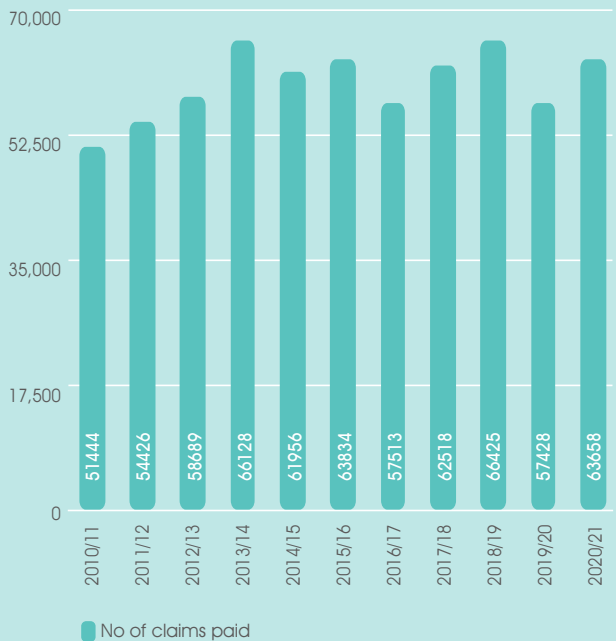
Membership Trend



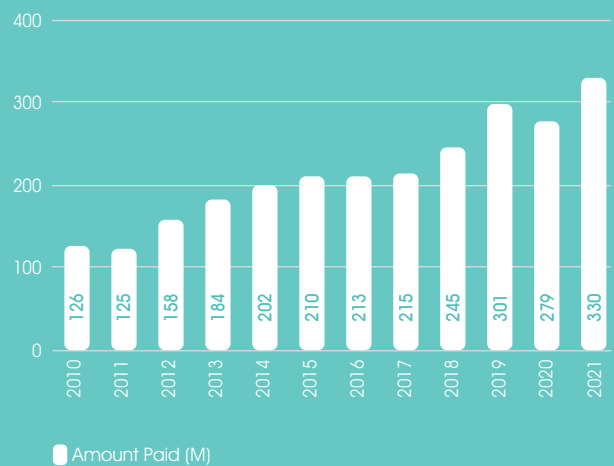
Membership by Age group



Number of Claims Paid



Claims Paid (MUR M)





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Remarks by the Investment Advisor

Investment Objectives and Guidelines

As per the Investment Policy Statement (IPS) signed in May 2020, the general investment objectives of BMPA are to:

- generate a return ahead of inflation in the short to medium term from a diversified portfolio of relatively low risk investments.
- be in a position to make medical related payments at relatively short notice by using invested funds, as and when required.

The intention of BMPA is to invest mainly in short to medium term assets, which are considered to be relatively liquid and perceived to have a low risk of default or capital loss.

Derivatives are not permitted as an investment.

Asset Allocation

BMPA will not invest more than 15% of its total assets in products offered by a single institution. This will ensure that the investment portfolio is adequately diversified.

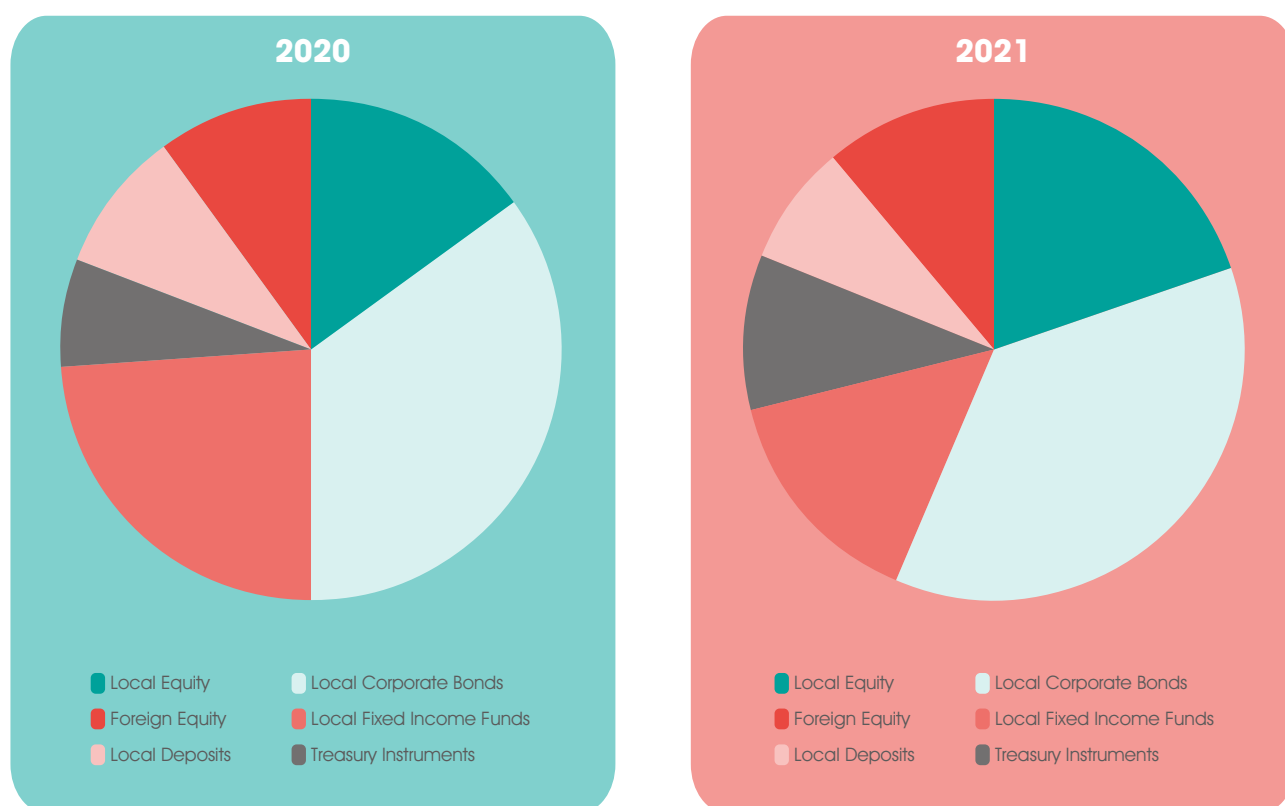
The targeted strategic asset allocation and permitted ranges of BMPA are as follows:

Asset Class	Current Allocation (end-June 2021)	Central Allocation	Permitted Variance
Cash	0%	5%	0%-10%
Short Term local Fixed Income Instruments (< 1 year remaining maturity)	0%	40%	30%-50%
Medium Term local Fixed Income Instruments (maturity exceeding 1 year but less than 5 years)	75%	55%	45%-65%
Local Equities	15%	0%	0%-5%
Foreign Equities	10%	0%	0%-5%
Foreign Fixed Income	0%	0%	0%-10%

As at end-June 2021, BMPA was not compliant with its central asset allocation (as reported in the IPS). It had 75% of its investment portfolio invested in medium term local fixed income securities and funds (maximum permitted allocation of 65%). Furthermore, the exposure to local equities and foreign equities was both higher than the maximum permitted allocation of 5%.

Evolution of the Investment Portfolio of BMPA over the Financial Year ended 30 June 2021

Over the financial year, the investment portfolio of BMPA grew from MUR 51.6mIn to MUR 72.2mIn. As at 30 June 2021, the investment portfolio breakdown was as follows (compared to the previous year):



During the financial year 2020/21, there were important movements within the investment portfolio. Allocation to Local Fixed Income Funds (including the SBM Perpetual Fund and the Axiom Yield Fund) reduced from 24% to 14% as at end-June 2021. During the year, BMPA made additional investments in local corporate bond instruments. Exposure to corporate bonds reached 37% of the Fund at end-June 2021. Investments in local treasury instruments (government bonds) amounted to MUR 5.1mIn as at 30 June 2021. Allocation to local and foreign equity (all of them being legacy holdings) increased slightly during the year, essentially due to market movements.

As at end-June 2021, no surplus cash was available for investment purposes. This was due to claims trending higher at that time. On 3rd August, MUR 10mIn was earmarked for investment purposes (this surplus cash would account for around 12% of the investment portfolio). As at the time of writing, this amount had not been re-invested yet.

For the financial year ended 30 June 2021, interest and dividends received amounted to MUR 1.1mIn (slightly down from MUR 1.4mIn in 2020).

Market Review

Following the sharp fall in March 2020, global equity markets rallied on the back of the arrival of vaccines and US elections. Locally, the recovery of the stock market was slower. Optimism, nevertheless, grew stronger post March 2021 following the budget 2021/22 announcement and the anticipated re-opening of the Mauritian borders. SEMTRI (a local total return equity index) gained around 14% over the past 12 months.

The financial year ended 30 June 2021 was also marked by the sharp depreciation of the MUR against foreign currencies. The US Dollar depreciated by around 6% relative to the MUR over the period.

In April 2021, local yields gained some upward momentum. The yield on a 10-year government bond stood at 4.14% as at end-June 2021 (compared to 2.43% as at end-June 2020). However, they were kept relatively low in support of the economy during the financial year. With inflation climbing to 5.9%, real yields were negative as at end-June 2021. Global yields also followed a similar trend.

Outlook

Given low yields and rising inflation in Mauritius, it will be quite challenging for BMPA to achieve an investment return ahead of local inflation in the short to medium term. This is mainly because it has a high target allocation to short and medium term local fixed income securities as per the IPS. The BMPA Investment Committee will closely assess whether the portfolio should now be rebalanced in order to potentially enhance risk-adjusted returns over time.

Aon Solutions Ltd
Investment Advisor



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Financial Statements

For the year ended 30 June 2021

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Statement of assets and liabilities

Income and expenditure account



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Statement of receipts and payments



Notes to the accounts



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Statement of Assets and Liabilities as at 30 June 2021

	Notes	2021 Rs	2020 Rs
ASSETS			
Plant and equipment	2	1,821,247	119,483
Contribution receivable	3	9,261,948	8,477,627
Amount receivable from reinsurer	15.3	-	13,629,000
Sundry debtors and prepayments	4	2,516,999	1,025,543
Financial assets at fair value through other comprehensive income	6	45,709,037	29,019,593
Financial assets at amortised cost	7	20,296,685	18,296,685
Other financial assets	8	6,178,125	4,298,746
Cash and cash equivalents	5	62,628,924	61,342,474
Right-of-use asset	12	740,965	1,027,158
TOTAL ASSETS		149,153,930	137,236,309
LIABILITIES			
Sundry creditors and contribution prepaid	9	9,350,940	9,635,210
Outstanding claims payable	10	14,563,092	16,655,266
Incurred But Not Yet Reported ("IBNR") claims	11	11,214,681	-
Amount payable to reinsurer	15.3	12,350,272	18,691,721
Lease liabilities	12	849,875	1,091,287
TOTAL LIABILITIES		48,328,860	46,073,484
		100,825,070	91,162,825
ACCUMULATED FUND			
Accumulated surplus		88,100,499	49,157,452
Surplus for the year		7,051,923	38,943,047
Fair value reserves	6(iii)	5,672,648	3,062,326
TOTAL ACCUMULATED FUND		100,825,070	91,162,825

Chairman:



INDEPENDENT AUDITORS' REPORT

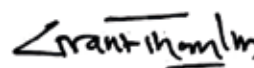
Treasurer:



We, the undersigned, having had access to all books and accounts and having examined the foregoing return and verified the same with accounts and vouchers relating thereto in accordance with International Standards on Auditing, sign the same found to be correct and duly vouched.



K RAMCHURUN, FCCA
Licensed by FRC



Grant Thornton
Chartered Accountants

Income and expenditure account for the year ended 30 June 2021


	Notes	2021 Rs	2020 Rs
INCOME			
Gross subscriptions	13	409,792,398	374,759,830
Insurance subscriptions	15.1	(121,418,640)	(83,376,822)
Net subscriptions		288,373,758	291,383,008
CLAIMS			
Gross claims	14	352,328,016	290,143,306
Insurance claims	15.1	(105,058,302)	(72,857,510)
Net claims		247,269,714	217,285,796
Gross surplus		41,104,044	74,097,212
EXPENDITURE			
Management fees	16	24,393,510	26,292,421
Referral fees	17	6,207,729	2,128,831
Allowance for credit losses	3(ii) & 8(ii)	-	4,529,846
Stationery and photocopy charges		240,180	237,075
Audit fees		603,750	429,118
Bank charges		72,757	40,091
Marketing fees	18	2,641,946	2,319,170
Advertising and communication		421,818	253,426
Legal fees		-	300,000
Medical, professional and consultancy fees		350,995	350,781
Depreciation	2 & 12	608,480	144,842
Salaries		372,153	363,720
Training costs		148,900	-
Sundry expenses		372,303	186,383
Total expenditure		36,434,521	37,575,704
Operating surplus		4,669,523	36,521,508
Finance income		1,288,743	2,473,054
Interest expense	12	(49,108)	(51,515)
Amount receivable written off		(92,526)	-
Credit losses allowance reversals during the year	3(ii)	1,235,291	-
Net surplus for the year		7,051,923	38,943,047
Fair value gain/(loss) on financial assets at fair value through other comprehensive income	6(ii)	2,610,322	(743,795)
Accumulated surplus and reserves brought forward		91,162,825	52,963,573
Accumulated surplus and reserves carried forward		100,825,070	91,162,825

Statement of receipts and payments for the year ended 30 June 2021

Notes	2021 Rs	2020 Rs
Bank balance on 01 July (Note 5)	52,904,134	1,394,316
Receipts		
Subscriptions	394,625,025	354,580,450
Matured deposits	11,658,148	21,516,427
Interest and dividend received	1,122,181	1,401,942
Receipts in respect of reinsurance	16,426,382	1,889,556
Redemption of bonds	-	4,000,000
Other receipts	-	1,000
	423,831,736	383,389,375
Payments		
Claims paid	(329,762,251)	(278,571,275)
Management fees	(24,267,410)	(27,903,404)
Payment to respect of reinsurance	(23,780,956)	(231,028)
Investments acquired	(21,104,272)	(20,127,500)
Professional fees	(317,987)	(291,373)
Medical and consultancy fees	(13,100)	(39,500)
Marketing fees	(2,635,411)	(2,270,375)
Stationery and photocopy charges	(240,180)	(237,075)
Audit fees	(512,522)	(522,522)
Referral fees	(7,683,846)	(530,627)
Salaries	(333,301)	(277,346)
Bank charges	(72,760)	(40,090)
Advertising	(421,818)	(253,425)
Plant and equipment	(2,024,051)	(123,026)
Other expenses	(937,081)	(460,991)
	(414,106,946)	(331,879,557)
Bank balance at 30 June (Note 5)	62,628,924	52,904,134

SIGNATURES OF:

Chairman:



Treasurer:



Date: 11 Nov 2021

Date: 11 Nov 2021

Notes to the accounts

For the year ended 30 June 2021



Notes to the accounts

For the year ended 30 June 2021

1. Summary of accounting policies

1.1 Overall considerations

The accounts of Business Mauritius Provident Association, the “Association”, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), in terms of recognition and measurement and the requirements of the Registration of Associations Act 1978.

The significant accounting policies are summarised below.

1.2 Adoption of new IFRS

In the current year, the Association has assessed the impact of the revised amendments and concluded that none of them has an impact on these financial statements.

1.3 Foreign currency

Functional and presentation currency

The accounts are presented in Mauritian Rupees (“MUR” or “Rs”), which is also the functional currency of the Association.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the income and expenditure account.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

1.4 Plant and equipment

Plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line method to write down the cost of assets to their residual values over their estimated useful lives as follows:

Furniture	16.7%
Computer	33%
Office equipment	16.7%
Motor vehicle	20%

The estimated useful lives are reviewed at each reporting date.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the income and expenditure account. All repairs and maintenance are expensed during the financial period in which they are incurred.

Notes to the accounts

For the year ended 30 June 2021

1. Summary of accounting policies (Contd)

1.5 Subscriptions and claims

1.5.1 Subscription income

Subscription income is accounted for on an accrual basis.

1.5.2 Claim costs

Claim costs are accounted for on an accrual basis.

1.6 Other income

Interest income is recognised on an accrual basis using the effective interest rate, unless collectability is in doubt.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, together with other short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Fixed deposits with maturity dates more than 90 days are disclosed separately in the statement of assets and liabilities.

1.8 Provisions

Provisions are recognised when the Association has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

1.9 Impairment of assets

At each reporting date, the Association reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

1.10 Expenditure

Expenditure is recognised in the income and expenditure account upon utilisation of the service or as incurred.

1.11 Receivables

Receivables include mainly contribution receivable, contribution receivable from reinsurers and sundry debtors.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Association makes use of a simplified approach in accounting for receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

Notes to the accounts

For the year ended 30 June 2021

1. Summary of accounting policies (Contd)

1.12 Accumulated fund

Accumulated fund includes all current and prior years' results.

1.13 Incurred But Not Yet Reported ("IBNR") claims

IBNR claims represent an estimate for claims that have occurred during the financial year, but which are which are yet to be reported to the Association as at reporting date. The IBNR claims are determined by a qualified actuary.

1.14 Payables

Payables include mainly contribution prepaid, payable to reinsurer, outstanding claims payable and sundry creditors.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

1.15 Financial assets at fair value through other comprehensive income (FVOCI)

The Association accounts for financial assets at FVOCI if the assets meet the following conditions:

- They are held under a business model whose objective is to hold assets only to collect cash flows, or to collect cash flows and to sell; and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Association's financial assets at FVOCI comprise of investments in quoted and unquoted securities.

Quoted securities

The quoted securities are initially measured at cost plus transaction costs and subsequently at fair value with reference to their closing price on the relevant stock exchange or Net Asset Value ("NAV") at the reporting date. Gains and losses are recognised in income and expenditure account and reported in fair value reserves within accumulated funds.

Unquoted securities

Unquoted securities are measured at cost as the members consider the cost of these investments to be a reflection of the fair value.

Dividends are recognised in income and expenditure account.

1.16 Financial assets at amortised cost

Financial assets are measured at amortised cost using the effective interest method if the assets meet the following conditions (and are not designated as FVTPL):

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

Notes to the accounts

For the year ended 30 June 2021

1. Summary of accounting policies (Contd)

1.17 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

2. Plant and equipment

Cost	Furniture Rs	Computer Rs	Office equipment Rs	Motor vehicle Rs	Total Rs
At 01 July 2020	33,600	123,026	-	-	156,626
Additions during the year	171,788	180,750	976,513	695,000	2,024,051
At 30 June 2021	205,388	303,776	976,513	695,000	2,180,677
Accumulated depreciation					
At 01 July 2020	15,342	21,801	-	-	37,143
Depreciation for the year	29,012	52,220	118,049	123,006	322,287
At 30 June 2021	44,354	74,021	118,049	123,006	359,430
Net book value as at 30 June 2021	161,034	229,755	858,464	571,994	1,821,247

Cost	Furniture Rs	Computer Rs	Total Rs
At 01 July 2019	33,600	-	33,600
Additions during the year	-	123,026	123,026
At 30 June 2020	33,600	123,026	156,626
Accumulated depreciation			
At 01 July 2019	9,915	-	9,915
Depreciation for the year	5,427	21,801	27,228
At 30 June 2020	15,342	21,801	37,143
Net book value as at 30 June 2020	18,258	101,225	119,483

Notes to the accounts For the year ended 30 June 2021

3. Contribution receivable

(i) Contribution receivable at the reporting date was as follows:

	2021 Rs	2020 Rs
Gross contribution receivable	12,289,961	12,740,931
Allowance for credit losses (Note (ii))	(3,028,013)	(4,263,304)
Net contribution receivable	9,261,948	8,477,627

(ii) The closing balance of the trade receivables loss allowance as at 30 June 2021 reconciles with the trade receivables loss allowance opening balance as follows:

	2021 Rs	2020 Rs
At 01 July	4,263,304	933,658
Loss allowance reversals during the year	(1,235,291)	-
Loss allowance recognised during the year	-	3,329,646
At 30 June	3,028,013	4,263,304

(iii) The ageing of contribution receivable is as follows:

	2021 Rs	2020 Rs
0 - 1 months	4,026,754	4,999,034
2 - 3 months	5,235,194	3,478,593
Above 3 months	3,028,013	4,263,304
	12,289,961	12,740,931

(iv) Expected credit losses

The Association applies the IFRS 9 simplified model of recognising lifetime expected credit losses for contribution receivable.

The expected loss rates are based on the payment profile for premium and corresponding historical credit losses during the prior year. Based on past experience and current payment trends, the members consider the provision of Rs 3,028,013 (2020: Rs 4,263,304) made as at 30 June 2021 to be adequate.

Notes to the accounts

For the year ended 30 June 2021

4. Sundry debtors and prepayments

	2021 Rs	2020 Rs
Sundry debtors and prepayments	731,978	25,978
Reinsurance (Note (i))	1,785,021	999,565
	2,516,999	1,025,543

(i) As at 30 June 2021, the Association has an amount of Rs 1,785,021 (2020: Rs 999,565) receivable from two corporates for reinsurance activity. The Members consider that no credit risk is associated with this amount as there is no history of default from these parties and the amount is fully recoverable.

5. Cash and cash equivalents

	2021 Rs	2020 Rs
Cash at bank	62,628,924	52,904,134
Short term bank deposits	-	8,438,340
	62,628,924	61,342,474

6. Financial assets at fair value through other comprehensive income

	2021 Rs	2020 Rs
Financial assets at fair value through other comprehensive income	45,709,037	29,019,593

Notes to the accounts

For the year ended 30 June 2021

6. Financial assets at fair value through other comprehensive income (Contd)

(i) Breakdown of investments

	2021 Rs	2020 Rs
Listed		
- Attitude Property Ltd	2,750,000.00	2,862,500.00
- MCB Group Limited – notes	2,023,240.00	1,970,140.00
- SBM Holdings Ltd – bonds	4,004,400.00	3,807,212.00
- IBL Ltd - Multicurrency Medium Term Secured and Unsecured Note Programme		
Tranche 1 -Series 2	4,072,080.00	-
- Exchange Traded Funds	1,510,158.00	1,005,005.00
- MCB Unit Trust	8,958,654.00	7,206,440.00
- MCB Group Limited	518,700.00	448,400.00
- SBM Holdings Ltd	259,168.00	225,389.00
- SBM Perpetual Fund	13,330,071.00	5,494,757.00
- Axiom Yield Fund Ltd	4,282,816.00	2,000,000.00
Unlisted		
- Afrasia Bank Limited - Class A Series 2 shares	3,999,750.00	3,999,750.00
	<u>45,709,037</u>	<u>29,019,593</u>

(ii) Movement in financial assets at fair value through other comprehensive income

	2021 Rs	2020 Rs
As at 01 July	29,019,593	31,763,388
Additions during the year	14,079,122	2,000,000
Redemption of bonds	-	(4,000,000)
Fair value adjustments	2,610,322	(743,795)
As at 30 June	<u>45,709,037</u>	<u>29,019,593</u>

During the year under review, the Association made new investments in IBL Ltd Multicurrency Medium Term Secured and Unsecured Note Programme Tranche 1 -Series 2 for a total of Rs 4,079,121. The Notes yields interest a rate of 4% and have a maturity date of 27 December 2024. In addition, the Association acquired additional 35,693 units in SBM Perpetual Fund for a total of Rs 7,500,000 and 205,052 participating shares in AXIOM Yield Fund Ltd for a total of Rs 2,500,000.

Notes to the accounts

For the year ended 30 June 2021

6. Financial assets at fair value through other comprehensive income (Contd)

(iii) Fair value reserves

	2021 Rs	2020 Rs
As at 01 July	3,062,326	3,806,121
Fair value adjustments	2,610,322	(743,795)
As at 30 June	<u>5,672,648</u>	<u>3,062,326</u>

7. Financial assets at amortised cost

During the year ended 30 June 2021, the Association has invested in several bonds and treasury bills which have been classified at amortised cost at initial recognition.

	2021 Rs	2020 Rs
Financial assets at amortised cost	<u>20,296,685</u>	<u>18,296,685</u>

(i) Breakdown of investments

	2021 Rs	2020 Rs
- MCB Treasury bills	5,166,187	5,166,187
- MCB Bonds	3,025,703	3,025,703
- Rogers & Company Limited Notes	10,104,795	10,104,795
- CIM Financial Services Ltd	2,000,000	
	<u>20,296,685</u>	<u>18,296,685</u>

8. Other financial assets

	2021 Rs	2020 Rs
- Spice Finance Ltd (Note (i))	5,178,125	-
- BanyanTree Bank Limited (Note (ii))	1,000,000	1,000,000
- The Mauritius Civil Service Mutual Aid Association Ltd	-	3,298,746
	<u>6,178,125</u>	<u>4,298,746</u>

Notes to the accounts For the year ended 30 June 2021

8. Other financial assets (Contd)

(i) Term deposits are placed with several financial institutions with maturity dates of more than 90 days. During the year under review, the Association made new investment amounting to Rs 5,000,000 in Spice Finance Ltd. The fixed deposit has a maturity date 24 September 2025 and yield interest of 4.75% per annum.

(ii) The Association holds fixed deposits with BanyanTree Bank Limited amounting to Rs 2,000,000 (exclusive of interest receivable). As the latter is under administration since the prior financial year, the Members had assessed the credit risk associated with this amount and concluded that a provision of Rs 1,200,200 (inclusive of interest receivable) was required in the financial statements for the year ended 30 June 2020. Post discussion with the administrator of BanyanTree Bank Limited, the Members concluded that no additional provision for credit risk was required to be made in these financial statements.

9. Sundry creditors and contribution prepaid

	2021 Rs	2020 Rs
Contribution prepaid	3,092,332	2,138,487
Management fees payable (Note (i))	2,023,488	1,897,388
Marketing fees payable	608,373	601,838
Sundry creditors	540,370	358,469
Provision for referral fees	1,077,984	2,554,100
Accruals	2,008,393	2,084,928
	9,350,940	9,635,210

(i) Subsequent to the reporting date, Rs 2,023,470 were remitted to Medscheme (Mtius) Limited in respect of management fees.

10. Outstanding claims payable

	2021 Rs	2020 Rs
Outstanding claims payable	14,563,092	16,655,266

Outstanding claims payable pertain to claims received during the financial year from the beneficiaries which are yet to be settled by the association as at 30 June 2021.

11. Incurred But Not Yet Reported ("IBNR") claims

	2021 Rs	2020 Rs
IBNR	11,214,681	0

IBNR claims relate to an estimate for all claims which have been incurred during the financial year ended 30 June 2021, but which have not yet been reported to the Association as at reporting date. The IBNR claims have been determined by a qualified actuarial analyst using the ARIMA model and the amount of Rs 11,214,681 was reported as at 30 June 2021. The Members concluded that the reported figure represents the best estimate of any potential liability for such obligations.

Notes to the accounts

For the year ended 30 June 2021

12. Leases

During the prior financial year, the Association has entered into a lease agreement with Ramnath Jeetah Trust dated 20 January 2020, with effective date being 01 February 2020, to lease an office space.

Right-of-use assets and lease liabilities are presented in the statement of assets and liabilities as follows:

	2021 Rs	2020 Rs
Right-of-use asset	1,027,158	1,144,772
At cost	(286,193)	(117,614)
Depreciation charge	740,965	1,027,158
Net book value		
Lease liabilities		
At start	1,091,287	1,144,772
Interest expense	49,108	51,515
Lease payments	(290,520)	(105,000)
At end	849,875	1,091,287
Lease liabilities	528,927	845,595
- Non-current	320,948	245,692
- Current	849,875	1,091,287

Amounts recognised in the income and expenditure account.

	2021 Rs	2020 Rs
Depreciation charge of right-of-use asset	286,193	117,614
Interest expense	49,108	51,515

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Lease liability is measured by remaining lease payments, discounted using a discount rate based on the Company's incremental borrowing rate at the date of initial application. The right-of-use asset is measured at the amount of lease liability, adjusted by the amount of any previously recognised prepaid or accrued lease payments relating to that lease. Each lease payment is allocated between the liability and the interest expense. The interest expense is charged to income and expenditure over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and lease term on a straight-line basis.

The Company's lease arrangement includes rental of an office space. The remaining period of the lease contract is three years as from 30 June 2021.

Notes to the accounts

For the year ended 30 June 2021

12. Leases (Contd)

Future minimum lease payments were as follows:

	Within 1 year Rs	1-2 years Rs	2-3 years Rs	Total Rs
30-Jun-21				
Lease payments	359,000	354,720	206,920	920,640
Finance charges	(38,052)	(23,802)	(8,911)	(70,765)
Net present values	<u>320,948</u>	<u>330,918</u>	<u>198,009</u>	<u>849,875</u>

	Within 1 year Rs	1-2 years Rs	2-3 years Rs	3-4 years Rs	Total Rs
30-Jun-20					
Lease payments	294,800	354,720	354,720	206,920	1,211,160
Finance charges	(49,108)	(38,052)	(23,802)	(8,911)	(119,873)
Net present values	<u>245,692</u>	<u>316,668</u>	<u>330,918</u>	<u>198,009</u>	<u>1,091,287</u>

13. Gross subscriptions

	2021 Rs	2020 Rs
Gross subscriptions	<u>409,792,398</u>	<u>374,759,830</u>

Gross subscriptions relate to total premiums collected from the policy holders of the Association

14. Gross claims

	2021 Rs	2020 Rs
Gross claims	<u>352,328,016</u>	<u>290,143,306</u>
Number of claims paid	<u>69,605</u>	<u>57,428</u>
Claims ratio	<u>86%</u>	<u>75%</u>

Gross claims represent the total claims paid by the policy holders of the Association.

Notes to the accounts

For the year ended 30 June 2021

15. Insurance subscription and claims

15.1 Net premium received

The premiums received and claims settled in respect of catastrophe covers during the year are as follows:

	2021 Rs	2020 Rs
Insurance subscriptions	121,418,640	83,376,822
Insurance claims	(105,058,302)	(72,857,510)
	<u>16,360,338</u>	<u>10,519,312</u>

15.2 (Loss)/gain on reinsurance

The net impact on reinsurance of catastrophe covers with Eagle Insurance Limited during the year is as follows:

	2021 Rs	2020 Rs
Reinsurance premiums received	119,931,677	94,189,119
Reinsured costs	(121,418,640)	(83,376,822)
	<u>(1,486,963)</u>	<u>10,812,297</u>

15.3 Amount receivable from reinsurers - net

During the year ended 30 June 2021, the catastrophe covers of the beneficiaries of the Association was reinsured with Eagle Insurance Limited only.

Breakdown of amount receivable from reinsurers

	2021 Rs	2020 Rs
SWAN General Ltd	-	6,562,701
SICOM General Insurance Ltd	-	7,066,299
	-	<u>13,629,000</u>

Breakdown of amount payable to reinsurers

	2021 Rs	2020 Rs
Eagle Insurance Limited	<u>12,350,272</u>	<u>18,691,721</u>

The Association's reinsurance agreements with Swan General Ltd and SICOM General Ltd were discharged on 28 August 2018 and 31 August 2019 respectively. During the prior financial year ended 30 June 2020, the Association entered into a new reinsurance agreement with Eagle Insurance Limited. As at reporting date, an amount of Rs 12,650,272 was due to the reinsurer.

Notes to the accounts

For the year ended 30 June 2021

16. Management fees

	2021 Rs	2020 Rs
Management fees	24,393,510	26,292,421

As per the Administration Agreement entered between Medscheme and the Association dated 19 March 2019, the management fee is computed on a fixed charge per number of active members as at date of closure of operations each month. The Administration Agreement stated the fixed fee for the upcoming 4 financial years. For the year ended 30 June 2021, a fixed fee of Rs 90 (2020: Rs 85) was charged per active member. In addition, following the amendment of the Finance Act 2019, Medscheme falls under the Section 50(f) of the First Schedule of the Value Added Tax Act 1998. Therefore, management fee is VAT exempted as from April 2020.

17. Referral fees

	2021 Rs	2020 Rs
Referral fees	6,207,729	2,128,831

Referral fees pertains to expenses incurred in respect to the brokers of the Association. The fee structure for referral services is 7% on annual premiums on businesses referred to the Association, payable either on a monthly or a quarterly basis.

18. Marketing fees

	2021 Rs	2020 Rs
Marketing fees	2,641,946	2,319,170

The fee structure for the marketing services to Business Mauritius is 0.5% of the annual contribution and a per-beneficiary fee of Rs 20 per annum (2020: Rs 20), with a minimum of Rs 500,000 (2020: Rs 500,000) annually, settled by the Association on a quarterly basis.

19. Reconciliation of liabilities arising from financing activities

Net debt reconciliation:

Net debt	2021 Rs	2020 Rs
Lease liabilities		
- Repayable within one year	320,948	245,692
- Repayable after one year	528,927	845,595
	849,875	1,091,287

Notes to the accounts

For the year ended 30 June 2021

19. Reconciliation of liabilities arising from financing activities (Contd)

	Long-term liabilities	Short-term liabilities	Total
	Lease liabilities		
	Rs	Rs	Rs
Net debt as at start of the year	<u>845,595</u>	<u>245,692</u>	<u>1,091,287</u>
Cash flows:			
- Repayment of lease liabilities	-	(290,520)	(290,520)
Non-cash:			
- Interest expense	-	49,108	49,108
- Reclassification	<u>(316,668)</u>	<u>316,668</u>	<u>-</u>
Net debt as at end of the year	<u>528,927</u>	<u>320,948</u>	<u>849,875</u>

	Long-term liabilities	Short-term liabilities	Total
	Lease liabilities		
	Rs	Rs	Rs
Net debt as at start of the year	<u>1,091,287</u>	<u>53,485</u>	<u>1,144,772</u>
Cash flows:			
- Repayment of lease liabilities	-	(105,000)	(105,000)
Non-cash:			
- Interest expense	-	51,515	51,515
- Reclassification	<u>(245,692)</u>	<u>245,692</u>	<u>-</u>
Net debt as at end of the year	<u>845,595</u>	<u>245,692</u>	<u>1,091,287</u>



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