

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

1. GENERAL INFORMATION

ENL Limited is a limited liability company incorporated and domiciled in Mauritius. Its registered office is at ENL House, Vivéa Business Park, Moka. ENL Limited is listed in the Stock Exchange of Mauritius.

ENL Limited is a land owner and is also an investment and management company.

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

2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements have been disclosed in their respective notes other than those disclosed below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

The financial statements of ENL Limited comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"). The financial statements include the consolidated financial statements of the holding company and its subsidiary companies (collectively referred to as the group) and the separate financial statements of the holding company (the company). The financial statements are presented in Mauritian rupees and all values are rounded to the nearest thousand (Rs'000) except when otherwise indicated. The financial statements have been prepared under the historical cost convention, except that:

- land and buildings are carried at revalued amounts;
- investment properties are stated at fair value;
- financial assets at fair value through other comprehensive income are carried at fair value;
- financial assets at fair value through profit or loss are carried at fair value;
- employee benefit assets / employee benefit liabilities are carried at fair value;
- consumable biological assets are measured at fair value;
- relevant financial assets and financial liabilities are stated at amortised cost; and
- non current asset held for sale are carried at the lower of carrying value and fair value less costs to sell.
- investments in subsidiary companies, associated companies and jointly controlled entities are carried at fair value in the separate financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 and in respective applicable notes.

2.2 Changes in accounting policies and disclosures

New and amended standards and interpretations

The following Standards, Amendments to published Standards and Interpretations are effective in the reporting period and did not have any impact on the group's financial statements except for COVID-19 - Related Rent Concessions - Amendment to IFRS 16 issued on May 28, 2020. The group has not early adopted any other standards, interpretation or amendments that have been issued but not yet effective.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the group, but may impact future periods should the group enter into any business combinations.

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

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it, could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements, nor is there expected to be any future impact to the group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies and disclosures (cont'd) New and amended standards and interpretations (cont'd)

Conceptual Framework for Financial Reporting issued on March 29, 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions (cont'd)

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election to account for any change in lease payments resulting from the Covid-19 related rent concession in the same way it would account for the change under IFRS 16 if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after June 1, 2020. The group has early adopted the amendments to IFRS 16 - Related Rent Concessions, whereby the amendments were applied retrospectively.

Standards issued but not yet effective

At the date of issuance of these financial statements, the following new and amended standards and interpretations were issued, but were not yet effective on annual periods beginning on or after the respective dates as indicated:

- IFRS 3 Business Combinations – Amendments updating a reference to a Conceptual Framework (effective January 1, 2022)
- IFRS 9 Financial Instruments – Amendments resulting from Annual Improvement to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective January 1, 2022)
- IFRS 17 Insurance Contracts – Original issue (effective January 1, 2023)
- IAS 1 Presentation of Financial Statements – Amendments regarding the classification of liabilities (effective January 1, 2023)
- IAS 16 Property, Plant and Equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the assets for its intended use (effective January 1, 2022)
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous (effective January 1, 2022)
- IFRS 1 First time adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (effective January 1, 2022)
- IAS 41 Agriculture – Taxation in fair value measurements (effective January 1, 2022)

The group is still assessing the potential impact of those standards and amendments to existing standards on its financial statements. The group has not early adopted any other standards, interpretation or amendments that has been issued but it not yet effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraph 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting beginning on or after January 1, 2023 and must be applied retrospectively. The group is currently assessing the impact the amendments will have on current practice.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies and disclosures (cont'd)

Standards issued but not yet effective (cont'd)

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The standard is effective for annual periods beginning on or after January 1, 2023 (was initially January 1, 2021 but has been delayed by the IASB), early adoption is permitted. The group is currently assessing the impact of IFRS 17 on the accounting of its investments in associated company, Swan General Ltd.

The above new standards and interpretations are not applicable to these financial statements and management does not expect these to have any significant impact on the financial performance of the group and the company when they become effective. No early adoption is intended by the board of directors.

2.3 Summary of accounting policies

(a) Financial instruments

(i) Financial assets

Classification of financial assets

In accordance with IFRS 9, the classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. Accordingly, the group classifies their financial assets at initial recognition into financial assets at amortised cost (debt instruments), financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments), financial assets at fair value through profit or loss.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to note 30(b) - Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONT'D)

2.3 Summary of accounting policies (cont'd)

(a) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Financial assets at amortised cost (debt instruments)

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Amortised cost and effective interest method

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

For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the entity recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial assets subsequently improves so that the financial assets is no longer credit-impaired.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group applies both the IFRS 9 simplified and general approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all the other financial instruments, the group recognises lifetime ECL until they are derecognised due to short-term nature of the receivables and have been assessed to have credit risk other than low.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

- Significant increase in credit risk

The group holds only trade receivables with no financing component, and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply both the simplified and the general approach for expected credit losses (ECL) under IFRS 9 to all its receivables. Therefore, the group does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONT'D)

2.3 Summary of accounting policies (cont'd)

(a) Financial instruments (cont'd)

(i) Financial assets (cont'd)

- Definition of default

The group considers a trade receivable to be in default when contractual payments are past due for a period exceeding 90 days. However, in certain cases, the group may also consider a financial asset to be in default when internal or external information indicates that the entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the entity.

- Write off policy

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures. Any recoveries made are recognised in profit or loss.

Recognition of expected credit losses

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the statements of financial position.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and amount due to holding company.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Loans and borrowings

This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings, trade and other payables and amount due to holding company. For more information, refer to notes 14, 22 and 27.

(iii) Derecognition of financial assets and liabilities

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in equity instrument which the entity has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONT'D)

2.3 Summary of accounting policies (cont'd)

(a) Financial instruments (cont'd)

(v) Current versus non-current classification

The group presents assets and liabilities in the statements of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(vi) Fair value of financial instruments

Determination of fair value

The group determines the fair value of its financial instruments, such as equities, debentures and other interest-bearing investments and derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

Where the group has financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it has elected to use the measurement exception provided in IFRS 13 to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position as appropriate.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

(b) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated and separate statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Such financial assets are carried at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONT'D)

2.3 Summary of accounting policies (cont'd)

(c) Taxation

The income tax expense represents the current tax provision and the movement in deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The accounting policies for deferred tax are disclosed in note 23.

(d) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events which will probably result in an outflow of resources that can be reliably estimated to settle the obligation.

(e) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the group's entities are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Mauritian rupees, which is the group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

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

(iii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(f) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(g) Government grant

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and that the grants will be received. The group applied for the Government Wage Assistance Scheme ('WAS') during the year. The WAS is an economic measure by the Government of Mauritius to provide a wage subsidy to employers as a response to the COVID-19 pandemic and to ensure that all employees are duly paid their salary. Grants in respect of wages obtained under the wage assistance scheme are accounted for in the statement of profit or loss in the period to which the wages and salaries relate. Management has made an assessment of whether all the conditions applied to the Covid Levy has been met in order to recognise for the government grants. Based on management estimates and future profit forecast, management believes that the companies having received the WAS will be loss making for the next two years and therefore the group is entitled to recognise the full Covid levy within the year of receipt and the receipt is being netted off with employee expense.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

3. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES

3.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest-rate risk), credit risk and liquidity risk.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Market risk

(i) Currency risk

Several of the group's subsidiary companies deal in foreign currency transactions or operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, the US dollar and the GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Some of the group's subsidiary companies are also exposed to fluctuations of exchange rate which impacts on the price of sugar.

The group operates internationally and is exposed to foreign exchange risk arising from various major currencies. Group's entities use forward contracts, whenever possible, to hedge their exposure to foreign currency risk. Each subsidiary is responsible for hedging the net position in each currency by using currency borrowings.

	THE GROUP				THE COMPANY	
	EURO Rs'000	USD Rs'000	GBP Rs'000	Rs Rs'000	Total Rs'000	Rs Rs'000
June 30, 2021						
Non current financial assets	-	66,100	-	1,929,668	1,995,768	1,930,407
Non current financial liabilities	(1,060,700)	(337,700)	-	(23,063,531)	(24,461,931)	(6,685,877)
Long term exposure	(1,060,700)	(271,600)	-	(21,133,863)	(22,466,163)	(4,755,470)
Current financial assets	595,751	676,884	5,500	7,808,939	9,087,074	1,439,383
Current financial liabilities	(472,008)	(915,941)	-	(8,802,935)	(10,190,884)	(857,633)
Short term exposure	123,743	(239,057)	5,500	(993,996)	(1,103,810)	581,750
Total exposure	(936,957)	(510,657)	5,500	(22,127,859)	(23,569,973)	(4,173,720)

	THE GROUP				THE COMPANY	
	EURO Rs'000	USD Rs'000	GBP Rs'000	Rs Rs'000	Total Rs'000	Rs Rs'000
Restated June 30, 2020						
Non current financial assets	-	59,900	-	1,765,007	1,824,907	1,968,307
Non current financial liabilities	(65,600)	(378,200)	(22,600)	(21,351,948)	(21,818,348)	(7,110,628)
Long term exposure	(65,600)	(318,300)	(22,600)	(19,586,941)	(19,993,441)	(5,142,321)
Current financial assets	491,547	353,904	969	6,765,269	7,611,689	1,941,912
Current financial liabilities	(663,004)	(769,574)	(25,100)	(8,740,030)	(10,197,708)	(694,230)
Short term exposure	(171,457)	(415,670)	(24,131)	(1,974,761)	(2,586,019)	1,247,682
Total exposure	(237,057)	(733,970)	(46,731)	(21,561,702)	(22,579,460)	(3,894,639)

If the Rupee had weakened/strengthened by 1% against the Euro, US dollar, GBP with all other variables held constant, the financial impact will be as follows:

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Restated Rs'000	2021 Rs'000	2020 Rs'000
Profit for the year (+ / -)	14,421	10,178	-	-
Equity (+ / -)	14,421	10,178	-	-

The group uses forward contracts, whenever possible, to hedge its exposure to foreign currency risk. Each subsidiary is responsible for hedging the net position in each currency by using currency borrowings. The risk is also managed through short term swap of currencies.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

3. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES (CONT'D)

3.1 Financial risk factors (cont'd)

(a) Market risk (cont'd)

Derivative financial instruments

At June 30, 2021, the group had no foreign exchange contracts (2020: Rs 204.2m and a corresponding fair value of Rs 216.6m).

(ii) Price risk

Equity

The group and the company are exposed to equity securities price risk mainly because of investments in equity listed companies on the Stock Exchange of Mauritius. The investments are held for medium term and are exposed to fluctuations in the equity market. A 5% increase/(decrease) in the relevant equity prices will increase/(decrease) the group's and company's equity by Rs 10.7m (2020: Rs 10.4m) and Rs 6.7m (2020: Rs 8.1m) respectively. Our process as regards to the risk associated with these investments is a monitoring of the entities' annual financial performance and the analysis of their return on investment.

Commercial

The group is exposed to market risk in respect of residential units for sale and commercial units to rental. Management monitors the demand and supply of the market and decides accordingly to initiate projects.

(iii) Cash flow interest risk

The group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The group's interest rate risk arises from borrowings at variable rates.

At June 30, 2021, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been lower/higher mainly as a result of higher/lower interest expense on floating rate borrowings as shown below:

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Rupee-denominated borrowings				
Effect higher/lower interest expense on post tax profit and equity	112,283	98,864	30,988	26,188

The risk is managed by maintaining an appropriate mix between fixed and floating interest charges on borrowings.

(b) Credit risk

Credit risk arises principally from the group's trade receivables and leases as well as other credit facilities made to customers, other financial assets carried at amortised cost and cash and cash equivalents. The group's credit risk concentration is spread between interest rate and equity securities and also arises on amounts receivable from group companies. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal since delivery of securities sold is only made once the broker has received payment. On a purchase, payment is made once the securities have been received by the broker. If either party fails to meet their obligations, the trade will fail.

In view of managing its credit risk, the group establishes credit policy whereby new customers are analysed for credit worthiness for each business activity before offering any standard payment delivery terms and conditions. Customers that fail to meet the group's benchmark credit worthiness may transact with the group upon lodging of a bank guarantee or a security document or prepaid basis. The subsidiary companies have no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The company makes advances and loans to group companies with sound financial background. Further disclosures on credit risk and expected credit losses ("ECL") are provided in the following notes: Note 13 – Other financial assets at amortised cost, Note 14 – Loans and advances, Note 18 – Assets related to contracts with customers, Note 17 – Trade and other receivables and Note 39(c) – Cash and cash equivalents.

The risk with the sales of sugar from the operations in Mauritius has significant concentration of credit risk with exposure spread over a few customers. However, sale of products is made through a reputable institution namely, the Mauritius Sugar Syndicate where the risk of default is very remote.

For further details on the risk management policies and committees in place, refer to part 2.2.1 of the corporate governance report.

(c) Liquidity risk

Liquidity risk is the risk that the group encounters difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities from financial institutions. Due to the dynamic nature of the underlying businesses, group treasury aims at maintaining flexibility in funding by keeping committed credit facilities with banks. The group monitors rolling forecasts of its liquidity reserve on the basis of expected future cash flows.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

3. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES (CONT'D)

3.1 Financial risk factors (cont'd)

(c) Liquidity risk (cont'd)

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

	Carrying amount	Less than one year	After one year and before two years	After two years and before five years	After five years	Contractual undiscounted payments
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP						
June 30, 2021						
Bank overdrafts	1,543,179	1,543,179	-	-	-	1,543,179
Bank and other loans	17,520,703	3,806,877	3,549,888	4,837,250	8,239,972	20,433,987
Bond notes	3,561,155	175,125	175,125	1,627,772	2,338,588	4,316,610
Secured fixed and variable rate notes	5,055,531	193,960	1,182,060	1,409,120	3,568,296	6,353,436
Debentures	836,505	119,680	128,280	356,640	933,445	1,538,045
Lease liabilities	1,140,670	207,129	444,117	313,468	385,285	1,349,999
Trade and other payables	4,174,286	4,174,286	-	-	-	4,174,286
Dividends payable	187,498	187,498	-	-	-	187,498
	34,019,527	10,407,734	5,479,470	8,544,250	15,465,586	39,897,040
June 30, 2020						
Bank overdrafts	856,107	856,107	-	-	-	856,107
Bank and other loans	16,804,781	3,490,266	2,185,222	4,821,681	8,775,960	19,273,129
Bond notes	3,562,214	175,012	175,125	1,699,104	2,443,346	4,492,587
Secured fixed and variable rate notes	4,054,836	645,160	133,160	2,309,080	1,734,257	4,821,657
Debentures	734,015	90,040	99,740	347,220	684,811	1,221,811
Lease liabilities	1,424,849	236,232	571,569	366,901	478,902	1,653,604
Trade and other payables	3,880,686	3,880,686	-	-	-	3,880,686
Dividends payable	-	-	-	-	-	-
	31,317,488	9,373,503	3,164,816	9,543,986	14,117,276	36,199,581

The group monitors its risk of a shortage of funds using a liquidity planning tool. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, and lease contracts. The group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

	Carrying amount	Less than one year	After one year and before two years	After two years and before five years	After five years	Contractual undiscounted payments
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE COMPANY						
June 30, 2021						
Bank overdrafts	-	-	-	-	-	-
Bank and other loans	3,693,989	635,755	734,232	755,294	2,318,441	4,443,722
Bond notes	3,561,155	175,125	175,125	1,627,772	2,338,588	4,316,610
Secured fixed and variable rate notes	-	-	-	-	-	-
Debentures	-	-	-	-	-	-
Lease liabilities	22,391	8,662	6,891	5,993	8,918	30,464
Trade and other payables	45,642	45,642	-	-	-	45,642
Dividends payable	187,498	187,498	-	-	-	187,498
	7,510,675	1,052,682	916,248	2,389,059	4,665,947	9,023,936
June 30, 2020						
Bank overdrafts	-	-	-	-	-	-
Bank and other loans	3,765,217	308,059	255,658	1,218,729	2,927,112	4,709,558
Bond notes	3,562,214	175,012	175,125	1,699,104	2,443,346	4,492,587
Secured fixed and variable rate notes	-	-	-	-	-	-
Debentures	-	-	-	-	-	-
Lease liabilities	30,287	8,987	8,917	13,154	8,746	39,804
Trade and other payables	37,708	37,708	-	-	-	37,708
Dividends payable	-	-	-	-	-	-
	7,395,426	529,766	439,700	2,930,987	5,379,204	9,279,657

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

3. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES (CONT'D)

3.1 Financial risk factors (cont'd)

(d) Risk associated with the group's agricultural activities

The group is exposed to the following risks associated with its agricultural activities namely standing crop, deer farming and palm trees.

(i) Regulatory and environmental risk

The group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

(ii) Price risk

The group is exposed to risk due to fluctuations in the price of sugar. The risk will affect both the crop proceeds and the standing cane valuation.

(iii) Demand and supply risk

The group is exposed to risks arising from fluctuations in the price and sales volume of standing crop, deer farming and palm trees. When possible, the group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

(iv) Climate and other risk

The sugar cane and palm trees plantations and deer farming are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys. The group is also insured against natural disasters such as forest fires, floods and cyclones.

3.2 Fair value estimation

The fair value of financial instruments traded on active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker or regulatory agency and the prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available for sale.

The fair value of financial instruments that are not traded on an active market is determined using valuation techniques. The group uses a variety of methods namely capitalised earnings, net asset basis and dividend yield where applicable and makes assumptions that are based on market conditions existing at the end of each reporting period. These instruments are included in level 3. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The carrying amount of the financial assets would be an estimated Rs. 1,145m (2020: Rs.1,109m) for the group and Rs. 199m (2020: Rs. 195m) for the company higher/lower in the event their fair values were increased/decreased by 5%. The fair value of those financial assets and liabilities not presented on the group's statements of financial position at their fair values are not materially different from their carrying amounts.

3.3 Capital risk management

The group's objectives when managing capital are:

- to safeguard the entities' ability to continue as going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may vary the amount of dividends paid to shareholders or sell assets to reduce debt.

The group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt (as shown on the statement of financial position) less cash and bank balances. Adjusted capital comprises all components of equity (i.e. share capital, non-controlling interests, retained earnings and revaluation, fair value and other reserves).

The net debt-to-adjusted capital ratios at June 30, 2021 and at June 30, 2020 were as follows:

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Total debts	30,401,068	28,208,644	7,277,535	7,357,718
Cash and bank balances	(4,655,282)	(3,259,623)	(681,868)	(789,390)
Net debts	25,745,786	24,949,021	6,595,667	6,568,328
Total equity	41,055,841	40,429,351	24,631,424	24,038,646
Debt-to-adjusted capital ratio	0.627	0.617	0.268	0.273

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below and in respective applicable notes to the financial statements.

Judgements

Note 9 Investments in subsidiary companies: whether the group has de facto control over an investee; Subsidiaries are all entities, including structured entities, over which the group has control. The group controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. For entities where effective holding is less than 50%, management ensures that control is exercised through board representations.

Note 10 Investments in associated companies: whether the group has significant influence over an investee; The group determines whether an entity has significant influence over another entity for all entities with a shareholding between 20% and 50% of the voting rights. In considering the classification management considers whether control exists, the nature and structure of the relationship and other facts and circumstances. In making their judgement, the directors and management considered the group's absolute size of holding and the relative size and dispersion of the shareholdings owned by the other investors. For associates with less than 20% effective holding, management ensures that significant influence is exercised through board representation.

Note 11 Investments in jointly controlled entities: whether the group has significant influence over an investee; and

Note 48 Going concern: Whether the group as a whole has adequate resources to continue in operation for a period of 12 months from the date of approval of the financial statements.

Assumptions and estimation uncertainties

Note 5 Property, plant and equipment: determining the fair value of property, plant and equipment as part of the revaluation exercise carried out every 3 years;

Note 6 Investment properties: determining the fair value of investment property;

Note 8 Intangible assets: impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts;

Note 12 Investments in financial assets: determining the fair value of investments in financial asset on the basis of significant unobservable inputs;

Note 14 Loans and advances: measurement of ECL allowance for loans and advances: key assumptions in determining the inputs to the ECL model;

Note 16 Consumable biological assets: determining the fair value of biological assets on the basis of significant unobservable inputs;

Note 17 Trade and other receivables: measurement of ECL allowance for trade receivables: key assumptions in determining the weighted-average loss rate;

Note 18 Assets related to contracts with customers: measurement of ECL allowance for contract assets: key assumptions in determining the weighted-average loss rate;

Note 23 Deferred income taxes: recognition of deferred tax assets/liabilities: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised; and

Note 26 Employee Benefits Liabilities: measurement of defined benefit assets/obligations: key actuarial assumptions.

Limitation of sensitivity analysis

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

Sensitivity analysis does not take into consideration how the group assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the group view of possible near term market changes that cannot be predicted with any certainty.

More details are in respective applicable notes below to the financial statements:

Note 3.1(a) Financial risk factors – Market risk: sensitivity analysis

Note 3.2 Fair value estimation: sensitivity analysis

Note 12 Investments in financial assets: sensitivity analysis

Note 14 Loans and advances: measurement of ECL allowance for loans and advances: key assumptions in determining the inputs to the ECL model;

Note 17 Trade and other receivables: measurement of ECL allowance for trade receivables: key assumptions in determining the weighted-average loss rate;

Note 18 Assets related to contracts with customers: measurement of ECL allowance for contract assets: key assumptions in determining the weighted-average loss rate;

Note 26 Employee Benefits Liabilities: measurement of defined benefit assets/obligations: key actuarial assumptions.

Impairment of financial assets

The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgements in making these assumptions and selecting the inputs for the impairment calculation, based on group's past history, existing market conditions as well as forward looking estimates at the end of cash reporting period. Kindly refer to note 12 for more details.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

5. PROPERTY, PLANT AND EQUIPMENT

(a) Accounting policy

All property, plant and equipment are initially recorded at cost, some of which, namely land and buildings, are subsequently shown at revalued amount based on periodic, but at least triennial valuations by qualified independent professional valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the asset will flow to the group and the cost can be measured reliably. Cost also includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met.

At each reporting date, the group reviews the carrying amount of its property, plant and equipment to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash generating units (CGU) exceeds its recoverable amount. When there is indication of impairment and the carrying amount of such asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Property, plant and equipment, other than land, are depreciated over their useful lives on a straight line basis. Depreciation is calculated on a straight line method to write off the cost or revalued amounts of the assets, with the exception of land, to their residual values over their estimated useful lives as follows:

	Years
Buildings and yard/Improvement to buildings	10 - 50
Machinery and equipment/Agricultural equipment	1 - 50
Motor vehicles/Transport equipment	4 - 10
Furniture, fittings and others/Office equipment	4 - 20
Bearer plants	7-14
Land is not depreciated.	

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Depreciation on assets which are directly related to operations are charged to cost of sales and others to operating expenses.

Bearer biological assets comprise of replantation costs relating to bearer canes. Cane replantation costs are capitalised and amortised over a period of seven years, one year after the expenses have been incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of profit or loss when the asset is derecognised.

The group accounts for land and buildings at fair value based on revaluation exercise carried out by qualified independent professional valuers on a periodic basis, normally every 3 years. The latest valuation was performed in June 2020.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus directly in equity. All other decreases are charged to statements of profit or loss.

Borrowing costs

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use, as part of the cost of the asset. All other borrowing costs are expensed in the year they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(a)(i) Items of property, plant and equipment include:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Property, plant and equipment (see notes (b) and (c))	31,285,286	31,404,314	656,722	653,957
Right of use assets (see note (e))	1,093,838	1,207,756	15,640	20,585
At June 30,	32,379,124	32,612,070	672,362	674,542

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE GROUP

(i) 2021	Freehold land	Buildings & yard	Machinery & equipment	Motor vehicles	Furniture, fittings & others	Bearer plants	Assets under construction	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST AND VALUATION								
At July 1,								
- as previously reported	17,198,981	12,116,926	3,148,017	911,473	685,862	664,575	175,065	34,900,899
- effect of prior year adjustments (note 50)	-	1,106,400	(300)	(26,531)	83,476	-	160,800	1,323,845
- as restated	17,198,981	13,223,326	3,147,717	884,942	769,338	664,575	335,865	36,224,744
Additions	131,600	241,100	231,105	67,252	68,488	33,503	87,269	860,317
On disposal of subsidiary	-	-	(22,664)	(4,508)	(4,814)	-	-	(31,986)
Disposals	(48,206)	(1,622)	(110,161)	(98,901)	(7,178)	-	-	(266,068)
Assets written off*	-	-	(12,736)	(49)	(5,158)	-	-	(17,943)
Revaluation adjustment	166,351	86,670	-	-	-	-	-	253,021
Transfer to right of use assets (note 5 (e))	-	(90,200)	(44,300)	(152,300)	-	-	-	(286,800)
Transfer to inventories	(289,989)	(9,400)	-	-	-	-	-	(299,389)
Transfer to investment properties (note 6)	-	(48,335)	-	-	-	-	-	(48,335)
Translation difference	-	9,700	25,000	2,600	-	-	-	37,300
At June 30,	17,158,737	13,411,239	3,213,961	699,036	820,676	698,078	423,134	36,424,861

DEPRECIATION AND IMPAIRMENT

At July 1,

- as previously reported	-	1,123,308	2,364,381	593,247	220,966	489,790	-	4,791,692
- effect of prior year adjustments (note 50)	-	30,600	(300)	(11,938)	10,376	-	-	28,738
- as restated	-	1,153,908	2,364,081	581,309	231,342	489,790	-	4,820,430
On disposal of subsidiary	-	-	(15,347)	(3,006)	(4,083)	-	-	(22,436)
Charge for the year	-	203,667	283,852	81,133	43,349	27,718	-	639,719
Disposals	-	(1,249)	(98,652)	(80,200)	(2,323)	-	-	(182,424)
Assets written off*	-	-	(12,705)	(149)	(5,160)	-	-	(18,014)
Transfer to right of use assets	-	(31,300)	(22,100)	(67,300)	-	-	-	(120,700)
Translation difference	-	3,400	17,900	1,700	-	-	-	23,000
At June 30,	-	1,328,426	2,517,029	513,487	263,125	517,508	-	5,139,575

NET BOOK VALUES

At June 30,	17,158,737	12,082,813	696,932	185,549	557,551	180,570	423,134	31,285,286
--------------------	-------------------	-------------------	----------------	----------------	----------------	----------------	----------------	-------------------

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE GROUP (CONT'D)

(ii) 2020	Freehold land	Buildings & yard	Machinery & equipment	Motor vehicles	Furniture, fittings & others	Bearer plants	Assets under construction	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST AND VALUATION								
At July 1,								
- as previously reported	14,456,377	11,020,310	2,905,337	916,333	682,539	649,618	141,539	30,772,053
- effect of prior year adjustments (note 50)	-	988,100	-	(25,414)	-	-	9,200	971,886
- as restated	14,456,377	12,008,410	2,905,337	890,919	682,539	649,618	150,739	31,743,939
Acquisition through business combination (note 43)	-	-	400	-	-	-	-	400
Additions	265,308	392,700	320,198	129,006	113,942	14,957	210,947	1,447,058
On disposal of subsidiary	-	-	(84)	(3,789)	(3,913)	-	-	(7,786)
Disposals	(372,109)	(94,906)	(107,661)	(127,194)	(23,197)	-	-	(725,067)
Assets written off*	-	-	-	-	(33)	-	-	(33)
Revaluation adjustment	2,849,097	853,365	-	-	-	-	-	3,702,462
Transfers	308	45,357	4,627	-	-	-	(25,821)	24,471
Translation difference	-	18,400	24,900	(4,000)	-	-	-	39,300
At June 30,	17,198,981	13,223,326	3,147,717	884,942	769,338	664,575	335,865	36,224,744
DEPRECIATION AND IMPAIRMENT								
At July 1,								
- as previously reported	-	906,966	2,156,957	601,897	214,677	462,675	-	4,343,172
- effect of prior year adjustments (note 50)	-	20,200	-	(8,801)	-	-	-	11,399
- as restated	-	927,166	2,156,957	593,096	214,677	462,675	-	4,354,571
On disposal of subsidiary	-	-	(58)	(2,624)	(2,046)	-	-	(4,728)
Charge for the year	-	200,242	294,432	113,201	41,247	27,115	-	676,237
Disposals	-	-	(101,950)	(119,764)	(22,506)	-	-	(244,220)
Assets written off*	-	26,400	-	-	(30)	-	-	26,370
Translation difference	-	100	14,700	(2,600)	-	-	-	12,200
At June 30,	-	1,153,908	2,364,081	581,309	231,342	489,790	-	4,820,430
NET BOOK VALUES								
At June 30,	17,198,981	12,069,418	783,636	303,633	537,996	174,785	335,865	31,404,314

* Impairment was renamed to assets written off to reflect that assets have been written off as opposed to impaired.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE GROUP (CONT'D)

- (iii) Assets under construction relate to irrigation and other equipment under installation which are not yet operational.
- (iv) The group's land and buildings were revalued by qualified independent professional valuers. The valuations were made on the basis of open market value and replacement costs as appropriate.

The techniques used are as follows:

- Where there are a significant number of similar transactions on the market, the market sales comparison approach are usually based upon to determine the open market values of both the land, freehold or leasehold and the buildings as well as the built-up improvements.
- For properties which are not regularly transacted on the open market, more particularly specialised properties, the income approach and depreciated replacement cost approach are used for the buildings and built-up improvements and the market sales comparison approach for the land component.

The revaluation surplus net of deferred income taxes was credited to revaluation reserves in shareholders' equity.

Details of the group's freehold land and buildings measured at fair value and information about the fair value hierarchy as at the reporting date are as follows:

	Level 3
	Rs'000
2021	
Freehold land	17,158,737
Buildings & yard	12,082,813
Total	29,241,550
2020 Restated	
	Level 3
	Rs'000
Freehold land	17,198,981
Buildings & yard	12,069,418
Total	29,268,399

In the prior year, freehold land, incorrectly disclosed as level 2, have been restated in the current year as level 3.

The different levels have been defined as follows:

Level 1 - Unadjusted market prices in active market for identical assets.

Level 2 - Inputs other than market prices included within level 1 that are observable for the asset, either directly or indirectly.

Level 3 - Inputs for the asset that are not based on observable market data.

- (v) The movement in level 3 fair value measurement for the year ended June 30, 2021 and 2020 are disclosed in the note (b) (i) & (ii) above.

(vi) Sensitivity of fair value measurement to changes in unobservable inputs

Information about fair value measurements using significant unobservable inputs (level 3) are as follows:

Description	Range of unobservable inputs per metre square
	Rs'000
Buildings	150 - 8,000

Although management believes that its estimates of fair value are appropriate, the use of different assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on other comprehensive income and equity. The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Direct market comparison approach: estimates the value of a property by comparing it to similar properties recently sold in the market.	Rate per square meter/arpent (Rs.)	The estimated fair value would increase/ (decrease) if rate per square meter/arpent (Rs.) were higher/ (lower).

A quantitative sensitivity analysis is shown below for the rate per square meter/arpent which are the unobservable inputs that management consider to be most significant.

Rate per meter square/arpent

Increase of 0.5% in rate per meter/square would decrease fair value gain by Rs.1,265m.

Decrease of 0.5% in meter/square would increase fair value gain by Rs.1,265m.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE GROUP (CONT'D)

(vii) The group's property, plant and equipment are reflected at revalued amounts. If property, plant and equipment were stated at historical cost, the amounts would have been as follows:

	Freehold land	Buildings & yard	Total
	Rs'000	Rs'000	Rs'000
2021			
Cost	379,354	4,974,601	5,353,955
Accumulated depreciation	-	(1,714,430)	(1,714,430)
Net book values	379,354	3,260,171	3,639,525
2020			
Cost	295,960	4,735,123	5,031,083
Accumulated depreciation	-	(1,510,763)	(1,510,763)
Net book values	295,960	3,224,360	3,520,320

(viii) Depreciation charge of Rs.560.9m and Rs.78.8m (2020 Restated: Rs.560.9m and Rs.78.8m) has been charged to other operating expenses and to cost of sales respectively. Those charged to cost of sales are directly attributable to production activity.

(ix) Bank borrowings are secured on some of the group's property, plant and equipment. Please refer to note 22 for further details.

(c) THE COMPANY

	Land	Buildings	Improvement to buildings	Agricultural equipment	Transport equipment	Motor vehicles	Furniture & fittings	Office equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(i) 2021									
COST AND VALUATION									
At July 1,	597,775	40,471	2,087	21,972	54,295	15,323	2,574	11,279	745,776
Additions	14,024	-	-	-	-	1,447	-	342	15,813
Disposals	(5,100)	-	-	-	(1,010)	(3,684)	-	(85)	(9,879)
At June 30,	606,699	40,471	2,087	21,972	53,285	13,086	2,574	11,536	751,710

DEPRECIATION

At July 1,	-	8,094	239	10,061	54,116	10,111	1,715	7,483	91,819
Charge for the year	-	2,705	209	555	23	2,274	197	1,192	7,155
Disposal adjustments	-	-	-	-	(854)	(3,047)	-	(85)	(3,986)
At June 30,	-	10,799	448	10,616	53,285	9,338	1,912	8,590	94,988

NET BOOK VALUES

At June 30,	606,699	29,672	1,639	11,356	-	3,748	662	2,946	656,722
--------------------	----------------	---------------	--------------	---------------	----------	--------------	------------	--------------	----------------

	Land	Buildings	Improvement to buildings	Agricultural equipment	Transport equipment	Motor vehicles	Furniture & fittings	Office equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(ii) 2020									
COST AND VALUATION									
At July 1,	597,150	35,552	2,087	21,972	58,609	15,226	2,574	7,173	740,343
Additions	-	-	-	-	-	97	-	4,118	4,215
Disposals	-	-	-	-	(4,314)	-	-	(12)	(4,326)
Revaluation adjustment	625	4,919	-	-	-	-	-	-	5,544
At June 30,	597,775	40,471	2,087	21,972	54,295	15,323	2,574	11,279	745,776

DEPRECIATION

At July 1,	-	5,754	30	9,507	58,056	7,548	1,515	6,714	89,124
Charge for the year	-	2,340	209	554	372	2,563	200	781	7,019
Disposal adjustments	-	-	-	-	(4,312)	-	-	(12)	(4,324)
At June 30,	-	8,094	239	10,061	54,116	10,111	1,715	7,483	91,819

NET BOOK VALUES

At June 30,	597,775	32,377	1,848	11,911	179	5,212	859	3,796	653,957
--------------------	----------------	---------------	--------------	---------------	------------	--------------	------------	--------------	----------------

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) THE COMPANY (CONT'D)

(iii) The company's property, plant and equipment are reflected at revalued amounts. If property, plant and equipment were stated at historical cost, the amounts would have been as follows:

	Freehold land	Buildings & yard	Total
	Rs'000	Rs'000	Rs'000
2021			
Cost	10,516	11,135	21,651
Accumulated depreciation	-	(214)	(214)
Net book values	10,516	10,921	21,437
2020			
Cost	1,592	11,135	12,727
Accumulated depreciation	-	(214)	(214)
Net book values	1,592	10,921	12,513

(iv) Bank borrowings are secured on some of the company's property, plant and equipment. Please refer to note 22 for further details.

(v) Depreciation charge has been included in other operating expenses.

(d) Critical accounting estimates

Asset lives and residual values

Property, plant and equipment are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes as well as location, wear and tear and frequency of renovation are taken into account. The residual value of an asset is the estimated net amount that the group would currently obtain from the disposal of the asset, if the asset was already of the age and in the condition expected at the end of its useful life. Residual value assessments consider issues such as future market conditions, the remaining useful life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

Revaluation of properties

The group measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The group appoints qualified independent professional valuers who have valuation experience of similar properties to determine the fair value of these properties. Valuations were made on the basis of open market values and replacement costs.

As part of the revaluation process, the use of judgement to determine the fair value of properties is necessary. Land is valued on the basis of recently transacted properties in that specific region.

(e) Right of use assets

Accounting policy

The group recognises a right of use asset and a corresponding lease liability at commencement date at which the leased asset is available for use.

The group presents right of use assets that do not meet the definition of investment property as property, plant and equipment.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The depreciation period for right of use assets held by the group are as described below:

	Years
Land and buildings	10-50
Plant, machinery and motor vehicles	3-5

Short term leases and leases of low value assets

The group has elected not to recognise right of use assets and the corresponding lease liabilities for short-term leases and low-value assets. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term. The group applies the exemption for low value assets on a lease by lease basis. While short term leases are leases with a term of twelve months or less, low-value assets are comprised of IT equipment including computers, mobile phones and small office equipment.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) Right of use assets (cont'd)

(i) THE GROUP

2021

COST

At July 1,			
- as previously reported	1,106,491	108,219	1,214,710
- effect of prior year adjustments (note 50)	198,300	17,243	215,543
- as restated	1,304,791	125,462	1,430,253
Additions	105,710	10,700	116,410
Disposals	-	(5,083)	(5,083)
Write off	-	(3,224)	(3,224)
Transfer from property, plant and equipment (note 5(b))	90,200	196,600	286,800
Termination of lease contracts	(4,422)	(6,500)	(10,922)
Effect of modification to lease terms	(165,009)	(29,500)	(194,509)
Translation difference	8,800	1,700	10,500
On disposal of subsidiary	(72,200)	(8,700)	(80,900)
At June 30,	1,267,870	281,455	1,549,325

DEPRECIATION

At July 1,			
- as previously reported	131,974	29,085	161,059
- effect of prior year adjustments (note 50)	58,000	3,438	61,438
- as restated	189,974	32,523	222,497
Charge for the year	135,288	56,988	192,276
Disposal adjustment	-	(6,067)	(6,067)
Transfer from property, plant and equipment	31,300	89,400	120,700
Termination of lease contracts	(2,448)	(3,300)	(5,748)
Effect of modification to lease terms	(42,700)	(15,800)	(58,500)
Translation difference	1,529	900	2,429
On disposal of subsidiary	(6,600)	(5,500)	(12,100)
At June 30,	306,343	149,144	455,487

NET BOOK VALUES

At June 30,

	Land and buildings Rs'000	Plant, machinery and motor vehicles Rs'000	Total Rs'000
At July 1,			
- as previously reported	1,106,491	108,219	1,214,710
- effect of prior year adjustments (note 50)	198,300	17,243	215,543
- as restated	1,304,791	125,462	1,430,253
Additions	105,710	10,700	116,410
Disposals	-	(5,083)	(5,083)
Write off	-	(3,224)	(3,224)
Transfer from property, plant and equipment (note 5(b))	90,200	196,600	286,800
Termination of lease contracts	(4,422)	(6,500)	(10,922)
Effect of modification to lease terms	(165,009)	(29,500)	(194,509)
Translation difference	8,800	1,700	10,500
On disposal of subsidiary	(72,200)	(8,700)	(80,900)
At June 30,	1,267,870	281,455	1,549,325
At July 1,			
- as previously reported	131,974	29,085	161,059
- effect of prior year adjustments (note 50)	58,000	3,438	61,438
- as restated	189,974	32,523	222,497
Charge for the year	135,288	56,988	192,276
Disposal adjustment	-	(6,067)	(6,067)
Transfer from property, plant and equipment	31,300	89,400	120,700
Termination of lease contracts	(2,448)	(3,300)	(5,748)
Effect of modification to lease terms	(42,700)	(15,800)	(58,500)
Translation difference	1,529	900	2,429
On disposal of subsidiary	(6,600)	(5,500)	(12,100)
At June 30,	306,343	149,144	455,487
At June 30,	961,527	132,311	1,093,838

2020

COST

At July 1,			
- as previously reported	967,505	93,529	1,061,034
- effect of prior year adjustments (note 50)	193,100	25,414	218,514
- as restated	1,160,605	118,943	1,279,548
Additions	115,206	17,827	133,033
Disposals	-	(2,808)	(2,808)
Adjustment of straight lining	23,780	-	23,780
Termination of lease contracts	-	(8,500)	(8,500)
Translation difference	5,200	-	5,200
At June 30,	1,304,791	125,462	1,430,253

DEPRECIATION

At July 1,			
- as previously reported	-	-	-
- effect of prior year adjustments (note 50)	47,500	8,801	56,301
- as restated	47,500	8,801	56,301
Charge for the year	141,874	34,330	176,204
Disposal adjustment	-	(2,108)	(2,108)
Termination lease contracts	-	(8,500)	(8,500)
Translation difference	600	-	600
At June 30,	189,974	32,523	222,497

NET BOOK VALUES

At June 30,

	Land and buildings Rs'000	Plant, machinery and motor vehicles Rs'000	Total Rs'000
At July 1,			
- as previously reported	967,505	93,529	1,061,034
- effect of prior year adjustments (note 50)	193,100	25,414	218,514
- as restated	1,160,605	118,943	1,279,548
Additions	115,206	17,827	133,033
Disposals	-	(2,808)	(2,808)
Adjustment of straight lining	23,780	-	23,780
Termination of lease contracts	-	(8,500)	(8,500)
Translation difference	5,200	-	5,200
At June 30,	1,304,791	125,462	1,430,253
At July 1,			
- as previously reported	-	-	-
- effect of prior year adjustments (note 50)	47,500	8,801	56,301
- as restated	47,500	8,801	56,301
Charge for the year	141,874	34,330	176,204
Disposal adjustment	-	(2,108)	(2,108)
Termination lease contracts	-	(8,500)	(8,500)
Translation difference	600	-	600
At June 30,	189,974	32,523	222,497
At June 30,	1,114,817	92,939	1,207,756

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) Right of use assets (cont'd)

(ii) THE COMPANY

2021

COST

At July 1 and June 30,			
DEPRECIATION			
At July 1,	81	3,648	319
Charge for the year	21	3,648	1,276
At June 30,	102	7,296	1,595
NET BOOK VALUES			
At June 30,	-	13,727	1,913

2020

COST

At July 1 and June 30,			
DEPRECIATION			
At July 1 and June 30,	81	3,648	319
NET BOOK VALUES			
At June 30,	21	17,375	3,189

6. INVESTMENT PROPERTIES

(a) Accounting policy

Investment properties are properties which are held to earn rentals or for capital appreciation and not occupied by the group and are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value determined annually by qualified independent professional valuers. The qualified independent professional valuers hold recognised and relevant professional qualification and has recent experience in the location and category of the investment being valued. Changes in fair value are included in statements of profit or loss. Properties that are being constructed or developed for future use as investment properties are treated as investment properties. Investment properties are derecognised when they are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their use. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statements of profit or loss in the year of derecognition.

Rental income from investment properties is recognised in revenue on a straight-line basis over the term of the lease. The effect of straight-lining of income is adjusted for in the fair value of investment properties.

If an investment property becomes owner occupied, it is reclassified to property, plant and equipment. Its fair value at the date of reclassification becomes its book value for subsequent accounting purposes.

If an owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged to other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss.

Where an investment property undergoes a change in use, such as commencement of development with a view to sell, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use. Transfers between levels of the fair value hierarchy, are deemed to have occurred at the beginning of the reporting period.

Borrowing costs

Interest costs on borrowings to finance the construction of investment property are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that the group incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

6. INVESTMENT PROPERTIES (CONT'D)

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
(b) Fair value model				
At July 1,				
- as previously reported	19,795,178	18,339,039	12,906,131	13,482,734
- effect of prior year adjustments (note 50)	(617,800)	(565,500)	-	-
- as restated	19,177,378	17,773,539	12,906,131	13,482,734
Additions	1,128,105	952,245	-	3,021
Disposals	(46,411)	(50,880)	(16,211)	(2,441,839)
Effect of straightlining adjustment on rental income	22,792	21,424	-	-
Transfer from/(to) property, plant and equipment (note 5)*	48,335	(24,500)	-	-
Transfer from investment in associate	-	56,570	-	-
Transfer (to)/from inventories (stock of land)	(623,958)	73,269	-	-
Transfer to non-current assets classified as held for sale (note 20)	-	(20,589)	-	-
Transfer to compensation for waiver of rights	-	-	-	(6,457)
Translation difference	24,900	44,900	-	-
Increase in fair value	807,058	351,400	147,739	1,868,672
At June 30,	20,538,199	19,177,378	13,037,659	12,906,131

* Includes a portion of land reclassified from property, plant and equipment to investment property as the land is held by a subsidiary company and leased out for use to a former subsidiary company.

(c) The following amounts have been recognised in profit or loss:

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Rental income derived from investment properties	1,348,320	1,232,103	63,544	60,180
Direct operating expenses generating rental income	482,645	416,924	-	-
Direct operating expenses that did not generate rental income	33,940	54,308	-	-

(d) The investment properties were valued on June 30, 2021 by qualified independent professional valuers namely Ramiah-Isabel Consultancy Ltd, Messrs John Lang Lasalle, Mills Fitchet and Gexim Real Estate Ltd.

The properties have been valued to their open market value being the price at which the freehold interests might reasonably be expected to achieve if sold at the date of this valuation assuming:

- There is a willing buyer for existing or alternative use purposes.
- There is a willing and prudent seller.
- That prior to the date of sale there had been a reasonable period in which to negotiate the proposed sale taking into account the prevailing market conditions.
- That property values will remain static throughout the period during which the property is marketed.
- That the properties will be freely and fully exposed to the market.
- That no account is taken of any additional bid by a prospective purchaser with a special interest.
- That both parties to the transaction will act knowledgeably, prudently and without compulsion.
- The properties are free from all charges and encumbrances.

The valuation was performed using:

- The Direct Market Comparison Approach, which is based on recent transactions for similar properties in similar locations. Where comparables are not available, then the best-suited comparables are used and adjusted for year of transaction, geographical location, land, use, size, shape, frontage, access, site constraints, planning restrictions, etc. The resulting figure is further analysed to ascertain whether it is fair and reasonable according to our knowledge of the property market.
- The fair value of the properties were valued using the discounted cash flow method (DCF). The expected future net income for 5 years has been discounted at an appropriate discount rate and added to the estimated reversionary value. The reversionary value has been computed by capitalising the net income prevailing at the end of the cash flow projections and discounting at an appropriate rate. The DCF valuation is also the approach by which private, institutional, local and overseas investors analyse property for investment purposes to estimate the market value. This methodology also takes into account the time value of money between the valuation date and the date when the income stream theoretically reverts to market levels.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

6. INVESTMENT PROPERTIES (CONT'D)

On the other hand, building improvements have been valued to their fair value using the Depreciated Replacement Cost (DRC) Method. The DRC has been arrived at by using the construction costs of similar buildings and adjusted for depreciation resulting from one or more of the following factors: Physical deterioration, functional obsolescence, external (or economic) obsolescence, renovation works, level/quality of maintenance.

Information about fair value measurements using significant unobservable inputs:

	Range of unobservable inputs per arpent	
	2021 Rs'000	2020 Rs'000
Land		
Established built up /vacant residential and industrial plot - land	4,250-45,000	5,000-35,000
Building		
Established built up /vacant residential and industrial plot - building	4,500-93,977	3,880-93,977

Direct market comparison approach has been used by the independent professional valuer and are based on recent transactions for similar properties in similar location.

Main inputs used in the valuation of commercial properties are as follows:

	2021	2020
Reversionary rate	7.00% - 9.25%	7.75% - 8.75%
Discount rate	11.50% - 14%	10.75% - 14.50%
Market rental growth	4% - 5%	1% - 5%
Expense growth	3% - 5%	1% - 7.5%
Net operating income from properties (Rs'000)	17,000 - 479,000	2,200 - 443,000
DCF period	5 years	5 years

Sensitivity of fair value measurement to changes in unobservable inputs

Although management believes that its estimates of fair value are appropriate, the use of different assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on profit or loss and equity. The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (primary vs secondary), tenant credit quality and lease terms.	Expected market rental growth (4% - 5%) Void periods (1 to 6 months) Occupancy rate (90% - 100%) Rent-free periods (no rent-free period) Risk-adjusted discount rates (11.5% - 14%) Reversionary rate (7% - 9.25%)	The estimated fair value would increase (decrease) if: • expected market rental growth were higher (lower); • void periods were shorter • rent-free periods were shorter (longer); • the risk-adjusted discount rate was lower (higher); or • the reversionary rate was lower (higher).

A quantitative sensitivity analysis is shown below for the discount rate and reversionary rate which are the unobservable inputs that management consider to be most significant.

Discount rate

Increase of 0.5% in discount rate would decrease fair value gain by Rs.264.4m.
Decrease of 0.5% in discount rate would increase fair value gain by Rs.271.4m.

Reversionary rate

Increase of 0.5% in reversionary rate would decrease fair value gain by Rs.605.3m.
Decrease of 0.5% in reversionary rate would increase fair value gain by Rs.692.7m.

(e) The group has pledged part of its investment properties to secure borrowings. Please refer to note 22 for further details.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

6. INVESTMENT PROPERTIES (CONT'D)

(f) Details of the investment properties and information about the fair value hierarchy are as follows:

THE GROUP	
Level 3	
2021	2020
Rs'000	Rs'000
Land and buildings	
20,538,199	19,177,378

THE COMPANY	
Level 3	
2021	2020
Rs'000	Rs'000
Land and buildings	
13,037,659	12,906,131

(g) The movement in level 3 fair value measurement for the year ended June 30, 2021 and 2020 are disclosed in note (b) above. In the prior year, land incorrectly disclosed as level 2, have been restated in the current year as level 3.

(h) Critical accounting estimates

Revaluation of investment properties

Investment properties are stated at fair value with changes in fair value being recognised in the statements of profit or loss. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The group appointed qualified independent professional valuers who have valuation experience of similar properties to determine the fair value of these properties which were carried out on the basis of open market values, depreciated replacement cost, discounted cash flow approach and residual value method.

As part of the revaluation process, the use of judgement to determine the fair value of properties is necessary. Land is valued on the basis of recently transacted properties of similar nature in that specific region and residual value method as appropriate.

For developed sites, the income capitalisation method and the depreciated replacement cost basis have been used. The depreciated replacement cost methodology consists of the depreciated replacement cost of the building, plus the market value of the land.

For the unimproved sites, depreciated replacement cost basis have been used. The depreciated replacement cost methodology consists of the depreciated replacement cost of the building.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

7. DEFERRED EXPENDITURE

(a) Accounting policy

Deferred expenditure relates to cost incurred on a development project and are released as the properties are disposed.

(b) THE GROUP

(i) 2021

Cost

At July 1,
 - as previously reported
 - effect of prior year adjustments (note 50)
 - as restated
 Translation difference

At June 30, Amortisation

At July 1,
 - as previously reported
 - effect of prior year adjustments (note 50)
 - as restated
 Charge for the year
 Translation difference

At June 30, NET BOOK VALUES

At June 30,

(ii) 2020

Cost

At July 1,
 - as previously reported
 - effect of prior year adjustments (note 50)
 - as restated
 Additions
 Translation difference

At June 30, Amortisation

At July 1,
 - as previously reported
 - effect of prior year adjustments (note 50)
 - as restated
 Charge for the year
 Translation difference

At June 30, NET BOOK VALUES

At June 30,

Additions to deferred expenditure relate to subsequent expenditure.

Deferred expenditure Rs'000

301,600
(112,700)
188,900
17,700
206,600

90,400
48,100
138,500
43,400
14,500
196,400

10,200

Deferred expenditure Rs'000

241,500
 (86,600)
 154,900
 3,500
 30,500
 188,900

125,500
 (77,400)
 48,100
 73,600
 16,800
 138,500

50,400

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

8. INTANGIBLE ASSETS

(a) Accounting policy

Computer software and other intangible assets

Computer software and other intangible assets including market related intangibles, any premium paid on acquisition of businesses and concession rights, that are acquired by the group and have finite useful lives are initially recorded at cost. Other intangible assets are subsequently measured at cost less accumulated amortisation and impairment losses. The intangible assets are amortised using the straight-line method over its estimated useful life.

Amortisation methods, useful lives and residual values of computer software and other intangible assets are reviewed at each reporting date and adjusted if appropriate.

Gains or losses arising from derecognition of other intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Premium paid by certain subsidiaries for acquiring agencies are considered as intangibles with indefinite life and are tested for impairment. Those premium having a finite life are amortised over the life time of the asset to determine its carrying amount at the end of the reporting period. For the year ended June 30, 2021, the group has not recognised internally generated intangibles.

The amortisation rates by class of other intangible assets held by the group are as described below:

Computer software:	2 - 8 years
Customer relationships:	8 years
Concession rights:	9 - 60 years

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Land conversion rights have been assessed to have an indefinite life and are tested annually for impairment and are transferred to investment properties upon conversion of the land. The recoverable amount of the land conversion rights has been determined based on the value stated in the Sugar Industry Efficiency Act.

Franchise is shown at historical cost, has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method over its estimated useful lives of 4 - 10 years.

Goodwill arises on the acquisition of subsidiary companies and represents the excess of the consideration over the group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Any net excess of the group's interests in the net fair value of the acquiree's net identifiable assets over cost is recognised in profit or loss.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. On disposal of a subsidiary company, the goodwill is included in the determination of the gains and losses on disposal.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

Other purchased goodwill consists mainly of premium paid by certain subsidiaries for acquiring agencies. This goodwill is either tested for impairment or amortised over a finite period of time to determine its carrying amount at the end of the reporting period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

8. INTANGIBLE ASSETS (CONT'D)

(b) THE GROUP

	Computer software	Goodwill on acquisition of subsidiaries	Land conversion rights	Franchise	Market related intangibles*	Concession /leasehold rights	Other intangible assets	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(i) 2021								
COST								
At July 1,								
- as previously reported	345,090	805,968	257,577	19,625	-	-	821,707	2,249,967
- effect of prior year adjustments (note 50)	2,300	61,900	-	-	356,900	180,000	(747,900)	(146,800)
- as restated	347,390	867,868	257,577	19,625	356,900	180,000	73,807	2,103,167
Additions	25,383	-	53,951	14,187	600	-	-	94,121
Disposals	(3,284)	-	-	(4,941)	-	-	-	(8,225)
Translation difference	(1,000)	31,000	-	-	-	-	-	30,000
At June 30,	368,489	898,868	311,528	28,871	357,500	180,000	73,807	2,219,063
AMORTISATION AND IMPAIRMENT								
At July 1,								
- as previously reported	297,408	11,963	-	7,083	169,000	122,500	17,308	625,262
- effect of prior year adjustments (note 50)	(17,300)	-	-	-	-	(47,500)	(3,500)	(68,300)
- as restated	280,108	11,963	-	7,083	169,000	75,000	13,808	556,962
Charge for the year	27,022	-	-	207	38,700	3,000	7,869	76,798
Disposal adjustments	(3,284)	-	-	(1,125)	-	-	-	(4,409)
Impairment	10,584	8,800	-	-	-	-	-	19,384
Translation difference	(100)	-	-	-	-	-	-	(100)
At June 30,	314,330	20,763	-	6,165	207,700	78,000	21,677	648,635
NET BOOK VALUES								
At June 30,	54,159	878,105	311,528	22,706	149,800	102,000	52,130	1,570,428
(ii) 2020 Restated								
COST								
At July 1,								
- as previously reported	342,667	788,967	140,177	19,625	355,500	373,100	70,507	2,090,543
- effect of prior year adjustments (note 50)	-	9,700	-	-	-	(193,100)	-	(183,400)
- as restated	342,667	798,667	140,177	19,625	355,500	180,000	70,507	1,907,143
Additions	13,253	17,001	117,400	-	1,400	-	3,300	152,354
Disposals	(3,300)	-	-	-	-	-	-	(3,300)
On disposal of subsidiary	(1,330)	-	-	-	-	-	-	(1,330)
Translation difference	(3,900)	52,200	-	-	-	-	-	48,300
At June 30,	347,390	867,868	257,577	19,625	356,900	180,000	73,807	2,103,167
AMORTISATION AND IMPAIRMENT								
At July 1,								
- as previously reported	269,527	-	-	5,600	130,500	119,500	967	526,094
- effect of prior year adjustments (note 50)	-	-	-	-	-	(47,500)	-	(47,500)
- as restated	269,527	-	-	5,600	130,500	72,000	967	478,594
Charge for the year	11,194	-	-	247	38,500	3,000	12,841	65,782
Impairment	-	6,845	-	1,236	-	-	-	8,081
Transfers	400	-	-	-	-	-	-	400
On disposal of subsidiary	(1,013)	5,118	-	-	-	-	-	4,105
At June 30,	280,108	11,963	-	7,083	169,000	75,000	13,808	556,962
NET BOOK VALUES								
At June 30,	67,282	855,905	257,577	12,542	187,900	105,000	59,999	1,546,205

* Other intangible assets have been reclassified to market related intangibles, leasehold rights to regroup items of the same nature and to provide more information to users of financial statements.

Two subsidiaries leases plots of land from local authorities of Mauritius and Rodrigues and which have been included as part of right of use assets under property, plant and equipment. The lease agreement expires on March 30, 2056 and April 2, 2030 respectively and the lease payments to the authority are subject to 50% increase every ten years. The local authority has provided one of the subsidiary with the contractual rights for its port operations and the latter has right to charge users of the port a license fee to trade and therefore meets the criteria of a concession rights. Given that the authority has granted only the rights to charge users for a license fees, the concession rights amounting to Rs.180m have been accounted as intangible asset in the financial statements and amortised over 60 years.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

8. INTANGIBLE ASSETS (CONT'D)

(b) THE GROUP (CONT'D)

- (iii) Amortisation charge has been included in other operating expenses.
- (iv) The recoverable amounts of the goodwill have been assessed based either on the fair value of the cash-generating units determined by external valuers at June 30, 2021 or on the basis of expected cash flows. The fair value of some of the cash generating units was determined on the basis of capitalisation of earnings whereby a multiple is applied to the investee's adjusted pro-forma earnings. The fair value of other cash generating units was determined on the basis of expected future cash flows from latest management forecasts which were extrapolated on the basis of long term revenue growth rates and assumptions with regard to margin development and discounted for the capital costs of business unit. Following this exercise, impairment of Rs.8.8m (2020: Rs.6.8m) was recognised during the year due to decline in performance of some subsidiaries.
- (v) Land conversion rights have been tested for impairment and no impairment has been noted.
- (vi) Management recognises that the speed of technological change has resulted in an impairment of computer software amounting to Rs.10,584k (2020: Rs.nil).
- (vii) Bank borrowings are secured on some of the group's intangible assets. Please refer to note 22 for further details.

(c) Impairment test

The recoverable amounts for the cash generating units were based on their value in use, determined by discounting the generated future five year cash flows as approved by management. The recoverable amounts of the cash generating units were determined to be lower (2020: higher) than their carrying amounts and an impairment loss of goodwill amounting to Rs 8.8 m has been recorded June 30, 2021 (2020:Rs.6.8m) following the current context of Covid-19. The key assumptions used in the estimation of value in use and recoverable amounts are based on management's past experience of the served markets in which the Group operates with a view to maintain market share.

The assumptions used for the value-in-use calculations are as follows:

	THE GROUP	
	2021	2020
	%	%
Fintech - Corporate Services		
Discount rate	13.1	14.2
Budgeted EBITDA growth rate (average over next five years)	17.4	6.3
Fintech - Technology Services		
Discount rate	9.8	10.7
Budgeted EBITDA growth rate (average over next five years)	18.5	8.4
Hospitality - Hotels		
Discount rate	13	11.3
Budgeted EBITDA growth rate (average over next five years)	135.7	18.1
Hospitality - Leisure		
Discount rate	6.6	10.4
Budgeted EBITDA growth rate (average over next five years)	2	(3.1)
Hospitality - Travel		
Discount rate	13.3	12.4
Budgeted EBITDA growth rate (average over next five years)	31.0	1.8
Logistics		
Discount rate	10.5	11.5
Budgeted EBITDA growth rate (average over next five years)	13.5	26.7

A five-year cash flow forecast is used and terminal value growth rate is assumed to be nil for the purpose of goodwill impairment tests. The discount rate was a pre-tax measure estimated based on the rate of 10-year government bonds issued by the Government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the risk of investing in equities generally and the systematic risk of the specific Cash Generating Unit. The risk for each foreign country has been considered and the discount factor from the foreign subsidiaries were not materially different to that of the local subsidiaries.

Forecasted EBITDA has been based on the expectation of future outcomes adjusted for revenue growth and cost containment measures. The discount rate has been adjusted to reflect the current market assessment of the risks specific to the group and was estimated based on the weighted average cost of capital for the group. This rate was further adjusted to reflect the market assessment of risks specific to the group for which future estimates of cash flows have not been adjusted. Further changes to the discount rate may be necessary in the future to reflect changing risks for the industry and changes to the weighted average cost of capital.

Growth rates are based on the current economic outlook. However, given the economic uncertainty, reductions in growth estimates may be necessary in the future.

The group has performed sensitivity analyses on its key assumptions, none of which resulted in any impairment of its goodwill.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

8. INTANGIBLE ASSETS (CONT'D)

(c) THE COMPANY

(i) 2021

COST

At July 1,

Additions

At June 30,

AMORTISATION

At July 1,

Charge for the year

At June 30,

NET BOOK VALUES

At June 30,

(ii) 2020

COST

At July 1,

Additions

At June 30,

AMORTISATION

At July 1, and June 30,

NET BOOK VALUES

At June 30,

(d) Critical accounting estimates

Estimated impairment of goodwill

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. For the purpose of testing impairment on acquired goodwill, the recoverable amount of each CGUs were estimated using discounted cash flows. The impairment assessment and the calculation of the recoverable amount is subject to significant management judgement and estimation which includes the selection of the appropriate impairment model to be used, determination of the expected future cash flows from the businesses, setting appropriate terminal growth rates, selection of the appropriate discount rate.

	Computer software	Land conversion rights	Total
	Rs'000	Rs'000	Rs'000
(i) 2021			
COST			
At July 1,	3,873	257,577	261,450
Additions	-	53,951	53,951
At June 30,	3,873	311,528	315,401
AMORTISATION			
At July 1,	3,872	-	3,872
Charge for the year	1	-	1
At June 30,	3,873	-	3,873
NET BOOK VALUES			
At June 30,	-	311,528	311,528
(ii) 2020			
COST			
At July 1,	3,872	140,177	144,049
Additions	1	117,400	117,401
At June 30,	3,873	257,577	261,450
AMORTISATION			
At July 1, and June 30,	3,872	-	3,872
NET BOOK VALUES			
At June 30,	1	257,577	257,578

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

9. INVESTMENTS IN SUBSIDIARY COMPANIES

(a) Accounting policy

Separate financial statements of the investor

Investments in subsidiary companies are carried at fair value. The carrying amount is adjusted to recognise any fluctuation in the value of the individual investments.

Consolidated financial statements

Subsidiaries are entities (including structured entities) over which the group has control. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date control is transferred to the group and de-consolidated from the date that control ceases.

The acquisition method is used to account for business combinations by the group. The consideration for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated on consolidation. The accounting policies of subsidiary companies have been amended where necessary to ensure consistency with the policies adopted by the group.

Foreign subsidiaries

On consolidation, the assets and liabilities of the group's overseas entities are translated at exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences, if any, are classified as other comprehensive income. Such translation differences are recognised in profit or loss in the period in which the operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Transactions with non-controlling interests

The group accounts for transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(a) Accounting policy (cont'd)

Disposal of subsidiary companies

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. Amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) THE COMPANY	Official Market	Unquoted	Total
	Rs'000	Rs'000	Rs'000
(i) 2021			
At July 1,	457,779	13,203,541	13,661,320
Additions	-	147,251	147,251
Capital reduction*	-	(489,792)	(489,792)
Fair value adjustments	60,120	939,652	999,772
At June 30,	517,899	13,800,652	14,318,551
2020			
At July 1,	658,400	14,026,111	14,684,511
Additions	-	1,882,781	1,882,781
Capital reduction	-	(507,000)	(507,000)
Fair value adjustments	(200,621)	(2,198,351)	(2,398,972)
At June 30,	457,779	13,203,541	13,661,320

*During the year, a subsidiary company reduced its share capital by cancelling part of its share capital. The carrying amount of these investments (amounting to Rs.489,792k) has been deducted from the company's total investments, resulting in a loss of Rs.52,800k which has been recognised in the statement of profit or loss.

The fair value of investments in subsidiary companies was determined at June 30, 2021 by qualified independent professional valuers. The valuation was based on a combination of adjusted net assets, discounted cash flow basis and capitalised earnings.

(c) Investments included in level 1 comprise of quoted equity investments valued at their closing market prices. Investments classified under the official market above have been fair valued using the sum of parts method, thus classified under level 3. If all significant inputs required to fair value an investment are observable, the instrument is included in level 2. If one or more of the significant inputs are not based on observable market data, the investment is included in level 3.

(d) The company's investments in subsidiary companies are categorised as follows:

	2021	2020
	Rs'000	Rs'000
Level 3	14,318,551	13,661,320

The movement in level 3 instruments for the year ended June 30, 2021 and 2020 is disclosed in the note b(i) above.

(i) The table below sets out information about significant unobservable inputs used at June 30, 2021 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

2021 & 2020	Valuation technique	Unobservable inputs	Range	Sensitivity to changes in significant unobservable inputs
	Discounted cash flow	Discount rate	9.11% - 16.39%	The estimated fair value would increase/ (decrease) if discount rate were lower/ (higher).
				The estimated fair value would increase/ (decrease) if discount rate were lower/ (higher).
Investments in subsidiary companies	EBITDA multiple	Multiple	3.7x - 14.6x	The estimated fair value would increase/ (decrease) if discount were lower/ (higher).
		Discount rate	11.15% - 45%	The estimated fair value would increase/ (decrease) if discount were lower/ (higher).
	Net Asset Value	Net asset value per share	Rs.0.91 - 1.54 per share	The estimated fair value would increase/ (decrease) if discount were lower/ (higher).

A quantitative sensitivity analysis is shown below for the discount rate which are the unobservable inputs that management consider to be most significant.

Discount rate

Increase of 0.5% in discount rate would decrease fair value gain by Rs.42.49m

Decrease of 0.5% in discount rate would increase fair value gain by Rs.42.49m

Net asset value per share

Increase of 0.5% in net asset value would decrease fair value gain by Rs.29.10m

Decrease of 0.5% in net asset value would increase fair value gain by Rs.29.10m

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) The list of the group's subsidiary companies at June 30, 2021 and 2020 were as follows:

NAME OF COMPANY Corporate office:	2021						2020					
	Stated capital			Proportion of ownership interest			Stated capital			Proportion of ownership interest		
	Rs '000	Holding company %	Subsidiary companies %	Effective holding %	Non-controlling interests %	Rs '000	Holding company %	Subsidiary companies %	Effective holding %	Non-controlling interests %		
ENL Foundation	1	100.00	-	100.00	-	1	100.00	-	100.00	-	CSR	
ENL Corporate Services Limited	5,500	100.00	-	100.00	-	5,500	100.00	-	100.00	-	Service provider	
Turbine Incubator Limited	1	100.00	-	100.00	-	1	100.00	-	100.00	-	Business incubator (non-profit making company)	
Land and investments:												
ENL Corporate Ventures Limited	133,208	100.00	-	100.00	-	133,208	100.00	-	100.00	-	Corporate venture fund	
ENL Secretarial Services Ltd	1	100.00	-	100.00	-	1	100.00	-	100.00	-	Service provider	
Rogers Corporate Services Ltd	357,543	-	59.73	59.73	40.27	357,543	-	59.73	59.73	40.27	Dormant	
Rogers & Co Ltd	252,000	6.73	53.00	59.73	40.27	252,000	6.73	53.00	59.73	40.27	Investment holding	
Rogers Consolidated Shareholding Limited	16,860	100.00	-	100.00	-	16,860	100.00	-	100.00	-	Investment holding	
Société Reunion	8,620	100.00	-	100.00	-	8,620	100.00	-	100.00	-	Investment holding	
Tambourissa Limited	581,152	100.00	-	100.00	-	581,152	100.00	-	100.00	-	Investment holding	
FinTech:												
Cheribimby Limited	45,947	-	100.00	58.84	41.16	45,947	-	100.00	58.84	41.16	Consumer finance	
Rogers Capital Nominee 2 Ltd	-	-	100.00	58.84	41.16	-	-	100.00	58.84	41.16	Global business	
Rogers Capital City Executives Ltd	50	-	100.00	58.84	41.16	50	-	100.00	58.84	41.16	Global business	
Rogers Capital Outsourcing Ltd	15,000	-	100.00	58.84	41.16	15,000	-	100.00	58.84	41.16	IT services	
Rogers Capital Technology Services Ltd	15,977	-	100.00	58.84	41.16	15,977	-	100.00	58.84	41.16	IT services	
Enterprise Information Systems Ltd (Kenya)	-	-	100.00	58.84	40.27	-	-	100.00	58.84	40.27	IT services	
Rogers Capital Accounting Services Ltd	-	-	100.00	58.84	41.16	-	-	100.00	58.84	41.16	Global business	
Rogers Capital Business Services Ltd	-	-	100.00	58.84	41.16	-	-	100.00	58.84	41.16	Global business	
Rogers Capital Corporate Services (Singapore) Pte Ltd	238	-	100.00	58.84	41.16	238	-	100.00	58.84	41.16	Global business	
Rogers Capital Corporate Services (Seychelles) Ltd	404	-	100.00	58.84	41.16	404	-	100.00	58.84	41.16	Global business	
Rogers Capital Corporate Services Ltd	782	-	100.00	58.84	41.16	782	-	100.00	58.84	41.16	Global business	
Rogers Capital Finance Ltd	600,020	-	100.00	58.84	41.16	600,020	-	100.00	58.84	41.16	Dormant	
Rogers Capital Nominee Ltd	527	-	100.00	58.84	41.16	527	-	100.00	58.84	41.16	Global business	
Rogers Capital Fund Services Ltd	-	-	100.00	58.84	41.16	-	-	100.00	58.84	41.16	Global business	
Rogers Capital Nominee 1 Ltd	-	-	100.00	58.84	41.16	-	-	100.00	58.84	41.16	Global business	
Rogers Capital Captive Insurance Management Services Ltd	-	-	100.00	58.84	41.16	-	-	100.00	58.84	41.16	Global business	
Rogers Capital Specialist Services Ltd	-	-	100.00	58.84	41.16	-	-	100.00	58.84	41.16	Global business	
River Court Nominees Limited	100	-	100.00	58.84	41.16	100	-	100.00	58.84	41.16	Global business	
Rogers Capital Payroll Services Ltd	10	-	100.00	58.84	41.16	10	-	100.00	58.84	41.16	Payroll services	
Rogers Capital Trustees Services Ltd	1,400	-	100.00	58.84	41.16	1,400	-	100.00	58.84	41.16	Global business	
Rogers Capital Investment Advisors Ltd	11,000	-	100.00	58.84	41.16	11,000	-	100.00	58.84	41.16	Asset management	
Rogers Capital Ltd	999,759	17.66	69.00	58.84	41.16	999,759	17.66	69.00	58.84	41.16	Investment holding	
Globefin Corporate Services Ltd	-	-	100.00	58.82	41.18	-	-	100.00	58.82	41.18	Global business	
Globefin Nominee Ltd	11	-	100.00	58.82	41.18	11	-	100.00	58.82	41.18	Global business	
Rogers Capital Management Services Ltd	601	-	100.00	58.82	41.18	601	-	100.00	58.82	41.18	Investment	
Rogers Capital Payment Solutions Ltd	-	-	100.00	58.82	41.18	-	-	100.00	58.82	41.18	Payment Solutions	
Tagada Ltd (i)	5,000	65.00	20.91	85.91	14.09	-	-	-	-	-	IT services	

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) The list of the group's subsidiary companies at June 30, 2021 and 2020 were as follows (cont'd):

NAME OF COMPANY Commerce and industry:	2021						2020					
	Stated capital			Proportion of ownership interest			Stated capital			Proportion of ownership interest		
	Rs '000	Holding company %	Subsidiary companies %	Effective holding %	Non-controlling interests %	Rs '000	Holding company %	Subsidiary companies %	Effective holding %	Non-controlling interests %		
Acess Limited	277,072	-	100.00	100.00	-	277,072	-	100.00	100.00	-	Sale and servicing of motor vehicles	
Box Manufacturing Company Limited (ii)	-	-	-	-	-	12,094	-	100.00	100.00	-	Manufacture of carton boxes	
Commercial Investment Property Fund Limited	162,480	-	100.00	100.00	-	162,480	-	100.00	100.00	-	Owner of properties	
ENL Commercial Limited	1,396,341	100.00	-	100.00	-	1,396,341	100.00	-	100.00	-	Investment holding	
Ensport Ltd (i)	50,000	-	100.00	100.00	-	-	-	-	-	-	Sale of sport related goods	
Grewals (Mauritius) Limited	165,595	-	100.00	100.00	-	165,595	-	100.00	100.00	-	Saw millers and timber merchants	
Nabridas International Ltd	100	-	100.00	100.00	-	100	-	100.00	100.00	-	Dealer in swimming pools	
Nabridas Ltd	26,750	-	100.00	100.00	-	26,750	-	100.00	100.00	-	pools	
Plastinax Austral Limitée	189,467	-	99.40	99.40	0.60	189,467	-	99.40	99.40	0.60	Manufacturer of sunglasses	
Joinery and Metal Distribution International Ltd	10,500	-	75.76	75.76	24.24	10,500	-	75.76	75.76	24.24	Distributor of aluminium products	
Logistics:												
Associated Container Services Ltd	93,877	-	100.00	39.15	60.85	93,877	-	100.00	39.15	60.85	Port related services	
Cargo Express Madagascar S.A.R.L	168	-	100.00	39.56	60.44	168	-	100.00	39.56	60.44	Freight forwarding	
Express Logistics Solutions Ltd	1	-	100.00	39.56	60.44	1	-	100.00	39.56	60.44	Dormant	
FOM Warehouse Ltd	100	-	96.00	19.91	80.09	100	-	96.00	19.91	80.09	Port related services	
Freepport Operations (Mtius)Ltd	178,429	-	100.00	39.15	60.85	178,429	-	100.00	39.15	60.85	Port related services	
General Cargo Services Limited	889	-	100.00	20.18	79.82	889	-	100.00	20.18	79.82	Port related services	
Gencargo (Transport) Limited	1,422	-	100.00	39.72	60.28	1,422	-	100.00	39.72	60.28	Transport services	
Global Air Cargo Services Ltd	433	-	50.00	39.72	60.28	433	-	50.00	39.72	60.28	Freight forwarding	
Logistics Solution Ltd	525,690	-	100.00	39.15	60.85	525,690	-	100.00	39.15	60.85	Investment holding	
MTL Logistics & Distributions Ltd	1,688	-	100.00	39.15	60.85	1,688	-	100.00	39.15	60.85	Transport company	
P.A.P.O.L.S. Ltd	100	-	80.00	18.99	81.01	100	-	80.00	18.99	81.01	Stevedoring	
Papal Holding Limited	100	-	60.00	23.74	76.26	100	-	60.00	23.74	76.26	Investment holding	
Rogers International Distribution Services Limitada	39,493	-	100.00	39.56	60.44	39,493	-	100.00	39.56	60.44	Freight forwarding	
Rogers International Distribution Services S.A	1,790	-	100.00	39.56	60.44	1,790	-	100.00	39.56	60.44	Freight forwarding	
Rogers International Distribution Services S.A.R.L	8	-	100.00	39.56	60.44	8	-	100.00	39.56	60.44	Freight forwarding	
Rogers Logistics International Ltd	156,352	-	100.00	39.56	60.44	156,352	-	100.00	39.56	60.44	Freight forwarding	
Rogers Logistics Services Company Ltd	100	-	100.00	39.56	60.44	100	-	100.00	39.56	60.44	Freight forwarding	
Rogers Shipping Ltd	721	-	100.00	27.15	72.85	721	-	100.00	27.15	72.85	Freight forwarding	
Rogers Shipping Pte Ltd	3	-	51.00	20.18	79.82	3	-	51.00	20.18	79.82	Shipping agency	
Southern Marine & Co Ltd	500	-	100.00	27.15	72.85	500	-	100.00	27.15	72.85	Shipping services	
Sukpak Ltd	1,200	-	70.00	27.69	72.31	1,200	-	70.00	27.69	72.31	Packing of special sugars	
Rennel Limited	9,900	-	100.00	100.00	-	9,900	-	100.00	100.00	-	Courier service	
Freight Link Limited	1,001	-	100.00	46.59	53.41	1,001	-	100.00	46.59	53.41	Courier service	
Thermoil Company Ltd	100	-	78.00	46.59	60.44	100	-	78.00	46.59	60.44	Bitumen agency	
Transworld International Ltd	25	-	100.00	39.56	60.44	25	-	100.00	39.56	60.44	Dormant	
Velocic Depot and Warehouse Ltd	300	-	100.00	39.56	60.44	300	-	100.00	39.56	60.44	Dormant	
Velocic Express Reunion	8,341	-	100.00	39.56	60.44	8,341	-	100.00	39.56	60.44	Courier	
Velocic Garage Services Ltd	10,999	-	100.00	39.15	60.85	10,999	-	100.00	39.15	60.85	Transport company	

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) The list of the group's subsidiary companies at June 30, 2021 and 2020 were as follows (cont'd):

NAME OF COMPANY	2021				2020				
	Stated capital Rs '000	Proportion of ownership interest		Non-controlling interests %	Stated capital Rs '000	Proportion of ownership interest		Non-controlling interests %	
		Holding company %	Subsidiary companies %			Holding company %	Subsidiary companies %		
Logistics (cont'd):									
Velogic Haulage Services Ltd	31,514	-	100.00	31,514	-	100.00	39.15	60.85	Transport services
Velogic Holding Company Ltd	1,019,294	-	66.20	1,019,294	-	66.20	39.56	60.44	Investment holding
Velogic India Private Ltd	11,156	-	100.00	11,156	-	100.00	39.56	60.44	Freight forwarding
Velogic Ltd	83,985	-	100.00	83,985	-	100.00	39.56	60.44	Freight forwarding
Velogic Sea Frigo R' Frigo S.A	4,085	-	100.00	4,085	-	100.00	39.56	60.44	Freight forwarding
VK Logistics Ltd	163,814	-	51.00	163,814	-	51.00	20.18	79.82	Investment holding
Hospitality:									
Adnarev Ltd	76,464	-	100.00	76,464	-	100.00	41.02	58.98	Hotel
Ario (Seychelles) Ltd	47	-	100.00	47	-	100.00	59.73	40.27	GSA of airlines
BEAVIA Kenya Limited	35	-	70.00	35	-	70.00	41.81	58.19	Travel agency
Bel Ombre Seashells Co Ltd	1	-	100.00	1	-	100.00	41.03	58.97	Seashell museum
Blue Alize Ltd	-	-	80.00	67.19	-	80.00	32.81	67.19	Catamaran sightseeing tours
Blue Sky Madagascar SARLU	1,080	-	100.00	1,080	-	100.00	59.73	40.27	Travel agency
Blue Sky Réunion SAS	5,513	-	100.00	5,513	-	100.00	59.73	40.27	Travel agency
BookSimply Ltd	1	-	100.00	1	-	100.00	41.03	58.97	Reservation of leisure activities
Border Air Ltd	-	-	100.00	40.27	-	100.00	59.73	40.27	GSA of airlines
BS Travel Management Limitada	216	-	100.00	216	-	100.00	59.73	40.27	GSA of airlines
BS Travel Management Ltd	25,000	-	100.00	25,000	-	100.00	59.73	40.27	Travel agency
BS Travel Mayotte	-	-	100.00	40.27	-	100.00	59.73	40.27	Travel agency
Croisières Australes Ltée	3,225	-	100.00	3,225	-	100.00	41.02	58.98	Catamaran sightseeing tours
DOMC Ltd	80,400	-	40.00	80,400	-	40.00	20.16	79.84	Leisure
Cap D'Abondance Ltd	13,000	-	100.00	13,000	-	100.00	41.02	58.98	Leisure
Heritage Events Company Limited	100	-	100.00	100	-	100.00	41.02	58.98	Investment holding
Heritage Golf Club Ltd	310,350	-	100.00	310,350	-	100.00	59.73	40.27	Golf course
Heritage Golf Management Ltd	500	-	75.00	500	-	75.00	29.64	70.36	Golf management
Hotels Operations Company Ltd	10	-	100.00	10	-	100.00	41.02	58.98	Hotels operations
Restaurants Operations Company Ltd	10	-	100.00	10	-	100.00	41.02	58.98	Restaurants operations
Islandian Ltd	70,094	-	97.60	70,094	-	97.60	58.30	41.70	Online tour operating
Islandian SARL	461	-	90.50	461	-	90.50	54.06	45.94	Online tour operating
Plaisance Air Transport Services Ltd	1,500	-	100.00	1,500	-	100.00	59.73	40.27	Warehousing
Resaplanet Ltd	19,094	-	90.50	19,094	-	90.50	54.06	45.94	Online tour operating
Rogers Aviation (Mauritius) Ltd	2,525	-	100.00	2,525	-	100.00	59.73	40.27	Online tour operating
Rogers Aviation Comores S.A.R.L	824	-	100.00	824	-	100.00	59.73	40.27	GSA of airlines
Rogers Aviation France S.A.R.L	20,760	-	100.00	20,760	-	100.00	59.73	40.27	GSA of airlines
Rogers Aviation Holding Company Ltd	115,410	-	100.00	115,410	-	100.00	59.73	40.27	Investment holding
Rogers Aviation International Ltd	51,390	-	100.00	51,390	-	100.00	59.73	40.27	GSA of airlines
Rogers Aviation Kenya Ltd	396	-	100.00	396	-	100.00	59.73	40.27	GSA of airlines
Rogers Aviation Madagascar S.A.R.L	1,910	-	100.00	1,910	-	100.00	59.73	40.27	GSA of airlines
Rogers Aviation Mayotte S.A.R.L	490	-	100.00	490	-	100.00	59.73	40.27	GSA of airlines
Rogers Aviation Mozambique Limitada	54	-	100.00	54	-	100.00	59.73	40.27	GSA of airlines

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) The list of the group's subsidiary companies at June 30, 2021 and 2020 were as follows (cont'd):

NAME OF COMPANY	2021				2020				
	Stated capital Rs '000	Proportion of ownership interest		Non-controlling interests %	Stated capital Rs '000	Proportion of ownership interest		Non-controlling interests %	
		Holding company %	Subsidiary companies %			Holding company %	Subsidiary companies %		
Hospitality:									
Casa Noyale Ltée	7	-	53.60	7	-	53.60	22.30	77.70	Agriculture and leisure
Rogers Aviation Reunion	20,001	-	100.00	20,001	-	100.00	59.73	40.27	GSA of airlines
Rogers Aviation Senegal S.A.R.L	-	-	100.00	-	-	100.00	59.73	40.27	GSA of airlines, travel agency and tour operator
Rogers Aviation South Africa (PTY) Ltd	-	-	100.00	-	-	100.00	59.73	40.27	GSA of airlines
Seven Colours Spa Ltd	20,025	-	100.00	20,025	-	100.00	42.35	57.65	Management services
Sports-Event Management Operation Co Ltd	7,501	-	100.00	7,501	-	100.00	27.71	72.29	Leisure
Sweetwater Ltd	11,300	-	55.00	11,300	-	55.00	21.74	78.26	Leisure
Transcontinent S.A.R.L	617	-	66.60	617	-	66.60	40.02	59.98	Travel agency
Veranda Tamarin Ltd	210,000	-	50.00	210,000	-	50.00	20.16	79.84	Hotel
VLH Ltd	1,501,304	-	68.70	1,501,304	-	68.70	41.34	58.66	Hotel
VLH Training Ltd	1,015	-	100.00	1,015	-	100.00	42.35	57.65	Management services
Bagatelle Hotel Operations Company Limited	20,424	-	100.00	20,424	-	100.00	41.02	58.98	Provision of hotel and hospitality services
CCC LAH Limited (viii)	14,500	-	86.20	14,500	-	86.20	35.57	64.43	Restaurant operator
Island Living Ltd (viii)	213,382	-	100.00	213,382	-	100.00	41.02	58.98	Investment holding
Seafood Basket Limited	25,107	-	100.00	25,107	-	100.00	41.02	58.98	Restaurant operator
The Enabling Academy (i)	1	100.00	-	-	-	-	-	-	Training institution
Agro-industry:									
Agrex Limited	7,540	-	100.00	7,540	-	100.00	100.00	-	Sale of agro-supply products
Agria Ltd (formerly Cie. Sucrière de Bel Ombre Ltd)	33,300	-	53.50	33,300	-	53.50	22.19	77.81	Agriculture & investment
ENL Agri Ltd	479,741	100.00	-	479,741	100.00	-	100.00	-	Agricultural activities
Enquickix Limited	1,201	-	100.00	1,201	-	100.00	100.00	-	Dormant
ESP Cleaning Ltd (i)	10	-	100.00	10	-	100.00	100.00	-	Cleaning services
ESP Landscapers Ltd	10,000	-	100.00	10,000	-	100.00	100.00	-	Landscaping services
Exotiflors Limited	700	-	100.00	700	-	100.00	100.00	-	Dormant
Mon Desert Alma Sugar Milling Company Limited	83,934	-	80.00	83,934	-	80.00	80.00	20.00	Agricultural activities
Sygeco Limited	801	-	100.00	801	-	100.00	100.00	-	Provision of syndic services
Property:									
Ascencia Limited	4,460,068	-	61.00	4,460,068	-	61.00	46.45	53.55	Property Fund
Bagatrop Limited	1,252,101	-	100.00	1,252,101	-	100.00	46.45	53.55	Property
Enatt Ltd	74,790	19.71	37.10	74,790	19.71	37.10	56.80	43.20	Property and asset management
ENL Property Limited	4,907,999	100.00	-	4,907,999	100.00	-	100.00	-	Property development services
Envolt Ltd	50,501	100.00	-	50,501	100.00	-	100.00	-	Producer of electricity
Espral International Ltd (iv)	-	-	-	9,900	-	100.00	100.00	-	Real estate marketing
ForeSITE Property Holding Ltd	1,028,269	-	100.00	1,028,269	-	100.00	59.73	40.27	Property
FPHL Infra Ltd	27,531	-	80.27	27,531	-	80.27	80.27	19.73	Dormant

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) The list of the group's subsidiary companies at June 30, 2021 and 2020 were as follows (cont'd):

NAME OF COMPANY	2021		2020		Stated capital Rs '000	Holding company %	Proportion of ownership interest		Effective holding %	Non-controlling interests %	Main business		
	Stated capital Rs '000	Holding company %	Subsidiary companies %	Non-controlling interests %			Holding company %	Subsidiary companies %				Effective holding %	Non-controlling interests %
Property:													
Le Marche du Moulin Ltd (ii)	-	-	-	-	1,156	-	100.00	100.00	32.19	67.81	Retail Construction of sports complex and beach club for IRS home owners association		
Les Villas de Bel Ombre Amenities Ltd	35	-	100.00	46.35	35	-	100.00	100.00	53.65	46.35	Property		
Le Floreal Commercial Centre Limited	324,000	-	100.00	53.55	324,000	-	100.00	100.00	46.45	53.55	Real estate and property developer		
Le Sunset Commercial Limited (iv)	-	-	-	-	80,000	-	100.00	100.00	100.00	-	Real estate and property developer		
Les Villas de Bel Ombre Ltée	291,135	40.00	60.00	46.65	291,135	40.00	60.00	60.00	53.35	46.65	Construction and sale of villas		
Moka City Ltd	4,408,940	-	63.67	36.33	4,398,946	-	65.59	65.59	65.59	34.41	Land and property developer		
Moka Smart City Management Ltd (i)	1	-	63.67	36.33	700	-	100.00	100.00	59.73	40.27	Land and property developer		
Motor Traders Ltd	700	-	100.00	40.27	700	-	-	-	-	-	Property		
Reliance Facilities Ltd	-	-	-	-	-	-	-	-	-	-	Dormant		
Reliance Security Services Ltd	-	-	-	-	-	-	-	-	-	-	Dormant		
Reliance Systems Ltd	-	-	-	-	-	-	-	-	-	-	Dormant		
S&W Synergy Ltd	41,911	34.88	53.50	30.04	41,911	34.88	53.50	69.96	69.96	30.04	Management of sports complex		
Savannah Properties Ltd	1	100.00	-	-	1	100.00	-	100.00	100.00	-	Land and property developer		
Société Du Courlis	-	100.00	-	-	-	100.00	-	100.00	100.00	-	Rental of bungalows		
South West Tourism Development Co. Ltd	4,950	-	68.90	41.12	4,950	-	68.90	41.12	41.12	58.88	Investment holding		
Officea Company Limited	1,055,371	1.99	77.55	20.46	989,371	1.99	77.55	79.54	79.54	20.46	Rental of offices		
Officea Workspitality Ltd (i)	2,000	-	79.54	20.46	-	-	-	-	-	-	Rental of offices		
Villas Vairiche Resorts Ltd	1	-	100.00	67.81	1	-	100.00	32.19	32.19	67.81	Rental pool management		
Courchamps Development	199,735	-	66.50	33.50	199,735	-	66.50	66.50	66.50	33.50	Property		
Courchamps Properties	495,000	-	100.00	100.00	495,000	-	100.00	100.00	100.00	-	Property		
Moka Residentiel	40,000	-	100.00	-	40,000	-	100.00	100.00	100.00	-	Property		
SB Cattle	21,000	100.00	-	-	21,000	100.00	-	100.00	100.00	-	Farming		
Beau Vallon Shopping Mall	208,400	-	100.00	48.38	208,400	-	100.00	51.62	51.62	48.38	Property		
Telfair Square	116,001	-	100.00	34.16	116,001	-	100.00	65.84	65.84	34.16	Property		
Gros Bois Development	180,001	-	100.00	100.00	180,001	-	100.00	100.00	100.00	-	Property		

Ordinary shares are issued by the above subsidiaries and their statutory reporting date is June 30, 2021.

Bank borrowings are secured on some of the group's investments. Please refer to note 22 for further details.

(i) These are new subsidiaries of the group.

(ii) Box Manufacturing Company Limited and Le Marche du Moulin Ltd have been disposed during the year.

(iii) Change in shareholding did not result in change in control for these subsidiaries.

(iv) Espral International Ltd and Le Sunset Commercial Limited were amalgamated into ENL Property Limited during the year. It is a common control transaction as both Espral International Ltd and Le Sunset Commercial Limited were fully owned subsidiary companies. This transaction is excluded from the scope of IFRS 3 and does not have any impact on the group. The book value approach has been used for the transfer assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(f) The above subsidiary companies are incorporated and operate in Mauritius, except for:

	Country of incorporation/ Place of business
Ario (Seychelles) Ltd	Republic of Seychelles
Border Air Ltd	Republic of South Africa
BS Madagascar SARLU	Republic of Malagasy
BS Travel Management Limitada	Republic of Mozambique
BS Travel Mayotte	Mayotte
BEAVIA Kenya Limited	Republic of Kenya
Blue Sky Réunion SAS	Reunion Island
Cargo Express Madagascar S.A.R.L.	Republic of Malagasy
Enterprise Information Systems Ltd (Kenya)	Republic of Kenya
Gencargo (Transport) Limited	Republic of Kenya
General Cargo Services Limited	Republic of Kenya
Islandian S.A.R.L	Reunion Island
Rogers Capital Corporate Services (Singapore) Pte Ltd	Republic of Singapore
Rogers Aviation Comores S.A.R.L.	Republic of Comores
Rogers Aviation France S.A.R.L.	Reunion Island
Rogers Aviation Kenya Ltd	Republic of Kenya
Rogers Aviation Madagascar S.A.R.L.	Republic of Malagasy
Rogers Aviation Mayotte S.A.R.L.	Mayotte
Rogers Aviation Mozambique Limitada	Republic of Mozambique
Rogers Aviation Senegal S.A.R.L.	Republic of Senegal
Rogers Aviation South Africa (Pty) Ltd	Republic of South Africa
Rogers International Distribution Services Limitada	Republic of Mozambique
Rogers International Distribution Services Madagascar S.A.R.L.U	Republic of Malagasy
Rogers International Distribution Services S.A.	French Republic
Rogers Shipping Pte Ltd	Republic of Singapore
Transcontinent S.A.R.L.	Republic of Malagasy
Velogic Express Reunion	Reunion Island
Velogic India Private Ltd	Republic of India
Velogic Sea Frigo RTrigo SA	Reunion Island

(g) Subsidiary companies with material non-controlling interests

Details of subsidiary companies that have non-controlling interests that are material to the entity are given below:

	Loss allocated to non-controlling shareholders Rs'000	Accumulated non-controlling interests at June 30, Rs'000
2021		
Rogers & Co Ltd	(72,251)	14,379,522
2020		
Rogers & Co Ltd	(168,603)	13,909,404

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(h) Summarised financial information on subsidiaries with material non-controlling interests

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income:

	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Loss for the year	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non-controlling shareholders
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2021									
Rogers & Co Ltd	6,843,300	34,671,400	6,047,800	15,335,000	7,574,300	(614,300)	704,500	90,200	218,700
2020									
Rogers & Co Ltd	5,836,400	33,642,800	7,364,800	12,178,100	9,240,000	(496,800)	226,500	(270,300)	204,600

(ii) Summarised cash flow information:

	Operating activities	Investing activities	Financing activities	Net increase in cash and cash equivalents
	Rs'000	Rs'000	Rs'000	Rs'000
2021				
Rogers & Co Ltd	773,900	(679,000)	1,315,500	1,410,400
2020				
Rogers & Co Ltd	745,700	(746,500)	779,100	778,300

The summarised financial information provided above is inclusive of intra-group transactions.

(iii) Critical accounting estimates

Fair value of securities not quoted on an active market

The fair value of securities not quoted on an active market is determined by the group using valuation methods which involve the use of judgement and estimates. Changes in assumptions about these factors could affect the reported fair value of investments.

10. INVESTMENTS IN ASSOCIATED COMPANIES

(a) Accounting policy

Separate financial statements of the investor

Investments in associated companies are carried at fair value.

Consolidated financial statements

An associated company is an entity over which the group has significant influence but not control or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associated companies are accounted for under the equity method.

The group's investments in associated companies include goodwill (net of any accumulated impairment loss) identified on acquisition. Investments in associated companies are initially recognised at cost as adjusted for post acquisition changes in the group's share of the net assets of the associated companies less any impairment in the value of individual investments.

Any excess of the cost of acquisition over the group's share of the net fair value of the associated company's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill and is included in the carrying amount of the investment. Any excess of the group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition is included in profit or loss.

Goodwill arising on the acquisition of a jointly controlled entity or an associate is included with the carrying amount of the jointly controlled entity or associate and tested annually for impairment.

When the group's share of losses exceeds its interest in an associated company, the group discontinues recognising further losses unless it has legal or constructive obligations or made payments on behalf of the associated company.

The results of associated companies acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of their acquisition or up to the date of their disposal.

Unrealised profits are eliminated to the extent of the group's interests in the associated company. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Where necessary, appropriate adjustments are made to the financial statements of associated companies to bring the accounting policies used in line with those adopted by the group.

If the ownership in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

(b) THE GROUP

At July 1,

- as previously reported

- effect of prior year adjustments (note 50)

- as restated

Additions

Disposals

Share of results of associated companies

Share of other comprehensive income of associated companies

Dividend

Impairment*

Transfer to investment properties

Unrealised profit of disposal of land to an associated company

Other movements

At June 30,

	2021	2020
	Rs'000	Restated Rs'000
	8,614,945	9,938,845
	59,600	59,600
	8,674,545	9,998,445
	21,850	824,984
	(212)	(882,800)
	(804,163)	(354,060)
	1,097,763	(739,933)
	(128,157)	-
	(53,322)	(14,444)
	-	(56,570)
	(13,700)	-
	3,402	(101,077)
	8,798,006	8,674,545

* The recoverable amount has been determined using the net asset value of associated companies consisting primarily of receivables, payables and bank which are short term and approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

(c) The group's interests in its associated companies are as follows:

	Year end	Country of incorporation	2021			2020			
			Proportion of ownership interest			Proportion of ownership interest			
			Holding company %	Subsidiary companies %	Effective holding %	Holding company %	Subsidiary companies %	Effective holding %	
Agro-industry:									
Bioculture (Mauritius) Ltd	Dec 31, 2020	Mauritius	-	25.40	15.17	-	25.40	15.17	Breeding and export of primates
Charles Telfair Ltd	June 30, 2020	Mauritius	8.33	16.67	18.29	8.33	16.67	18.29	Tertiary education
Management and Development Company Limited	June 30, 2020	Mauritius	-	34.98	39.00	-	34.98	39.00	Investment holding
Société Amstramdrum	June 30, 2020	Mauritius	-	48.98	48.98	-	48.98	48.98	Investment holding
Emerald (Mauritius) Ltd	June 30, 2020	Mauritius	50.00	-	50.00	50.00	-	50.00	Dormant
Commerce and industry:									
We SimplyFile Ltd (i)	June 30, 2020	Mauritius	-	-	-	-	35.00	35.00	Document management solutions
Formation Recrutement et Conseil en Informatique Limitee	June 30, 2020	Mauritius	-	47.14	47.14	-	47.14	47.14	Provider of IT services
Interex S.A.	June 30, 2020	Madagascar	-	50.00	50.00	-	50.00	50.00	Courier services
Mauritian Commodities and Allied Services Company Ltd	Sep 30, 2020	Mauritius	-	25.60	15.29	-	25.60	15.29	Coal supplier
Retail Lab Ltd	June 30, 2020	Mauritius	-	50.00	28.40	-	50.00	28.40	Marketing activities
Sainte Marie Crushing Plant Ltd	June 30, 2020	Mauritius	-	8.80	5.26	-	8.80	5.26	Manufacture and sale of building materials
Superdist Ltd	Dec 31, 2020	Mauritius	-	45.00	45.00	-	45.00	45.00	IT hardware wholesaler
Building & Civil Engineering Co. Ltd	June 30, 2020	Mauritius	-	30.00	30.00	-	30.00	30.00	Construction
Property:									
B.R.E Ltd	June 30, 2020	Mauritius	-	29.79	29.79	-	29.79	29.79	Property
Footfive Limited	June 30, 2020	Mauritius	-	25.00	25.00	-	25.00	25.00	Rental of gymnasium
Le Morne Development Corporation Ltd	Sep 30, 2020	Mauritius	-	20.00	11.95	-	20.00	11.95	Property
Semaris Limited	June 30, 2020	Mauritius	15.24	22.90	28.98	15.24	22.90	28.98	Property

(i) We SimplyFile Ltd has been disposed during the year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

(c) The group's interests in its associated companies are as follows (cont'd):

	Year end	Country of incorporation	2021			2020			
			Proportion of ownership interest			Proportion of ownership interest			
			Holding company %	Subsidiary companies %	Effective holding %	Holding company %	Subsidiary companies %	Effective holding %	
Hospitality:									
Air Cargo Service Madagascar Ltd	Dec 31, 2020	Madagascar	-	50.00	29.87	-	50.00	29.87	Ground handling services
Blue Connect Ltd	Sep 30, 2020	Mauritius	-	30.00	17.92	-	30.00	17.92	Business process outsourcing
Lagoona Cruise Ltd	June 30, 2020	Mauritius	-	33.00	19.71	-	33.00	19.71	Boat cruises activities
Mozambique Airport Handling Services Limitada	Sep 30, 2020	Mozambique	-	29.00	17.32	-	29.00	17.32	Ground handling services
New Mauritius Hotels Limited	Sep 30, 2020	Mauritius	15.24	22.90	28.92	15.24	22.90	28.92	Hospitality
Société Pur Blanca	Sep 30, 2020	Mauritius	-	49.00	29.27	-	49.00	29.27	Investment
FinTech:									
Swan Financial Solutions Ltd	Dec 31, 2020	Mauritius	-	20.00	11.95	-	20.00	11.95	Insurance
Swan General Ltd	Dec 31, 2020	Mauritius	-	29.40	17.56	-	29.40	17.56	Insurance

The above associates have been accounted for using the equity method.

For associated companies having different reporting date, management accounts have been prepared at June 30, 2021, with the exception of Swan General Ltd and Swan Financial Solutions Ltd, where audited financial statements have been consolidated for the period from April 1, 2020 to March 31, 2021 as it is impracticable to receive audited financial statements as at June 30, 2021.

Bank borrowings are secured on some of the group's assets. Please refer to note 22 for further details.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

(d) Summarised financial information in respect of the group's principal associated companies is set out below:

	Year end	Current assets		Non-current assets		Current liabilities		Non-current liabilities		Revenues		Profit/(loss) for the year		Other comprehensive income for the year		Total comprehensive income for the year		
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2021																		
Charles Telfair Ltd	June 30,	62,628	466,929	45,790	57,022	80,983	214,536	52,302	42,785	95,087								
Formation Recrutement & Conseil en Informatique Limitée	June 30,	191,555			141,686	34,361	442,992	28,350	(133)	28,217								
Management and Development Company Limited	June 30,	5,345,265	12,402,258	3,488,349	3,488,349	4,196,570	11,273,912	45,798	876,542	922,340								
New Mauritius Hotels Limited	Sep 30,	2,740,000	35,512,400	12,148,000	20,041,800	20,041,800	1,136,800	(3,123,254)	1,272,137	(1,851,117)								
Semaris Limited	June 30,	4,341,600	2,327,100	1,391,000	1,391,000	1,501,000	710,600	152,000	457,800	609,800								
Superdist Limited	Dec 31,	208,670	10,280	139,359	8,026	8,026	637,840	25,816	1,464	27,280								
Swan General Ltd	Dec 31,	10,360,296	44,189,695	1,201,083	49,365,375	49,365,375	7,000,100	681,895	291,604	973,499								
2020																		
Charles Telfair Ltd	June 30,	127,374	362,033	42,240	120,702	201,723	55,884	(30,536)	25,348									
Formation Recrutement & Conseil en Informatique Limitée	June 30,	123,476	53,419	94,998	36,123	326,282	17,323	2,387	19,710									
Management and Development Company Limited	June 30,	4,978,368	10,979,037	3,328,774	3,755,499	11,364,239	111,401	(151,747)	(40,346)									
New Mauritius Hotels Limited	Sep 30,	3,083,800	32,837,800	12,213,900	16,576,700	7,475,000	(935,300)	(2,711,373)										
Semaris Limited	June 30,	4,399,200	2,085,400	1,050,100	2,268,600	176,500	(682,300)	(428,200)										
Superdist Limited	Dec 31,	151,914	13,075	68,192	12,512	583,040	17,968	16,189										
Swan General Ltd	Dec 31,	12,951,862	34,868,420	1,073,425	43,537,906	3,739,385	652,530	(404,873)	247,657									

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(e) Reconciliation of summarised financial information to the carrying amount recognised in the financial statements in respect of the material associates is set out below:

	Opening net assets at July 1,	Profit/(loss) for the year	Dividends	Other comprehensive income for the year	Prior year adjustments	Closing net assets at June 30,	Ownership interest	Interest in associates	Goodwill	Carrying value
2021										
Charles Telfair Ltd	326,465	52,302	(30,000)	42,785	-	391,552	18.29	71,615	-	71,615
Formation Recrutement & Conseil en Informatique Limitée	45,615	28,350	(12,000)	(667)	-	61,298	47.14	28,896	-	28,896
Management and Development Company Limited	6,111,325	45,798	-	875,215	-	7,032,338	39.00	2,742,612	-	2,742,612
New Mauritius Hotels Limited	6,867,277	(3,123,254)	-	1,274,469	-	5,018,492	28.92	1,451,348	-	1,451,348
Semaris Limited	3,165,900	152,000	-	458,800	-	3,776,700	28.98	1,094,488	-	1,094,488
Superdist Limited	84,285	25,816	(40,000)	1,464	-	71,565	45.00	32,204	-	32,204
Swan General Ltd	3,208,951	681,895	(119,171)	291,604	(79,746)	3,983,533	17.56	699,508	-	699,508
2020										
Charles Telfair Ltd	301,117	55,884	-	(30,536)	-	326,465	18.29	59,710	1,125	60,835
Formation Recrutement & Conseil en Informatique Limitée	55,905	17,323	(30,000)	2,387	-	45,615	47.14	21,503	-	21,503
Management and Development Company Limited	6,151,671	111,401	-	(151,747)	-	6,111,325	39.00	2,383,417	-	2,383,417
New Mauritius Hotels Limited	9,639,052	(935,300)	(60,388)	(1,776,087)	-	6,867,277	28.92	1,986,017	-	1,986,017
Semaris Limited	3,595,000	(682,300)	-	253,200	-	3,165,900	28.98	917,478	-	917,478
Superdist Limited	88,096	17,968	(20,000)	(1,779)	-	84,285	45.00	37,928	-	37,928
Swan General Ltd	3,473,313	652,530	(119,173)	(404,873)	(392,846)	3,208,951	17.56	563,492	-	563,492

(f) Aggregate information of associated companies which are not individually material is as follows:

	2021	2020
Carrying amount of interests	Rs'000	Restated
Share of loss	2,677,335	Rs'000
Share of other comprehensive income	(117,117)	2,703,875
Share of total comprehensive income	(902,051)	(70,344)
	(1,019,168)	(164,393)
		(234,737)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

(g) THE COMPANY

(i) 2021

At July 1
Fair value adjustment
At June 30,

	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000
At July 1	680,160	38,860	719,020
Fair value adjustment	10,840	12,340	23,180
At June 30,	691,000	51,200	742,200

(ii) 2020

At July 1
Additions
Capital reduction
Fair value adjustment
At June 30,

	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000
At July 1	1,767,520	34,620	1,802,140
Additions	487,842	30	487,872
Capital reduction	(487,258)	-	(487,258)
Fair value adjustment	(1,087,944)	4,210	(1,083,734)
At June 30,	680,160	38,860	719,020

(h) The value of the securities was determined at June 30, 2021 by qualified independent professional valuers based on capitalised earnings. In assessing the fair value of the securities, assumptions have been made on the basis of market conditions existing at the end of each reporting date.

Investments included in level 1 comprise of quoted equity investments valued at their closing market prices. If all significant inputs required to fair value an investment are observable, the instrument is included in level 2. If one or more of the significant inputs are not based on observable market data, the investment is included in level 3.

(i) Summarised financial information in respect of the group's principal associated companies is set out below:

	Year end	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Profit/(loss) for the year	Other comprehensive income for the year	Total comprehensive income for the year
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2021									
Charles Telfair Ltd	June 30,	62,628	466,929	57,022	80,983	214,536	52,302	42,785	95,087
New Mauritius Hotels Limited	Sep 30,	2,740,000	35,512,400	12,148,000	20,041,800	1,136,800	(3,123,254)	1,274,469	(1,848,785)
Semaris Limited	June 30,	4,341,600	2,327,100	1,391,000	1,501,000	710,600	152,000	458,800	610,800
2020									
Charles Telfair Ltd	June 30,	127,374	362,033	42,240	120,702	201,723	55,884	(30,536)	25,348
New Mauritius Hotels Limited	Sep 30,	3,083,800	32,837,800	12,213,900	16,576,700	7,475,000	(935,300)	(1,776,087)	(2,711,387)
Semaris Limited	June 30,	4,399,200	2,085,400	1,050,100	2,268,600	176,500	(682,300)	253,200	(429,100)

Note:

Emerald (Mtius) Ltd, Green Create Nutra Limited and Sun Souvenir Ltd are dormant associated companies.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

The table below sets out information about significant unobservable inputs used at June 30, 2021 in measuring financial instruments categorised as level 3 in the fair value hierarchy.

	Valuation technique	Unobservable inputs	Range	Sensitivity to changes in significant unobservable inputs
2021				
Charles Telfair Company Ltd	Adjusted market multiple	Expected value/ EBITDA	8.5x	The expected fair value will increase/(decrease) by Rs.0.8m, if the adjusted market multiple will be higher or lower by 1%.
2020				
Charles Telfair Company Ltd	Adjusted market multiple	Expected value/ EBITDA	5.6x	The expected fair value will increase/(decrease) by Rs.0.7m, if the adjusted market multiple will be higher or lower by 1%.

(j) Critical accounting estimates

Significant judgements and assumptions are made in determining whether an entity has significant influence over another entity. In considering the classification, management considers whether control exists, the nature and structure of the relationship and other facts and circumstances.

Fair value of securities not quoted on an active market

The fair value of securities not quoted on an active market is determined by the company using valuation methods which involve the use of judgement and estimates. Changes in assumptions about these factors could affect the reported fair value of investments.

11. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

(a) Accounting policy

Consolidated financial statements

Jointly controlled entities are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets and obligations for the liabilities of the joint arrangement. It is the contractually agreed sharing of control of an arrangement which exists only when decisions about relevant activities require unanimous consent of the parties sharing control.

Investments in jointly controlled entities are accounted for under the equity method of accounting. Equity accounting involves recognising on the statement of comprehensive income the group's share of the jointly controlled entities' profit or loss and other comprehensive income for the year. The group's interests in the jointly controlled entities' are carried on the statement of financial position at an amount that reflects its share of the net assets of the entity. Goodwill is included within the carrying amount of the jointly controlled entity and tested yearly for impairment.

The results of jointly controlled entities acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of their acquisition or up to the date of their disposal.

Unrealised profits are eliminated to the extent of the group's interest in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Where necessary, appropriate adjustments are made to the financial statements of jointly controlled entities to bring the accounting policies used in line with those adopted by the group.

(b) THE GROUP

At July 1,
Share of results for the year
At June 30,

	2021	2020
	Rs'000	Rs'000
At July 1,	42,375	37,772
Share of results for the year	(1,392)	4,603
At June 30,	40,983	42,375

(c) The group's interests in its unquoted jointly controlled entities are as follows:

Year end	Country of incorporation	2021			2020			Principal activity	
		Proportion of ownership interest			Proportion of ownership interest				
		Holding company	Subsidiary companies	Effective holding	Holding company	Subsidiary companies	Effective holding		
	%	%	%	%	%	%			
Jacotet Bay Ltd	June 30,	Mauritius	-	50.00	11.18	-	50.00	11.18	Property
FMV Immobilier Ltee	June 30,	Mauritius	-	50.00	11.18	-	50.00	11.18	Property

The above jointly controlled entities are private companies and there is no quoted market price available for these shares. For jointly controlled entities having different reporting date, management accounts have been prepared at June 30, 2021.

The group consolidates the above named companies as jointly controlled entities despite effectively holding less than 50% as its subsidiary company namely Les Villas de Bel Ombre Limitee holds jointly controlled arrangements along with third parties in these companies.

Bank borrowings are secured on some of the group's assets. Please refer to note 22 for further details.

(d) Critical accounting estimates

Significant judgements and assumptions are made in determining whether an entity has joint control and the type of joint arrangement. In considering the classification, management considers whether control exists, the nature and structure of the relationship and other facts and circumstances.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

12. INVESTMENTS IN FINANCIAL ASSETS

(a) Accounting policy

Financial assets

The group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired.

(i) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading and for which the group has made an irrevocable election to classify in this category. These are strategic investments and the group considers this classification to be more relevant. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. Upon disposal any balance within fair value reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve. Transfers between levels of the fair value hierarchy, are deemed to have occurred at the beginning of the reporting period.

(ii) Financial assets at fair value through profit or loss

The group classifies the following financial assets at fair value through profit or loss (FVPL):

- equity investments that are held for trading; and

- equity investments for which the group has not elected to recognise fair value gains and losses through other comprehensive income.

Financial assets classified at fair value through profit or loss are subsequently carried at fair value with all unrealised gains and losses arising from changes in fair value being recognised in profit or loss.

Initial measurement

Purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Investments are initially measured at cost inclusive of transaction costs except for financial assets at fair value through profit or loss whereby transaction costs are expensed.

Subsequent measurement

Financial assets are subsequently carried at fair value. The fair value of some quoted investments are based on current bid prices. If the market for the financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, adjusted net asset value, capitalised earnings method, dividend yield method and market prices refined to reflect the issuer's specific circumstances. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are reflected at cost.

Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

12. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

(b) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(i) Equity investments at fair value through other comprehensive income

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,				
- as previously reported	454,316	587,670	131,045	159,892
- effect of prior year adjustments (note 50)	15,900	23,400	-	-
- as restated	470,216	611,070	131,045	159,892
Additions	88,628	51,658	13,150	3,795
Transfer to subsidiary	-	(1,598)	-	-
Disposals	(13,740)	(45,393)	-	-
Change in fair value	(60,829)	(145,521)	(51,680)	(32,642)
Capital reduction	(851)	-	-	-
Redemption of shares	(479)	-	-	-
Translation difference	1,200	-	-	-
At June 30,	484,145	470,216	92,515	131,045

(ii) Fair value through other comprehensive income financial assets include the following:

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
<i>Quoted/level 1:</i>				
- New Mauritius Hotels Limited (Preference shares)*	40	40	40	40
- Tropical Paradise Co Ltd (Ordinary shares)	76,900	90,510	68,600	90,510
- Tropical Paradise Co Ltd (Preference shares)*	13,500	28,300	13,500	28,300
- Others	15,475	14,285	-	-
	105,915	133,135	82,140	118,850
<i>Unquoted/level 3:</i>				
- Others	378,230	337,081	10,375	12,195
	378,230	337,081	10,375	12,195
Total	484,145	470,216	92,515	131,045

*The above investments in preference shares are listed and classified under level 1.

The fair value hierarchy for financial assets fair value for other comprehensive income is as below:

THE GROUP	Level 1	Level 3	Total
	Rs'000	Rs'000	Rs'000
2021			
At July 1,			
- as previously reported	165,885	288,431	454,316
- effect of prior year adjustments (note 50)	(32,750)	48,650	15,900
- as restated	133,135	337,081	470,216
Additions	-	88,628	88,628
Disposals	-	(13,740)	(13,740)
Change in fair value	(27,220)	(33,609)	(60,829)
Redemption of shares	-	(1,330)	(1,330)
Translation difference	-	1,200	1,200
At June 30,	105,915	378,230	484,145

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

12. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

(b) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

THE GROUP

	Level 1	Level 3	Total
	Rs'000	Rs'000	Rs'000
2020			
At July 1,			
- as previously reported	168,795	374,775	543,570
- effect of prior year adjustments (note 50)	-	44,100	44,100
- as restated	168,795	418,875	587,670
Additions	-	51,658	51,658
Disposals	(10)	(45,000)	(45,010)
Transfer to subsidiary	-	(1,598)	(1,598)
Change in fair value	(35,650)	(86,471)	(122,121)
Redemption of shares	-	(383)	(383)
At June 30,	133,135	337,081	470,216

THE COMPANY

	Level 1	Level 3	Total
	Rs'000	Rs'000	Rs'000
2021			
At July 1,	118,850	12,195	131,045
Additions	40	13,110	13,150
Change in fair value	(36,750)	(14,930)	(51,680)
At June 30,	82,140	10,375	92,515
2020			
At July 1,	151,600	8,292	159,892
Additions	-	3,795	3,795
Change in fair value	(32,750)	108	(32,642)
At June 30,	118,850	12,195	131,045

(iii) Financial assets measured at fair value through other comprehensive income include the group's strategic equity investments not held for trading and debt securities held to collect and sell. The group has made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these strategic investments.

(iv) The fair value of the securities was determined at June 30, 2021 by qualified independent professional valuers. The listed securities were valued based on market prices. The fair value of the unquoted securities is assessed using valuation techniques, namely earnings basis, dividend basis or net asset value.

Fair value hierarchy

The following table shows financial instrument recognised at fair value, analysed between those whose fair value is based on:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

12. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

(b) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

Fair value hierarchy (cont'd)

The table below sets out information about significant unobservable inputs used at June 30, 2021 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Valuation technique 2021	Valuation technique 2020	Unobservable inputs	Range	Sensitivity to changes in significant unobservable inputs
Adjusted market multiple	Adjusted market multiple	Expected value/ EBITDA	8.5x	The expected fair value will increase/ (decrease) by Rs.0.8m (2020: Rs0.7m), if the adjusted market multiple will be higher or lower by 1%.
Adjusted market multiple	Adjusted market multiple	Expected value/ EBITDA	9.6x	The expected fair value will increase/ (decrease) by Rs.0.3m (2020: Rs.0.4m), if the adjusted market multiple will be higher or lower by 1%.

For other investments, the fair valuation has been based on the net asset values which management believes is the best estimate of the fair value. If a 10% premium or discount is applied to the net asset value, the fair value would increase (decrease) by Rs 3.9m (2020: Rs 4.2m) respectively.

(c) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Non-current

(i) At July 1

Additions

Change in fair value

Disposals

At June 30,

Current

(ii) The carrying amounts of the financial assets at fair value through profit or loss are classified as follows:

THE GROUP

	2021	2020
	Rs'000	Rs'000
At July 1	19,100	12,100
Additions	-	6,875
Change in fair value	-	125
Disposals	(19,100)	-
At June 30,	-	19,100

2021

Official market	DEM listed	Unquoted	Total	
Rs'000	Rs'000	Rs'000	Rs'000	
At July 1,	24,251	18,229	2,280	44,760
Change in fair value	9,900	(10)	(10)	9,880
At June 30,	34,151	18,219	2,270	54,640

2020

Official market	DEM listed	Unquoted	Total	
Rs'000	Rs'000	Rs'000	Rs'000	
At July 1,	25,781	21,525	2,280	49,586
Transfer	2,340	(2,340)	-	-
Change in fair value	(3,870)	(956)	-	(4,826)
At June 30,	24,251	18,229	2,280	44,760

THE GROUP AND THE COMPANY

At July 1,

Change in fair value

At June 30,

At July 1,

Transfer

Change in fair value

At June 30,

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

12. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

(c) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONT'D)

(iii) *Current*

THE GROUP AND THE COMPANY

Financial assets at fair value through profit or loss

	2021		
	Level 1	Level 3	Total
	Rs'000	Rs'000	Rs'000
Financial assets at fair value through profit or loss	52,370	2,270	54,640

	2020		
	Level 1	Level 3	Total
	Rs'000	Rs'000	Rs'000
Financial assets at fair value through profit or loss	42,480	2,280	44,760

Financial assets at fair value through profit or loss

(iv) *Current*

The table below shows changes in level 3 instruments for the year ended June 30, 2021 and 2020:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	2,280	2,280	2,280	2,280
Change in fair value	(10)	-	(10)	-
At June 30,	2,270	2,280	2,270	2,280

(v) The fair value of the securities was determined by qualified independent professional valuers at the end of the reporting period. Unquoted investments were valued using various methods of valuation and assumptions based on adjusted earnings and adjusted net assets. Listed investments were valued at closing market prices.

(vi) Financial assets at fair value through profit or loss are denominated in Mauritian rupees.

(d) The carrying amount of the financial assets represent the maximum credit exposure.

(e) Critical accounting estimates

Fair value of securities not quoted on an active market

The group has elected to value its investment in securities not quoted in an active market using valuation techniques namely earnings, net asset value or discounted cash flows as appropriate. The group would exercise judgements and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

13. OTHER FINANCIAL ASSETS AT AMORTISED COST

(a) Accounting policy

Other financial assets at amortised costs include those assets held with a view of collecting contractual cash flows and contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, are subsequently carried at amortised cost using the effective interest rate method less any provision from impairment.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

13. OTHER FINANCIAL ASSETS AT AMORTISED COST (CONT'D)

(a) Accounting policy (cont'd)

Other receivables generally arise from transactions outside the usual operating activities of the group. For some of the loans, interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

In assessing whether the credit risk on financial assets at amortised cost has increased significantly since initial recognition, the group compares the risk of default occurring on the financial instruments at the reporting date with the risk of default occurring on the financial instrument at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The group manages its financial assets at amortised cost by considering the purpose of their advances, the financial position and forecasted cash flows of the counterparties.

The group recognises an allowance for expected credit losses (ECLs) on receivables classified as financial assets at amortised cost under the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash received from the operations of the borrowers.

A financial asset at amortised costs is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets at amortised costs written off may still be subject to enforcement activities under the group's recovery procedures. Any recoveries made are recognised in the Statements of Profit or Loss.

The group does not expect any default from the financial assets at amortised cost and is certain of the counterparties' ability to pay their debt as they become due in the normal course of business and/or in any adverse economic and business conditions. Consequently, the probability of default is therefore negligible and the group has not accounted for any impairment loss as deemed immaterial.

(b)

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current				
Loans to subsidiary companies	-	-	1,837,569	1,568,679
Add: reversal of impairment losses	-	-	-	268,190
	-	-	1,837,569	1,836,869
Loans to other companies - unsecured	66,300	60,200	-	-
Loans to other companies - secured	323	393	323	393
Other receivables	-	1,598	-	-
	66,623	62,191	1,837,892	1,837,262
Current				
Loans to related parties	9,673	9,810	9,673	9,671
Other receivables	1,304,789	1,400,907	39,334	44,193
Less : Loss allowance for debt investments at amortised cost (see note (f))	(16,852)	(15,270)	(16,852)	(14,927)
	1,297,610	1,395,447	32,155	38,937
	1,364,233	1,457,638	1,870,047	1,876,199

The group has made an impairment by considering the previous repayment behaviours and assessing the future cash flow forecasts covering the contractual period of the loan. Following this assessment, loss allowance of Rs.16.9m (2020:Rs.15.3m) for the group and Rs.15.3m (Rs.14.9m) for the company respectively was accounted for.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

13. OTHER FINANCIAL ASSETS AT AMORTISED COST (CONT'D)

- (c) Loans to other companies are repayable by instalments after more than one year, and carry interest at the rate of 2.30% - 3.15%. The carrying amount of such loans receivables approximate their fair values as the loans are contracted on market-related terms.
- (d) Non-current loans to subsidiary companies are repayable by June 2026 and carry interest at the rate of 6.25%. Current loans to related parties are repayable on demand and are interest free. The carrying amount of such loans approximate their fair values.
- (e) Other receivables
Other receivables include amount dues from non-group entities and advance payment with authorities arising in the ordinary course of business. The carrying amount of such other receivables approximate their fair values.
- (f) Impairment and risk exposure

The loss allowance for the financial assets at amortised cost as at June 30, 2021 reconciles to the opening loss allowance on July 1, 2020 and to the closing loss allowance as at June 30, 2021. This relates to specific provision against long outstanding other receivables.

THE GROUP	2021	2020
	Other receivables	Other receivables
	Rs'000	Rs'000
Loss allowance at July 1,	15,270	15,015
Allowance recognised in profit or loss during the year	1,582	255
Loss allowance at June 30,	16,852	15,270

The expected credit loss (ECL) provision amounting to Rs.16.9m (2020: Rs.15.2m) relates to credit impaired assets which are classified under Stage 3.

THE COMPANY

2021

- Loss allowance at July 1,
Allowance recognised in profit or loss during the year
Loss allowance at June 30,

	Related parties	Other receivables	Total
	Rs'000	Rs'000	Rs'000
Loss allowance at July 1,	9,671	5,256	14,927
Allowance recognised in profit or loss during the year	2	1,923	1,925
Loss allowance at June 30,	9,673	7,179	16,852

2020

- Loss allowance at July 1,
Allowance recognised in profit or loss during the year
Loss allowance at June 30,

	Related parties	Other receivables	Total
	Rs'000	Rs'000	Rs'000
Loss allowance at July 1,	9,665	5,007	14,672
Allowance recognised in profit or loss during the year	6	249	255
Loss allowance at June 30,	9,671	5,256	14,927

- (g) Financial assets at amortised cost are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Mauritian rupee	1,364,233	1,457,638	1,870,047	1,876,199

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

14. LOANS AND ADVANCES

(a) Accounting policy

(i) Recognition and initial measurement

The group initially recognises loans and advances towards finance leases, loans and advances towards hire purchase, other loans and advances and borrowings on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. At initial recognition, the group measures a financial asset or financial liability at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

(ii) Classification and subsequent measurement

Under IFRS 9, immediately after initial recognition, an expected credit loss (ECL) is recognised in profit or loss when an asset is newly originated.

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. When the group revises the estimates of future cash flows, the carrying amount of the respective financial assets or liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

The group has the option to classify its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI) or
- Amortised cost.

A description of each of the measurement category is given below:

- Under the amortised cost model, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- Financial assets held for a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual cash flows and selling and that contain contractual terms that rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. They are recognised on the trade date when the group enters into contractual arrangements to purchase and are normally derecognised when they are either sold or redeemed. They are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains or losses) are recognised in other comprehensive income until the assets are sold. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the Statements of Profit or Loss and other comprehensive income as 'Other operating income'.

- Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented within 'Other operating income' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Business model assessment

The group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the group's management;
- the risks that affect the performance of the business model, the financial assets held within that business model and its strategy for how those risks are managed; and
- the frequency, volume and timing of sale in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the group's stated objective for managing the financial assets is achieved and how cash flows are realised.

The group has determined that it has one business model which includes held to collect business model. This includes cash and cash equivalents, loans towards finance leases, loans and advances towards hire purchase, other loans and advances and other assets. These assets are held to collect contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

14. LOANS AND ADVANCES (CONT'D)

(a) Accounting policy (cont'd)

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms; and
- terms that limit the group's claim to cash flows from specified assets (e.g. non-recourse loans).

Non-recourse loans

In some cases, loans made by the group that are secured by collateral of the borrower limit the group's claim to cash flows of the underlying collateral (non-recourse loans). The group applies judgement in assessing whether the non-recourse loans meet the SPPI criterion. The group typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the group's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the group will benefit from any upside from the underlying assets.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the group changes its business model for managing financial assets.

Subsequent measurement

Financial assets at amortised cost; these assets are subsequently measured at amortised cost using the effective interest method. Interest income and any impairment losses are recognised in the Statements of Profit or Loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire (see also (iv)), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the group is recognised as a separate asset or liability.

(iv) Modifications of financial assets

Financial assets

If the terms of a financial asset are modified, then the group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

14. LOANS AND ADVANCES (CONT'D)

(a) Accounting policy (cont'd)

If the modification of a financial asset measured at amortised cost does not result in derecognition of the financial asset, then the group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statements of Financial Position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions such as in the group's trading activity.

(vi) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii) Impairment

Impairment of financial assets

The group recognises loss allowances for expected credit losses ("ECL") on the following financial instruments that are not measured at FVTPL:

- loans and advances towards hire purchase;
- loans and advances towards finance leases;
- other loans and advances; and
- other assets.

The group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- financial instruments that are determined to have low credit risk at the reporting date; and
- financial instruments on which credit risk has not increased significantly since their initial recognition.

The group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' (Ba1+). The group does not apply the low credit risk exemption to any other financial instruments. The group does not have a credit rating system to grade its loan customers but instead uses a credit scoring methodology to assess whether a customer is credit worthy or not. Accordingly only customers who are creditworthy are given credit facilities. The internal credit rating system of the group is based on the number of days outstanding. Thus all customers across three stages disclosed above.

Investment grade (staging) is defined as follows:

Stage 1: 0-34 days

Stage 2: 35-94 days

Stage 3: 95 days and above

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

14. LOANS AND ADVANCES (CONT'D)

(a) Accounting policy (cont'd)

(vii) Impairment (cont'd)

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognised but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive);

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- undrawn loan, finance lease and hire purchase commitments: as the present value of the difference between the contractual cash flows that are due to the group if the commitment is drawn down and the cash flows that the group expects to receive; and

- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the group expects to recover.

Overview of ECL principles

The group applies the IFRS 9 general approach to measure expected credit losses which uses a 12 month and a lifetime expected loss allowance for net investment in leases and other credit agreements. The expected credit losses under the 'general approach' can best be described using the following formula: Probability of Default (PD) x Loss given Default (LGD) x Exposure at Default (EAD).

The impairment requirements apply to financial assets measured at amortised cost i.e. net investment in leases and other credit agreements. At initial recognition, allowance (or provision in the case of commitments and guarantees) is required for expected ECL resulting from default events that are possible within the next 12 months ('12-month ECL').

In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment are considered to be in default or otherwise credit impaired are in 'stage 3'.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on a collective basis, depending on the nature of the underlying portfolio of financial instruments which is on the basis of their product types.

The lifetime expected loss rates ("LTECLs") are based on the group's historical credit losses based on the pattern of no movement of financial assets over a period of six months before reporting date, since the company is in its initial phase of providing lease and other credit arrangements. An additional loss allowance for financial assets is recognised when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of financial asset. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the financial assets.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment the group considers quantitative and qualitative information based on the group's historical experience, credit risk assessment and forward-looking information. The assessment of significant credit deterioration is key in determining when to move from measuring an allowance based on 12-month ECLs to one that is based on lifetime ECLs (i.e., transfer from Stage 1 to Stage 2). If contractual payments are more than 34 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Financial assets are classified as 'stage 3' where they are determined to be credit impaired. This includes exposures that are at least 95 days past due and where the obligor is unlikely to pay without recourse against available collateral.

Impairment is the difference between contractual and expected cash flows of a financial asset (e.g., finance lease, hire purchase or loan). ECL provision is discounted to present value using the original implicit rate/ effective interest rate. The group presents balance of the respective assets net of allowance for impairment.

The calculation of ECLs

The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period.

The Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal whether scheduled by contract, or expected drawdowns on committed facilities.

Loss given default ("LGD") is defined as the likely loss intensity in case of a counterparty default. It provides an estimation of the exposure that cannot be recovered in a default event and therefore captures the severity of a loss. Conceptually, LGD estimates are independent of a customer's probability of default. The LGD models ensure that the main drivers for losses (i.e., different levels and quality of collateralization and customer or product types or seniority of facility) are reflected in specific LGD factors. In our LGD models, we assign collateral type specific LGD parameters to the collateralized exposure (collateral value after application of haircuts).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

14. LOANS AND ADVANCES (CONT'D)

(a) Accounting policy (cont'd)

(vii) Impairment (cont'd)

The calculation of ECLs (cont'd)

The mechanics of the ECL method are summarised below:

- Stage 1: The 12-month ECL is calculated as the portion of Lifetime ECLs ("LTECLs") that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The company calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs lifetime of the instrument. These expected default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

- Stage 3: For loans considered credit-impaired, the company recognises the lifetime ECL for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised cost are credit impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

- a breach of contract such as a default or past-due event;

- the restructuring of a loan or advance by the group on terms that the group would not consider otherwise; and

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Purchased or Originated Credit-Impaired ("POCI") financial assets

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective interest rate on initial recognition. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognised as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

Presentation of allowance for ECL in the Statements of Financial Position

Loss allowances for ECL are presented in the Statements of Financial Position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; and

- financial guarantee contracts: generally, as a provision.

Write-offs

Loans are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment losses on financial instruments' in the Statements of Profit or Loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

Financial guarantee contracts held

The group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the group considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;

- the guarantee is required by laws and regulations that govern the contract of the debt instrument; and

- the guarantee is entered into at the same time as and in contemplation of the debt instrument.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

14. LOANS AND ADVANCES (CONT'D)

(a) Accounting policy (cont'd)

(vii) Impairment (cont'd)

Financial guarantee contracts held (cont'd)

If the group determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The group considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the group determines that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. The group presents gains or losses on a compensation right in profit or loss in the line item impairment losses on financial instruments.

(b) Gross investment

THE GROUP

Within one year
After one year and before two years
After two years and before five years
After five years

Unearned future finance income
Unearned future processing fee
Unearned future merchant discount
Unearned commitment fee

Present value of minimum lease payment

Less allowance for credit impairment

Allowance for credit impairment

Net finance lease receivables

Representing:

Current

Non-current

	2021			2020
	Finance leases	Other credit agreements	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Within one year	385,700	745,400	1,131,100	1,366,000
After one year and before two years	334,200	156,300	490,500	616,100
After two years and before five years	813,200	67,500	880,700	794,500
After five years	72,800	1,800	74,600	82,900
	1,605,900	971,000	2,576,900	2,859,500
Unearned future finance income	-	-	-	(354,100)
Unearned future processing fee	-	-	-	(100)
Unearned future merchant discount	-	-	-	(30,800)
Unearned commitment fee	-	-	-	(9,400)
Present value of minimum lease payment	1,605,900	971,000	2,576,900	2,465,100
Less allowance for credit impairment				
Allowance for credit impairment	(4,200)	(300,200)	(304,400)	(302,100)
Net finance lease receivables	1,601,700	670,800	2,272,500	2,163,000
Representing:				
Current	382,900	444,600	827,500	889,600
Non-current	1,218,800	226,200	1,445,000	1,273,400
	1,601,700	670,800	2,272,500	2,163,000

(c) Loans and advances may be analysed as follows:

Not later than one year
After one year and before two years
After two years and before five years
After five years

	2021			2020
	Finance leases	Other credit agreements	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Not later than one year	387,200	744,800	1,132,000	1,169,200
After one year and before two years	386,800	161,600	548,400	520,500
After two years and before five years	762,300	63,000	825,300	696,900
After five years	69,600	1,600	71,200	78,500
	1,605,900	971,000	2,576,900	2,465,100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

14. LOANS AND ADVANCES (CONT'D)

(d) Allowance for credit impairment

Portfolio provision

At July 1,

Allowance for credit impairment for the year

Reversal of allowance for credit impairment

Interest in suspense

At June 30,

Finance leases	2021		2020 Total
	Other credit agreements	Total	
Rs'000	Rs'000	Rs'000	Rs'000
(5,000)	(297,100)	(302,100)	(92,700)
-	(2,000)	(2,000)	(209,400)
800	8,400	9,200	-
-	(9,500)	(9,500)	-
(4,200)	(300,200)	(304,400)	(302,100)

(e) At reporting date, the analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lease receivables, hire purchase receivables and loans receivable from customers is as follows:

	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount on loans and advances				
At July 1, 2019	1,347,100	238,000	168,900	1,754,000
New assets originated or purchased	1,047,800	207,700	104,000	1,359,500
Assets derecognised or repaid (excluding write offs)	(343,500)	(248,100)	(56,800)	(648,400)
Transfers to Stage 1	(408,600)	228,100	180,500	-
Transfers to Stage 2	21,200	(64,400)	43,200	-
Transfers to Stage 3	14,800	5,400	(20,200)	-
At June 30, 2020	1,678,800	366,700	419,600	2,465,100
New assets originated or purchased	1,001,100	-	-	1,001,100
Assets derecognised or repaid (excluding write offs)	(425,100)	(237,600)	(226,400)	(889,100)
Transfers to Stage 1	(357,000)	181,400	175,600	-
Transfers to Stage 2	84,700	(155,500)	70,700	(100)
Transfers to Stage 3	16,400	900	(17,400)	(100)
At June 30, 2021	1,998,900	155,900	422,100	2,576,900
Expected credit loss				
At July 1, 2019	15,300	5,700	71,700	92,700
Allowance for credit impairment	99,100	17,800	92,500	209,400
Transfer from Stage 1	(24,200)	11,100	13,100	-
Transfer from Stage 2	900	(4,000)	3,100	-
Transfer from Stage 3	1,000	300	(1,300)	-
At June 30, 2020	92,100	30,900	179,100	302,100
New assets originated or purchased	26,900	6,500	12,600	46,000
Assets derecognised or repaid (excluding write offs)	(77,400)	(6,400)	40,100	(43,700)
Transfer from Stage 1	(23,100)	8,800	14,300	-
Transfer from Stage 2	9,000	(25,300)	16,300	-
Transfer from Stage 3	12,500	300	(12,800)	-
At June 30, 2021	40,000	14,800	249,600	304,400
Net carrying amount at June 30, 2020	1,586,700	335,800	240,500	2,163,000
Net carrying amount at June 30, 2021	1,958,900	141,100	172,500	2,272,500

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

14. LOANS AND ADVANCES (CONT'D)

(f) Amount arising from ECL

ECL at June 30, 2021

Loans and advances towards hire purchase

	Stage 1	Stage 2	Stage 3	Total
Expected loss rate (%)	8.4%	24.5%	70.5%	34.5%
Gross carrying amount (Rs m)	446.1	54.7	338.1	838.9
Expected allowance for impairment (Rs m)	37.6	13.4	238.4	289.4

Loans and advances towards finance leases

Expected loss rate (%)	0.0%	0.8%	5.7%	0.3%
Gross carrying amount (Rs m)	1,457.9	93.2	54.8	1,605.9
Expected allowance for impairment (Rs m)	0.5	0.7	3.1	4.3

Other loans and advances

Expected loss rate (%)	2.0%	8.8%	27.6%	8.1%
Gross carrying amount (Rs m)	94.9	8.0	29.3	132.2
Expected allowance for impairment (Rs m)	1.9	0.7	8.1	10.7

ECL at June 30, 2020

Loans and advances towards hire purchase

	Stage 1	Stage 2	Stage 3	Total
Expected loss rate (%)	14.9%	13.2%	47.8%	25.5%
Gross carrying amount (Rs m)	530.2	199.9	361.8	1,091.9
Expected allowance for impairment (Rs m)	79.1	26.4	173.0	278.5

Loans and advances towards finance leases

Expected loss rate (%)	0.9%	2.3%	3.2%	1.2%
Gross carrying amount (Rs m)	1,102.0	146.1	45.2	1,293.3
Expected allowance for impairment (Rs m)	10.2	3.4	1.5	15.1

Other loans and advances

Expected loss rate (%)	6.0%	5.3%	36.5%	10.6%
Gross carrying amount (Rs m)	46.6	20.7	12.6	79.9
Expected allowance for impairment (Rs m)	2.8	1.1	4.6	8.5

A +/- 5% variation in average loss rate as at June 30, 2021 would result in +/- Rs 14 million effect on post tax profit (2020: +/- Rs 15 million). The analysis assumes that all other variables, remain constant.

(g) Critical accounting estimates

Significant accounting judgements and estimates

The measurement of expected credit loss allowance for Loans and advances is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviours (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is detailed below. A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Determining the classification of finance leases as loans and receivables;
- Choosing appropriate models and assumptions for measurement of ECL;
- Establishing multiple economic scenarios by using different cases for the value of index;
- An important consideration in the impairment model in IFRS 9 is the use of forward-looking information in the models; and
- Determining the assumed lifetime of products.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

14. LOANS AND ADVANCES (CONT'D)

(g) Critical accounting estimates (cont'd)

Judgement have been applied to assess whether there is an outright control over the identified assets as the lessee has the right to sell the vehicle at any time during the lifetime of the contract even if and the lessor have the right to seize the assets if no payment is made.

The ECL models set up by the group are driven by internal and external data and this required significant judgements and estimates in relation to the determination of forward-looking information defining elements of a significant increase in credit risk and staging of financial instruments.

The economic outlook of the markets in which the group is present has been impacted by the ongoing Covid-19 pandemic. The consequent impact on the group is uncertain, thereby increasing the degree of judgement required to be exercised in calculating ECL:

- Models used to calculate ECL are inherently complex and judgement is applied in determining the appropriateness of the ECL model;
- A number of inputs, assumptions are made by the group concerning the values of inputs to the models and how the inputs correlate with one another; including the incorporation of the current macro-economic scenario through the forward-looking information; and
- Evidence of significant increase in credit risk and hence the relevant staging and credit worthiness of the group's clients.

While complying with international practices advocating post-model adjustments in instances where effects of Covid-19 cannot be accurately reflected in models and given relative lack of data, the group aligned one of important risk parameters, namely the probability of default, to factor in potential ramifications of the pandemic.

Incorporation of forward-looking information

The group incorporates forward-looking information into the measurement of ECL. The cyclical component of Mauritius GDP growth (derived through the smoothing technique, the Hodrick-Prescott filter) is used to proxy the credit cycle index. This credit cycle index is linked to the group's ECL calculations through the well-known Vasicek Single Factor Model. By using forecasts of Mauritius GDP Growth, a forecasted credit cycle index can be derived and used to adjust default rates used in ECL calculations such that these rates reflect the impact of forward-looking information into the measurement of ECL.

The group formulates three economic scenarios:

(i) a baseline case with 80% weightage, (ii) an upside case with 10% weightage and (iii) a downside case with 10% weightage. The baseline scenario are figures obtained directly from the IMF WEO Database forecasts and or Mauritius Budget Estimates. Standard deviation shocks are applied to the baseline forecasts to allow for a plausible range of forecasts for the macroeconomic variable. A normal distribution is assumed and the 5th percentile case and 95th percentile case are assumed as downside and upside case scenario respectively. The group then calculates a scenario probability weighted PD which is applied to the ECL model.

Collateral held and other credit enhancements

The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of the loans and advances. However, the collateral provides additional security and may take in the form of the items acquired by the borrower and other liens and guarantees. The fair value of the collateral are assessed at periodical intervals to ensure that the portfolio is sufficiently collateralised.

Assets obtained by taking possession of collateral

The group's policy is to pursue timely realisation of the collateral in an orderly manner. The group does not generally use the non-cash collateral for its own operations.

Significant increase in credit risk

As a backstop, the group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

14. LOANS AND ADVANCES (CONT'D)

(g) Critical accounting estimates (cont'd)

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured at 12-month ECL.

The group monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews of its portfolio.

Credit quality analysis

As highlighted above, the group has witnessed a major increase in its ECL for the current year, reflecting the difficult context. The average loss rate for June 30, 2021 is 8.1% (2020: 12%).

15. INVENTORIES

(a) Accounting policy

Inventories and work in progress are valued at the lower of cost or net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business less the costs to completion and applicable variable selling expenses.

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value (NRV).

Principally, this is residential property that the group develops and intends to sell before, or on completion of development.

Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for development
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

(b) THE GROUP

	2021	2020 Restated
	Rs'000	Rs'000
Raw materials, consumables and spare parts	420,558	440,695
Stock of land	1,243,257	780,466
Work in progress	66,169	34,694
Finished goods	1,053,605	1,185,076
Goods in transit	161,257	114,973
	2,944,846	2,555,904

(c) The cost of inventories recognised as expense and included in cost of sales amounted to Rs.3,126m (2020: Rs.3,076m).

(d) Bank borrowings are secured by floating charges on part of the inventories of the group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

16. CONSUMABLE BIOLOGICAL ASSETS

(a) Accounting policy

Consumable biological assets comprising the standing cane valuation, deer farming and palm trees are measured at fair value less costs to sell, which is the present value of the expected net cash flows discounted at the relevant market determined pre-tax rate (palm trees: 6.51% (2020: 6.04%), nursery: 17.04%-25.51% (2020: 17.04-25.04%) and standing canes 6.09% (2020: 2.04%).

(b) THE GROUP

(i) 2021

	Potatoes Rs'000	Standing cane Rs'000	Palm trees Rs'000	Nursery Rs'000	Deer farming Rs'000	Cattle Rs'000	Total Rs'000
At July 1,							
- as previously reported	4,880	157,952	24,824	31,186	37,765	1,897	258,504
- effect of prior year adjustments (note 50)	-	28,401	-	-	-	-	28,401
- as restated	4,880	186,353	24,824	31,186	37,765	1,897	286,905
Changes in fair value	-	72,339	1,264	2,618	2,000	1,744	79,965
Movement in cost of sales	3,793	-	-	-	-	-	3,793
At June 30,	8,673	258,692	26,088	33,804	39,765	3,641	370,663

(ii) 2020 Restated

	Potatoes Rs'000	Standing cane Rs'000	Palm trees Rs'000	Nursery Rs'000	Deer farming Rs'000	Cattle Rs'000	Total Rs'000
At July 1,							
- as previously reported	10,601	145,064	21,014	34,846	40,865	1,915	254,305
- effect of prior year adjustments (note 50)	-	33,951	-	-	-	-	33,951
- as restated	10,601	179,015	21,014	34,846	40,865	1,915	288,256
Changes in fair value	-	7,337	3,810	(3,660)	(3,100)	(18)	4,369
Movement in cost of sales	(5,720)	-	-	-	-	-	(5,720)
At June 30,	4,881	186,352	24,824	31,186	37,765	1,897	286,905

Consumable biological assets are stated at their fair value and relate to the value of standing canes, deer farming, nursery plants and palm trees.

The fair value measurements have been categorised as level 3 fair value based on the inputs to the valuation techniques used.

At June 30, 2021, standing canes comprised of approximately 4,468 hectares of sugar cane under plantation (2020: 3,879 hectares). During the year, the group harvested approximately 238,048 tonnes of cane (2020: 302,290 tonnes of cane).

There was no transfers from IAS 41 to IAS 2 during the year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

16. CONSUMABLE BIOLOGICAL ASSETS (CONT'D)

(c) Valuation techniques and significant unobservable inputs

	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Standing cane	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by sugarcane plantation.	Estimated future price of Sugar per tonne- Rs.19,000 - Rs.20,250 (2020:Rs.12,500) Extraction rate per tonne 9.50%-10.25% (2020: 9.66%-10.25%) Discount rate 6%-6.09% (2020: 2%-6%)	The estimated fair value would increase/(decrease) if: Expected income from Sugar were higher/ (lower) Costs were lower/(higher).
Palms	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by Palm over the next 5 years.	Estimated average price of palms- Rs.261 -Rs.295 per palm tree (2020: Rs.295) Discount rate 6.51% (2020: 6%)	The estimated fair value would increase/(decrease) if: Expected selling price were higher/ (lower) Costs were lower/(higher).
Plants	Net Realisable Value	Future selling price of different type of plants.	The estimated fair value would increase/(decrease) if: Expected selling price were higher/ (lower) Costs were lower/ (higher).
Grass	Net Realisable Value	Estimated future contribution of grass- Rs.57 (2020: Rs.55)	The estimated fair value would increase (decrease) if: Expected selling price were higher/ (lower) Costs were lower/ (higher).
Deer	Net Realisable Value	Average weight of deer- 45 kg and 35 kg for local breed (2020: 45 kg and 35 kg for local breed) Average price of deer per Kg- Rs.180 (2020: Rs.180)	The estimated fair value would increase/(decrease) if: Expected weight per deer were higher/ (lower) Selling price higher/(lower)

(d) Critical accounting estimates

Consumable biological assets

The fair value of consumable biological assets has been arrived at by discounting the present value of the expected net cash flows at the relevant market determined pre-tax rate. For standing canes, the expected cash flows have been computed by estimating the expected crop and the sugar extraction rate and the forecasts of sugar prices which will prevail in the coming year. The harvesting costs and other direct expenses are based on yearly budgets.

For other consumable biological assets, the expected cash flows have been computed on the basis of expected sale prices and the expected cost of maintenance.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

17. TRADE AND OTHER RECEIVABLES

(a) Accounting policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised costs using the effective interest method, less credit expected loss allowance.

The group is applying both the simplified and general approach to measure ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The trade receivables have been divided into uninsured and insured. For insured receivables, the group considers insurance proceeds as an integral part of the impairment assessment of the receivables. The expected cash flows from the insurance cover are included when measuring ECL of the receivables to the extent that the expected losses are covered by the insurance cover. The uninsured receivables are the balances where the group has no collateral.

The expected loss rates are based on the group's historical credit losses based on the pattern of movement of receivables over a period of three years before the reporting date. An additional loss allowance for receivables is recognised when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivable. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the gross domestic product ("GDP") as the key macroeconomic factors in the countries where the group operates.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive. Trade and other receivables generally have a short duration and do not carry a contractual interest rate. Therefore, they are measured on initial recognition at the transaction price. Accordingly, the effective interest rate for receivables is zero and discounting of expected cash shortfalls to reflect the time value of money is not required when measuring ECL.

In case of the customers having credit ratings with external agencies, the default rate issued by such agencies is used as the ECL rate. Hence, such customers are removed from the ageing analysis and ECL is calculated separately as per external credit ratings.

The group has an established credit policy under which new customers are analysed individually for credit worthiness for each business activity before the group's standard payment, delivery terms and conditions are offered. Customers that fail to meet the group's benchmark creditworthiness may transact with the group upon lodging of a bank guarantee as a security document or on a strictly prepaid (cleared funds) only basis.

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	2,591,201	2,384,740	7,114	8,052
Less provision for impairment	(498,591)	(548,813)	(142)	(600)
Carrying value of trade receivables	2,092,610	1,835,927	6,972	7,452

The carrying amount of the trade receivables is considered as a reasonable approximation of fair value given the short-term nature of the receivables.

Loss allowance decreased significantly on account of the lower loss rates being applied.

(i) Impairment of trade receivables

The company and some subsidiaries used both the simplified and general impairment approach to calculate for its ECL. Management has segregated the receivables book between a performing book (PB) and non-performing book (NPB) and have used inferred proxies for the probability of default (PD) based on relevant jurisdictional sovereign Moody's ratings. An LGD (loss given default) proxy of 20%-65% was used for counterparties which is representative of the corporate client's exposure.

For other subsidiaries, the trade and other receivables have been divided into insured and uninsured. For insured receivables, the subsidiaries have exercised the policy choice of considering insurance cover as an integral part of the receivables. The expected cash flows from the insurance cover are included when measuring ECL of the receivables to the extent that the expected losses are covered by the insurance cover. The uninsured receivables are the balance where the subsidiaries have no collaterals.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

17. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) Impairment of trade receivables (cont'd)

The expected loss rates are based on the subsidiaries' historical credit losses based on the pattern of movement of receivables over a period of three years before the reporting date. An additional loss allowance for receivables is recognised when there is objective evidence that the subsidiaries will not be able to collect all amounts due according to the original terms of the receivable. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customer to settle the receivables. These subsidiaries have identified the gross domestic product (GDP) as the key macroeconomic factors in the sectors in which they operate.

In case of customers having credit ratings with external agencies, the default rate issued by such agencies is used as the ECL rate. Hence, such customers are removed from the ageing and ECL is calculated separately as per external credit ratings.

The loss allowance as at June 30, 2021 and 2020 was determined as follows for trade receivables.

THE GROUP	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2021					
Expected loss rate	7.9%	12.7%	14.5%	51.5%	
Gross carrying amount - trade receivables	1,547,830	296,593	123,198	623,580	2,591,201
Loss allowance	(122,035)	(37,636)	(17,918)	(321,002)	(498,591)

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2020					
Expected loss rate	2.6%	8.6%	41.4%	55.2%	
Gross carrying amount - trade receivables	1,177,519	244,548	249,396	713,277	2,384,740
Loss allowance	(30,800)	(20,918)	(103,141)	(393,954)	(548,813)

THE COMPANY

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2021					
Expected loss rate	0%	0%	0%	4%	
Gross carrying amount - trade receivables	834	2,340	-	3,940	7,114
Loss allowance	-	-	-	(142)	(142)

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2020					
Expected loss rate	0%	0%	0%	14%	
Gross carrying amount - trade receivables	780	354	2,524	4,394	8,052
Loss allowance	-	-	-	(600)	(600)

Trade receivables past due more than 90 days were credit impaired.

The closing loss allowances for trade receivables as at June 30, 2021 reconcile to the opening loss allowances as follows:

	THE GROUP		THE COMPANY	
	Trade receivables	Trade receivables	Trade receivables	Trade receivables
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,				
- as previously reported	603,013	269,335	600	176
- effect of prior year adjustments (note 50)	(54,200)	-	-	-
- as restated	548,813	269,335	600	176
Loss allowance recognised in profit or loss during the year	180,292	346,466	-	424
Receivables written off during the year as uncollectible	(23,000)	(14,339)	(458)	-
Unused amount reversed	(227,014)	(58,749)	-	-
Translation difference	19,500	6,100	-	-
At June 30,	498,591	548,813	142	600

(c) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security.

(d) Critical accounting estimates

The loss allowances for financial assets are based on assumptions about risks of default and expected loss rates. The group uses judgement in making these assumptions and selecting inputs to impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

18. ASSETS RELATED TO CONTRACTS WITH CUSTOMERS

(a) Accounting policy

Contract assets

A contract asset is initially recognised for revenue earned from services because the receipt of consideration is conditional on successful completion of the services. Upon completion of the services and acceptance by the customers, the amount recognised as contract assets is reclassified to trade receivables. A contract asset is subject to impairment assessment and its loss allowance is measured at an amount equal to lifetime Expected Credit Losses (ECL).

The group is applying the general approach to measure Expected Credit Losses (ECL) which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due.

The contract assets have been divided into uninsured and insured. For insured receivables, the group considers insurance proceeds as an integral part of the impairment assessment of the receivables. The expected cash flows from the insurance cover are included when measuring ECL of the receivables to the extent that the expected losses are covered by the insurance cover. The uninsured receivables are the balances where the group has no collateral.

The group considers its contract assets to be in default when contractual payments are past due the approved credit period depending on the business environment in which it operates. The group also considers a financial asset to be in default when internal or external information indicates that the entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the entity.

The expected loss rates are based on the group's historical credit losses based on the pattern of movement of receivables over a period of three years before the reporting date. An additional loss allowance for receivables is recognised when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivable. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the gross domestic product (GDP) as the key macroeconomic factors in the countries where the group operates.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive. Contract assets generally have a short duration and do not carry a contractual interest rate. Therefore, they are measured on initial recognition at the transaction price. Accordingly, the effective interest rate for receivables is zero and discounting of expected cash shortfalls to reflect the time value of money is not required when measuring expected credit losses.

In case of the customers having credit ratings with external agencies, the default rate issued by such agencies is used as the ECL rate. Hence, such customers are removed from the ageing analysis and ECL is calculated separately as per external credit ratings.

The group has an established credit policy under which new customers are analysed individually for credit worthiness for each business activity before the group's standard payment, delivery terms and conditions are offered. Customers that fail to meet the group's benchmark creditworthiness may transact with the group upon lodging of a bank guarantee as a security document or on a strictly prepaid (cleared funds) only basis.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures. Any recoveries made are recognised in Statements of profit or loss.

When assessing whether a receivable is in default include, the group considers the following factors:

- the balance remaining due for more than 360 days;
- the debtor is unlikely to pay its obligation in full without recourse to actions such as disposing its assets; and
- the financial position indicating that debtors is in financial difficulty.

The contract assets primarily relate to the group's rights to consideration for work completed but not yet billed at the reporting date on construction contracts.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

18. ASSETS RELATED TO CONTRACTS WITH CUSTOMERS (CONT'D)

(b) THE GROUP

At July 1,		
- as previously reported	5,032	23,081
- effect of prior year	181,300	146,700
- as restated	186,332	169,781
Amounts included in contract assets that was recognised as revenue during the year	(45,740)	(55,742)
Excess of revenue recognised over cash (or rights to cash) being recognised during the year	476,440	423,893
Loss allowance	(23,100)	-
Transfer to trade receivables	(445,900)	(369,100)
Translation difference	11,400	17,500
At June 30,	159,432	186,332

	2021	2020
	Rs'000	Rs'000
At July 1,		
- as previously reported	5,032	23,081
- effect of prior year	181,300	146,700
- as restated	186,332	169,781
Amounts included in contract assets that was recognised as revenue during the year	(45,740)	(55,742)
Excess of revenue recognised over cash (or rights to cash) being recognised during the year	476,440	423,893
Loss allowance	(23,100)	-
Transfer to trade receivables	(445,900)	(369,100)
Translation difference	11,400	17,500
At June 30,	159,432	186,332

At June 30, 2021, the carrying value of contract assets have been analysed as follows:

THE GROUP

	Not past due	Current	More than 30 days* past due	More than 60 days past due	More than 120 days past due	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2021						
Expected loss rate	0.0%	25.8%	8.9%	4.3%	74.7%	
Gross carrying amount						
- contract assets	126,700	30,207	3,368	2,312	19,945	182,532
Loss allowance	-	(7,800)	(300)	(100)	(14,900)	(23,100)

*At June 30, 2021, a specific provision of Rs 20.4m has been included in expected credit loss allowance (2020: Nil).

Contract assets past due more than 360 days were credit impaired. Given the nature of the group's contract assets, the ageing of a balance beyond 90 days does not necessarily indicate a credit default of the counterparty. Based on the group's experience, these balances are not considered impaired until they exceed 360 days. Accordingly, the group has rebutted the presumption that a balance is impaired if it is past due by more than 90 days.

In 2020, the group made an impairment assessment by considering the previous repayment behaviours. The group did not account for any impairment loss as the resulting expected credit loss was deemed to be immaterial.

Loss allowances for contract assets are:

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
At July 1,	-	-
Increase in loss allowances recognised in profit or loss during the year	23,100	-
At June 30,	23,100	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

19. AMOUNTS RECEIVABLE FROM GROUP COMPANIES

(a) Accounting policy

Amounts receivable from group companies include trade receivables, loans and advances and other receivables which are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

Impairment provisions for such trade receivables, loans and advances and other receivables are recognised based on the simplified approach within IFRS 9 using the lifetime ECL and general approach. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. To measure ECL, such trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. For such trade and other receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of profit or loss and other comprehensive income. On confirmation that such trade and other receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(b) THE COMPANY

Trade receivables	81,822	44,868
Less provision for impairment	(2,798)	(2,166)
Trade receivables- net	79,024	42,702

Other receivables (c)	595,086	1,027,608
Less provision for impairment	(10,362)	(8,937)
Other receivables- net	584,724	1,018,671

	2021	2020
	Rs'000	Rs'000
Trade receivables	81,822	44,868
Less provision for impairment	(2,798)	(2,166)
Trade receivables- net	79,024	42,702
Other receivables (c)	595,086	1,027,608
Less provision for impairment	(10,362)	(8,937)
Other receivables- net	584,724	1,018,671
	663,748	1,061,373

(c) Other receivables comprise mainly of loans, advances, interest and dividend receivable from group companies.

THE COMPANY

Other receivables

	Loans	Others	Total
	Rs'000	Rs'000	Rs'000
2021			
Subsidiary companies	276,000	308,724	584,724
2020			
Subsidiary companies	276,150	742,521	1,018,671

(d) Impairment of amount receivable from group companies

The company and some subsidiaries used both the simplified and general impairment approach to calculate for its ECL. Management has segregated the receivables book between a performing book (PB) and non-performing book (NPB) and have used inferred proxies for the probability of default (PD) based on relevant jurisdictional sovereign Moody's ratings. An LGD (loss given default) proxy of 20%-65% was used for counterparties which is representative of the corporate client's exposure.

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2021					
Expected loss rate	0%	0%	0%	7%	
Gross carrying amount	130,495	12,091	333,906	200,416	676,908
Loss allowance	-	-	-	(13,160)	(13,160)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

19. AMOUNTS RECEIVABLE FROM GROUP COMPANIES (CONT'D)

(d) Impairment of amount receivable from group companies (cont'd)

At June 30, 2020	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Expected loss rate	0%	0%	0%	6%	
Gross carrying amount	602,982	263,714	21,041	184,739	1,072,476
Loss allowance	-	-	-	(11,103)	(11,103)

The closing loss allowances as at June 30, 2021 reconcile to the opening loss allowances as follows:

THE COMPANY	2021	2020
	Rs'000	Rs'000
At July 1,	(11,103)	(7,803)
Loss allowance recognised in profit or loss during the year	(2,057)	(3,300)
At June 30,	(13,160)	(11,103)

At June 30, 2021, amounts receivable from group companies were impaired by Rs.13,160,000 (2020: Rs.11,103,000). The carrying amount of receivables from group companies approximate their fair value.

(e) Amounts receivable from group companies are denominated in Mauritian rupees.

(f) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

20. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

(a) Accounting policy

Non-current assets classified as held for sale relate to land earmarked for future sale, development projects and investment earmarked for sale during the coming year. They are measured at the lower of carrying amount and fair value less costs to sell if the carrying amount is recovered principally through sales. This condition is regarded as met only when the sales are highly probable and the asset is available for immediate sale in their present condition.

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

(b) Non-current assets classified as held for sale

Disclosed as follows:

Land classified as held for sale (note (i))	-	40,790
Investment properties classified as held for sale	19,100	-
Total non-current assets classified as held for sale	19,100	40,790

(i) Assets classified as held for sale

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
At July 1,	40,790	119,121
Movement during the year	(21,690)	(98,920)
Transfer from investment properties (note 6)	-	20,589
At June 30,	19,100	40,790

These assets have been classified as non-current assets held for sale as the intention is to dispose of them within one year.

(c) Liabilities directly associated with non-current assets classified as held for sale:

Trade and other payables	400	2,500
--------------------------	-----	-------

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

21. SHARE CAPITAL

(a) Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new share are shown in equity as deduction, net of tax, from proceeds. Where the company purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. When such shares are subsequently reissued, any net consideration received, is included in equity attributable to the company's equity holders.

(b) THE GROUP AND THE COMPANY

At July 1, & June 30,	2021		2020	
	Number of shares	Rs'000	Number of shares	Rs'000
	1,074,996,326	3,607,987	1,074,996,326	3,607,987

The share capital as at the reporting date is made up as follows:

	2021		2020	
	Number of shares	Rs'000	Number of shares	Rs'000
Ordinary A shares	374,996,326	3,607,987	374,996,326	3,607,987
Restricted redeemable shares	700,000,000	0.10	700,000,000	0.10
	1,074,996,326	3,607,987	1,074,996,326	3,607,987

The above shares have no par value.

(c) Ordinary A shares

An ordinary A share confers on the holder the following rights:

- the right to vote at meetings of shareholders;
- subject to the rights of any other class of shares, the right to an equal share in dividend and other distributions made by the company; and
- subject to the rights of any other class of shares, the right to an equal share in the distribution of the surplus assets of the company on its liquidation.

(d) Restricted redeemable shares (RRS)

A restricted redeemable share has no economic rights but confers on the holder the following rights:

- the right to vote at meetings of shareholders;
- subject to the rights of any other class of shares, no right to dividend and other distributions made by the company;
- no right to be transferred except with the consent of the holders of at least 75% of the shares of that class; and
- the right to participate in a bonus issue of any class of shares having voting rights so that on an issue of bonus shares such number of RRS be allotted to the holder of RRS in order that the proportion of RRS compared to shares having voting rights are maintained and not varied.

(e) TREASURY SHARES

THE GROUP AND THE COMPANY

At July 1, and June 30,	2021		2020	
	Number of shares	Rs'000	Number of shares	Rs'000
	7,560,362	250,000	7,560,362	250,000

The reserves of the company's treasury shares comprises the cost of the company's shares held by the group. At June 30, 2021, the group held 7,560,362 of the company's shares (2020: 7,560,362).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

22. BORROWINGS

(a) Accounting policy

Borrowings are recognised initially at fair value being their issue proceeds net of direct issue costs. Borrowings are subsequently measured at amortised cost using the effective interest rate which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried on the statement of financial position.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

The group presents lease liabilities related to right of use assets in 'borrowings' in the Statements of Financial Position.

Lease liabilities related to right of use assets are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

The group has lease contracts for various items of land, building, plants and equipments and motor vehicles used in its operations. Leases of land generally have lease terms between 1.4 to 66.0 years, buildings have lease terms between 1.9 to 19.0 years, while plants, equipments and motor vehicles have lease terms between 1.4 to 10 years. The group's obligations under its leases are secured by the lessor's title to leased assets. There are several lease contracts that include extension and termination options and variable lease payments.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group are reasonably certain not to terminate early.

Lease liabilities related to right of use assets are subsequently measured at amortised cost using the effective interest method. Lease liabilities are subject to remeasurement if there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option. Upon remeasurement, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The group has elected not to recognise right of use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The group recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

22. BORROWINGS (CONT'D)

(a) Accounting policy (cont'd)

Leases - Estimating the incremental borrowing rate

The group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Covid-19-related rent concessions

The group has applied Covid-19-Related Rent Concessions – Amendment to IFRS 16. The group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the Covid-19 pandemic are lease modifications. The group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the group assesses whether there is a lease modification.

When a lessor permits a lessee to defer a lease payment, we believe the lessee may account for the concession by continuing to account for the lease liability and right-of-use asset using the rights and obligations of the existing lease and recognising a separate lease payable (that generally does not accrue interest) in the period that the allocated lease cash payment is due. In this case, the lessee would reduce the lease payable when it makes the lease payment at the revised payment date.

This approach of recording a lease payable for the future payment would allow the lease liability to be accreted using the original incremental borrowing rate and would result in a lease liability balance of zero at the end of the lease term (i.e., the lessee would not need to revisit the accretion of its lease liability based on the revised timing of payments). In many cases, this will allow a lessee to use its existing systems to account for the lease liability using the existing payment schedule and discount rate.

Debentures

Debentures are recognised initially at fair value being the issue proceeds net of transaction costs incurred. Debentures are subsequently stated at amortised cost. Debentures are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

(b)

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current				
Secured fixed and variable rate notes (note (c) and (f))	5,055,531	3,554,836	-	-
Debentures (note (d) and (f))	804,905	712,915	-	-
Bond notes (note (e))	3,488,819	3,486,113	3,488,819	3,486,113
Bank and other loans (note (h))	14,118,698	12,863,277	3,182,236	3,601,637
Lease liabilities (note (i) and (g))	942,645	1,201,207	14,822	22,878
Loans from other companies	51,333	-	-	-
	24,461,931	21,818,348	6,685,877	7,110,628

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Current				
Bank overdrafts	1,543,179	856,107	-	-
Bank and other loans (note (h))	3,282,672	3,941,504	511,753	163,580
Secured fixed and variable rate notes (note (c) and (f))	-	500,000	-	-
Debentures (note (d) and (f))	31,600	21,100	-	-
Bond notes (note (e))	72,336	76,101	72,336	76,101
Lease liabilities (note (i) and (g))	198,025	223,642	7,569	7,409
Loans from other companies	68,000	-	-	-
	5,195,812	5,618,454	591,658	247,090
Total borrowings	29,657,743	27,436,802	7,277,535	7,357,718

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

22. BORROWINGS (CONT'D)

(c) Secured variable rate notes

On March 16, 2015, a subsidiary company issued 30,000 secured floating rate notes on a private placement as follows:

Note description	Maturity	Interest rate
Tranche A (10,000 notes at Rs.50,000 per note)	March 16, 2021	Reference Bank of Mauritius repo rate + 1.35% p.a
Tranche B (10,000 notes at Rs.50,000 per note)	March 16, 2023	Reference Bank of Mauritius repo rate + 1.85% p.a
Tranche C (10,000 notes at Rs.50,000 per note)	March 16, 2025	Reference Bank of Mauritius repo rate + 2.35% p.a

These notes are secured by a floating charge over all the assets of the subsidiaries being financed.

On November 29, 2019, a subsidiary issued a mixture of 1.5m secured floating and fixed rate notes and on May 05, 2020, 0.5m secured floating rate notes on private placement as follows:

Note description	Maturity	Interest rate
Tranche 3 Years (0.50m notes at Rs1,000 per note)	November 29, 2022	Reference Bank of Mauritius repo rate + 0.65% p.a
Tranche 5 Years (0.25m notes at Rs1,000 per note)	November 29, 2024	Reference Bank of Mauritius repo rate + 0.95% p.a
Tranche 5 Years (0.25m notes at Rs1,000 per note)	November 29, 2024	Fixed rate 4.90% p.a
Tranche 7 Years (0.25m notes at Rs1,000 per note)	November 29, 2026	Reference Bank of Mauritius repo rate + 1.30% p.a
Tranche 7 Years (0.25m notes at Rs1,000 per note)	November 29, 2026	Fixed rate 5.25% p.a
Tranche 10 Years (0.50m notes at Rs1,000 per note)	November 05, 2030	Reference Bank of Mauritius repo rate + 1.70% p.a

During the year, a subsidiary company issued 1,500 bonds at a nominal price of Rs 1m per bond (2020 : Nil) out of an approved bond programme of Rs 2.5bn.

Note description	Maturity	Interest rate
Tranche 7 Years (262 notes at Rs1m per note)	December 29, 2027	Blended rate 3.70% p.a
Tranche 10 Years (538 notes at Rs1m per note)	December, 29 2030	Blended rate 3.89% p.a
Tranche 15 Years (700 notes at Rs1m per note)	December 29, 2035	Blended rate 4.31% p.a

These notes are secured by a floating charge over all the assets of the subsidiary which issued the notes and of the subsidiaries being financed.

Another subsidiary company has issued secured floating rate notes which are repayable on January 12, 2027. The notes bear interest rates of Repo + 2-3% per annum.

The notes are secured by:

- A first rank fixed charge in respect of each immovable property of the subsidiary;
- An assignment of all rent and other receivables arising or that may arise under the lease agreements; and
- A shortfall undertaking by the group.

(d) Debentures

A subsidiary company has in issue 17,556,676 redeemable bonds at an issue price of Rs.12.00 each, totalling Rs.210.7m. Salient features of the debentures are as follows:

A coupon rate of 6.0% per annum in respect of each financial year over 10 consecutive years, will be paid to bondholders out of the profits of the entity. This will be paid in priority to dividends payable to Class A ordinary shareholders and preference shareholders. Coupon payment shall be paid in June of each financial year.

Debenture holders will not have the right to receive notice of, or attend, or vote on a poll at the shareholders' meetings of the entity.

Debentures shall be redeemed automatically on the 30th June of every financial year over 5 consecutive years starting June 30, 2021, without paying any additional fee.

Another subsidiary of the group has debentures which mature in financial year 2020 and bear interest at 7% per annum. New debentures were issued during the financial year. These debentures will mature on September 30, 2026 and bear interest at 6%.

(e) Bond notes

The company has issued Rs.3.5bn of fixed and floating interest rates and tenors as follows:

- Secured fixed rate notes of Rs.2.22bn, with tenors between 5 to 10 years and bearing interest rate between 5.5% and 6.30%.
 - Secured floating rate notes of Rs 1.28bn, with tenors between 5 to 10 years and bearing interest rate of repo rate + 1.3% and + 1.85%.
- Interest is paid semi-annually in arrears in July and January of each year starting July 31, 2019.

The notes are secured partly by a fixed charge on land and partly by a pledge of listed securities owned either directly or indirectly by the company.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

22. BORROWINGS (CONT'D)

(f) The borrowings include secured liabilities amounting to Rs.29.7bn (2020:Rs.27.7bn) for the group and Rs.7.3bn (2020:Rs.7.4bn) for the company. Borrowings are secured by fixed and floating charges on the assets of the group and by pledge of shares.

(g) Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

(h) Bank and other loans

The maturity of non-current borrowings is as follows (excluding lease liabilities):

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
- after one year and before two years	2,371,021	870,135	624,665	115,247
- after two years and before five years	8,501,318	7,115,808	1,920,913	2,698,260
- after five years	12,646,947	12,631,198	4,125,477	4,274,243
	23,519,286	20,617,141	6,671,055	7,087,750

(i) Lease liabilities

At July 1,
Additions
Remeasurement of lease liabilities
Interest expense
Rent concession
Lease payment
Exchange difference
Disposal of subsidiaries
Transfer of lease

At June 30,

Analysed as follows:

Current
Non current

The gross payments of lease liabilities is analysed as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
	1,424,849	1,560,661	30,287	32,153
	59,412	52,406	-	-
	(27,600)	1,800	-	-
	78,908	68,337	1,124	5,019
	(21,200)	-	-	-
	(276,173)	(263,755)	(9,020)	(6,885)
	6,200	5,400	-	-
	(104,400)	-	-	-
	674	-	-	-
	1,140,670	1,424,849	22,391	30,287
	198,025	223,642	7,569	7,409
	942,645	1,201,207	14,822	22,878
	1,140,670	1,424,849	22,391	30,287
	207,129	236,232	8,662	8,987
	444,117	571,569	6,891	8,917
	313,468	366,901	5,993	13,154
	385,285	478,902	8,918	8,746
	1,349,999	1,653,604	30,464	39,804
	(209,329)	(228,755)	(8,073)	(9,517)
	1,140,670	1,424,849	22,391	30,287

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

22. BORROWINGS (CONT'D)

(i) Lease liabilities (cont'd)

• Amounts recognised in profit or loss

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Leases under IFRS 16				
Interest on lease liabilities	66,453	75,308	1,124	1,677
Variable lease payments not included in the measurement of lease liabilities	300	6,700	-	-
Income from sub-leasing right of use assets presented in 'other revenue'	11,100	11,400	-	-
Expenses relating to short-term leases	44,000	58,700	-	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	26,300	47,600	-	-
• Amounts recognised in statement of cash flows				
Total cash outflow for leases	214,775	230,560	7,928	5,658

The group leases out its investment property. The group has classified those leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The group leases some plant and equipment and motor vehicles under finance leases. The leases have purchase options on termination. There are no restrictions imposed on the group by lease arrangements.

(j) The effective interest rates at the end of the reporting period were as follows:

	THE GROUP		THE COMPANY	
	2021 %	2020 %	2021 %	2020 %
Secured variable rate notes	Repo+0.65-3.00	Repo+1.65-3.00	-	-
Bank overdrafts	4.1 - 6.75	4.1 - 6.75	4.10-4.85	-
Bank borrowings	1-8	1-8	4.10	3.00-4.20
Other loans	3.50-4.175	3.50-6.5	-	-
Bond notes	3.85-6.3	4.8-6.3	3.15-6.30	4.8-6.3
Debentures	6.00-7.00	6.00-7.00	-	-
Lease liabilities	4.75-7.5	6.40-7.75	5.60-6.25	5.60-6.25

(k) The exposure of the group's borrowings to the interest rate changes and the contractual repricing dates are disclosed above.

(l) The carrying amounts of borrowings are not materially different from their fair value.

(m) Critical accounting estimates

Determining the lease term of contracts with renewal and termination options - group as lessee

The group determines the lease term as non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease, that is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

23. DEFERRED INCOME TAXES

(a) Accounting policy

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amount of such properties is presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment properties are depreciable and are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

(b) Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2020: 17%).

There is a legally enforceable right to offset deferred tax assets against deferred tax liabilities when the deferred income taxes relate to the same fiscal authority on the entity. The following amounts are shown on the statement of financial position:

Deferred tax assets on tax losses carried forward are recognised only to the extent that realisation of the related tax benefit is probable. The recoverability of tax losses is limited to a period of five years from the relevant year of assessment except for losses attributable to annual allowances claimed in respect of capital expenditure.

At the end of the reporting period, the group and the company had unused tax losses of Rs.1,453m and Rs.1,025m respectively (2020: Rs.1,369m and Rs.769m respectively) available for offset against future profits. A deferred tax asset of Rs.12.5m (2020 Restated: Rs.3.1m) has been recognised by the group in respect of part of these losses. No deferred tax asset has been recognised in respect of remaining losses due to the unpredictability of future profit streams. The tax losses expire on a rolling basis over 5 years except for losses attributable to annual allowances claimed in respect of capital expenditure.

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Deferred tax assets	247,832	233,749	71,908	72,355
Deferred tax liabilities	(1,094,316)	(1,015,162)	-	-
Net deferred tax (liabilities)/assets	(846,484)	(781,413)	71,908	72,355

(c) The movement in the deferred income tax account is as follows:

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
At July 1,				
- as previously reported	(725,507)	(749,903)	72,355	59,923
- effect of prior year adjustment (note 50)	(55,906)	(40,799)	-	-
- as restated	(781,413)	(790,702)	72,355	59,923
Acquisition of subsidiary	-	(6,086)	-	-
Disposal of subsidiary	(81)	-	-	-
(Charged)/credited to profit or loss	(68,609)	1,488	585	3,915
Credited/(charged) to other comprehensive income	3,619	13,887	(1,032)	8,517
At June 30,	(846,484)	(781,413)	71,908	72,355

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

23. DEFERRED INCOME TAXES (CONT'D)

(d) The movement in deferred income tax assets and liabilities during the year is as follows:

THE GROUP

	At July 1, 2020						
	As previously reported	Effect of prior year adjustments	As restated	Disposal of subsidiary	(Charged)/ credited to profit or loss	(Charged)/ credited to other comprehensive income	At June 30, 2021
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2021							
Deferred tax liabilities							
Accelerated tax depreciation	(340,911)	(108,400)	(449,311)	5,358	(100,576)	-	(544,529)
Asset revaluations	(250,525)	14,500	(236,025)	-	12,679	2,410	(220,936)
Impairment/fair value	(310,532)	-	(310,532)	(23)	12,217	-	(298,338)
Straightlining of rental income	(19,294)	-	(19,294)	-	(20,700)	-	(39,994)
Extended warranty	-	-	-	-	9,481	-	9,481
	(921,262)	(93,900)	(1,015,162)	5,335	(86,899)	2,410	(1,094,316)
Deferred tax assets							
Tax losses	8,610	(11,731)	(3,121)	-	(9,418)	-	(12,539)
Lease liabilities	45,329	1	45,330	(4,824)	11,599	-	52,105
Employee benefits liabilities	128,703	57,044	185,747	(586)	16,657	1,209	203,027
Provision for bad debts	13,113	(7,320)	5,793	(6)	(548)	-	5,239
	195,755	37,994	233,749	(5,416)	18,290	1,209	247,832
Net deferred tax liabilities	(725,507)	(55,906)	(781,413)	(81)	(68,609)	3,619	(846,484)

	At July 1, 2019						
	As previously reported	Effect of prior year adjustments	As restated	Acquisition of subsidiary	(Charged)/ credited to profit or loss	Charged to other comprehensive income	At June 30, 2020
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2020							
Deferred tax liabilities							
Accelerated tax depreciation	(312,471)	-	(312,471)	(6,295)	(130,545)	-	(449,311)
Asset revaluations	(274,260)	-	(274,260)	-	39,427	(1,192)	(236,025)
Impairment/fair value	(310,538)	-	(310,538)	-	6	-	(310,532)
Straightlining of rental income	(895)	-	(895)	-	(18,060)	(339)	(19,294)
	(898,164)	-	(898,164)	(6,295)	(109,172)	(1,531)	(1,015,162)
Deferred tax assets							
Tax losses	44,469	(50,299)	(5,830)	209	2,500	-	(3,121)
Lease liabilities	-	-	-	-	45,330	-	45,330
Employee benefits liabilities	99,992	9,500	109,492	-	60,837	15,418	185,747
Provision for bad debts	3,800	-	3,800	-	1,993	-	5,793
	148,261	(40,799)	107,462	209	110,660	15,418	233,749
Net deferred tax liabilities	(749,903)	(40,799)	(790,702)	(6,086)	1,488	13,887	(781,413)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

23. DEFERRED INCOME TAXES (CONT'D)

(e) THE COMPANY

	At July 1, 2020			At June 30, 2021
	Rs'000	Credited/ (charged) to profit or loss	Charged to other comprehensive income	
2021				
Deferred tax liabilities				
Asset revaluations	(836)	-	-	(836)
	(836)	-	-	(836)
Deferred tax assets				
Accelerated tax depreciation	7,639	862	-	8,501
Provision for bad debts	4,527	-	-	4,527
Employee benefits liabilities	61,025	(277)	(1,032)	59,716
	73,191	585	(1,032)	72,744
Net deferred tax assets	72,355	585	(1,032)	71,908
		(Charged)/ credited to profit or loss	Charged to other comprehensive income	At June 30, 2020
2020				
Deferred tax liabilities				
Asset revaluations	-	-	(836)	(836)
	-	-	(836)	(836)
Deferred tax assets				
Accelerated tax depreciation	1,989	5,650	-	7,639
Provision for bad debts	2,209	2,318	-	4,527
Employee benefits liabilities	55,725	(4,053)	9,353	61,025
	59,923	3,915	9,353	73,191
Net deferred tax assets	59,923	3,915	8,517	72,355

(f) Critical accounting estimates

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties, the directors have reviewed the group's investment property portfolio and have concluded that none of the properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time rather than through sale. As a result, the group has not recognised deferred tax on changes in the fair value of its investment properties as the group is not subject to capital gains tax on disposal of its investment properties.

24 DEFERRED RENT ASSETS/LIABILITIES

(a) Accounting policy

Deferred rent assets or liabilities arise from the straightlining of rental income and rental expense.

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	1,179	1,087	1,314	469
Movement	1,021	92	886	845
At June 30,	2,200	1,179	2,200	1,314

(c) DEFERRED RENT LIABILITIES

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	-	1,467	-	612
Effect of adopting IFRS 16	-	(1,467)	-	(612)
At June 30,	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

25. DEFERRED INCOME

(a) Accounting policy

The deferred income arises as a result of the capital grants received by AFD following their capital expenditure incurred on plant and machinery. This deferred income will be released to other income on the lifetime of the asset. Deferred income released to other income during the year amounts to Rs.799,086 (2020: Rs.322,100).

(b) Arising from (Agence Francaise de Développement (AFD)) grant

At July 1,
Additions
Income recognised
At June 30,
Maturity analysis:
Current
Non-current

THE GROUP	
2021	2020
Rs'000	Rs'000
11,629	7,412
2021	2020
Rs'000	Rs'000
7,412	-
5,016	7,734
(799)	(322)
11,629	7,412
-	-
11,629	7,412

26. EMPLOYEE BENEFITS LIABILITIES/(ASSETS)

Items of employees benefits include:

Employee benefits assets

Retirement benefit obligations (see note (A))

Provision for vacation leaves (see note (B))

THE GROUP		THE COMPANY	
2021	2020	2021	2020
Rs'000	Rs'000	Rs'000	Rs'000
(35,500)	(59,000)	-	-
1,007,424	1,091,115	348,616	358,975
19,798	-	2,648	-
1,027,222	1,091,115	351,264	358,975

(A) Retirement benefit obligations

(a) Accounting policy

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Some subsidiaries of the group contribute to defined benefit plans for certain employees. The cost of providing benefits is determined using the projected unit credit method so as to spread the regular cost over the service lives of employees in accordance with the advice of actuaries. The liability recognised on the statement of financial position is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets.

The assessment of these obligations is carried out annually by an independent firm of consulting actuaries using the unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using rates of government bonds.

Re-measurement of the net defined benefit liability, which comprises 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 and will not be reclassified to profit or loss in subsequent periods.

The group 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, are recognised immediately in profit or loss.

Contributions to the National Pension Scheme and the group's defined contribution pension plans are expensed to the statements of profit or loss in the year in which they fall due.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

26. EMPLOYEE BENEFITS LIABILITIES/(ASSETS) (CONT'D)

(A) Retirement benefit obligations (cont'd)

(a) Accounting policy (cont'd)

Defined contribution plans

A defined contribution plan is a pension plan under which a company pays fixed contributions into a separate entity. There is no legal or constructive obligation 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. Some subsidiaries operate a defined contribution plan for all qualifying employees. Payments to defined contribution retirement plans are recognised as an expense when employees have rendered services that entitle them to the contributions. Some subsidiary companies operate defined contribution retirement plans with no worse off guarantees provided for certain employees.

Some of the subsidiary companies operate defined contribution schemes with the Sugar Industry Pension Fund.

Following an agreement with the Sugar Industry Staff Employee's Association where a pension is provided on retirement, the scheme operates as a defined benefit scheme.

The group also runs a defined contribution plan, the Rogers Pension Fund (RPF), to which have been transferred the pension benefits of all employees who were members of a self-administered defined benefit superannuation fund (DBSF). These employees, subject to them contributing regularly to the RPF, have been given the guarantee by their respective employers that their benefits at the age of sixty, under the RPF would not be less than the benefits provided under the ex DBSF. The potential liability under the above guarantee is funded by additional employers' contributions and has been included in the provision made for retirement benefit obligations.

Retirement gratuity

For employees who are not covered (or who are insufficiently covered by the above pensions plans), the net present value of gratuity on retirement payable under the Workers Rights Act 2019 is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

Contributions to the Contribution Sociale Généralisée and the group's defined contribution pension plan are expensed to the Statements of Profit or Loss in the year in which they fall due.

(b) Amounts recognised on the statements of financial position

Employee benefits assets (note c)

Defined pension schemes (note (d) (ii))

Other post retirement benefits (note (e) (i))

Analysed as follows:

Non-current assets

Non-current liabilities

Amounts charged to profit or loss:

- Defined pension benefits (note(d)(vi))

- Other post retirement benefits (note (e)(iv))

Amount charged/(credited) to other comprehensive income:

- Defined pension benefits (note (d)(vii))

- Other post retirement benefits (note (e)(v))

THE GROUP		THE COMPANY	
2021	2020	2021	2020
Rs'000	Rs'000	Rs'000	Rs'000
(35,500)	(59,000)	-	-
(35,500)	(59,000)	-	-
566,524	594,327	283,721	289,217
440,900	496,788	64,895	69,758
1,007,424	1,091,115	348,616	358,975
(35,500)	(59,000)	-	-
1,007,424	1,091,115	348,616	358,975
55,130	38,026	13,504	14,244
55,621	71,441	3,059	4,597
110,751	109,467	16,563	18,841
(4,946)	172,227	8,816	59,906
(79,388)	24,673	(2,746)	(4,887)
(84,334)	196,900	6,070	55,019

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

26. EMPLOYEE BENEFITS LIABILITIES/(ASSETS) (CONT'D)

(A) Retirement benefit obligations (cont'd)

(c) Employee benefits assets - Defined pension benefits

(i) The amounts recognised on the statements of financial position are as follows:

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Present value of funded obligations	2,409,500	1,708,800
Fair value of plan assets	(2,519,200)	(1,736,800)
Excess of fair value of plan assets over present value of funded obligations	(109,700)	(28,000)
Impact of minimum funding requirement/asset ceiling	74,200	(31,000)
Asset in the statements of financial position	(35,500)	(59,000)

(ii) The movement in asset recognised on the statements of financial position is as follows:

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
At July 1,		
- as previously reported	(28,000)	(43,100)
- effect of prior year adjustments (note 50)	(31,000)	-
- as restated	(59,000)	(43,100)
Charged to profit or loss	3,300	2,500
Charged/(credited) to other comprehensive income	20,500	(18,200)
Contributions paid	(300)	(200)
At June 30,	(35,500)	(59,000)

(d) Retirement benefit obligation - Defined pension benefits

(i) The group operates defined benefit pension plans for some of its subsidiary companies. They provide for a pension at retirement and benefit on death or disablement in service before retirement. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at June 30, 2021.

(ii) The amounts recognised on the statements of financial position are as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligations	1,264,026	1,252,945	461,233	458,626
Present value of unfunded defined benefit obligations	2,596	2,358	-	-
Fair value of plan assets	(700,098)	(660,976)	(177,512)	(169,409)
Deficit of funded plans	566,524	594,327	283,721	289,217

(iii) The movement in liability recognised on the statements of financial position is as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	594,327	467,350	289,217	252,169
Charged to profit or loss	55,130	38,026	13,504	14,244
(Credited)/charged to other comprehensive income	(4,946)	172,227	8,816	59,906
Contributions paid	(77,987)	(85,337)	(27,816)	(37,102)
Transfer to other post retirement benefits	-	1,050	-	-
Disposal of subsidiary	-	(2,519)	-	-
Transfer from a subsidiary company	-	3,530	-	-
At June 30,	566,524	594,327	283,721	289,217

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

26. EMPLOYEE BENEFITS LIABILITIES/(ASSETS) (CONT'D)

(A) Retirement benefit obligations (cont'd)

(d) Retirement benefit obligation - Defined pension benefits (cont'd)

(iv) The movement in the defined benefit obligations during the year is as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	1,255,303	1,093,209	458,626	410,132
Current service cost	24,429	16,905	2,151	1,996
Past service cost	11,055	1,000	2,555	-
Interest cost	36,000	52,778	11,461	18,109
Actuarial loss	61,474	19,392	26,587	4,564
Employee contributions	2,347	1,121	33	46
Liability loss due to change in financial assumptions	(51,418)	144,312	(21,510)	49,940
Liability loss due to change in demographic assumptions	-	(14,286)	-	-
Benefits paid	(74,850)	(64,309)	(28,927)	(31,821)
Liability experience loss	2,282	6,424	10,257	5,660
Transfer to other post retirement benefits	-	(2,163)	-	-
Disposal of subsidiary	-	(4,597)	-	-
Transfer from a subsidiary	-	5,517	-	-
At June 30,	1,266,622	1,255,303	461,233	458,626

(v) The movement in the fair value of plan assets during the year is as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	(660,976)	(622,859)	(169,409)	(157,963)
Employer contributions	(77,980)	(85,337)	(27,817)	(37,102)
Employee contributions	(2,347)	(1,121)	(33)	(46)
Scheme expenses	686	1,294	304	695
Interest income	(18,209)	(36,645)	(3,351)	(6,556)
Cost of insuring risk benefits	869	-	384	-
Benefits paid	74,850	64,109	28,927	31,821
Actuarial gain	(17,291)	16,285	(6,517)	(258)
Translation difference	300	-	-	-
Transfer to other post retirement benefits	-	3,214	-	-
Disposal of subsidiary	-	2,078	-	-
Transfer from a subsidiary	-	(1,994)	-	-
At June 30,	(700,098)	(660,976)	(177,512)	(169,409)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

26. EMPLOYEE BENEFITS LIABILITIES/(ASSETS) (CONT'D)

(A) Retirement benefit obligations (cont'd)

(d) Retirement benefit obligation - Defined pension benefits (cont'd)

(vi) The amounts recognised in profit or loss are as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	24,429	16,898	2,151	1,996
Past service cost	11,055	1,000	2,555	-
Cost of insuring risk benefits	869	-	384	-
Interest cost	18,091	18,833	8,110	11,553
Scheme expenses	686	1,295	304	695
Total included in employee benefit expense (note 34(b))	55,130	38,026	13,504	14,244

(vii) The amounts recognised in other comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Losses on pension scheme assets	(14,659)	9,826	(3,085)	(2,817)
Liability experience losses	8,372	11,876	18,462	4,544
Liability losses due to change in financial assumptions	(51,418)	144,312	(21,510)	49,940
Liability losses due to change in demographic assumptions	-	(14,286)	-	-
Return on plan assets	(2,633)	6,559	(3,433)	2,559
Change in effect of asset ceiling	-	13,940	-	-
Changes in assumptions underlying the present value of the scheme	55,392	-	18,382	5,680
Actuarial losses recognised in other comprehensive income	(4,946)	172,227	8,816	59,906

(viii) The principal assumptions used for accounting purposes of the actuarial valuations were as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	%	%	%	%
Discount rate	1.3-5.0	1.1-4.5	1.3-4.2	1.1-3.3
Expected return on plan assets	0.0	0.0	2.5	1.0
Future salary increases	2.5-3.0	1.0-2.5	0.0	0.0
Rate of pension increases	0.0	0.0	0.0	0.0

(ix) The allocation of the plan assets at the end of the reporting period is as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	%	%	%	%
Qualifying insurance policies	18.46	15.06	-	-
Local equities	18.25	25.00	23.00	27.00
Overseas equities	19.29	15.84	25.00	20.00
Debt	16.37	23.45	22.00	23.00
Property	13.19	12.31	18.00	19.00
Cash and cash equivalents	12.33	8.34	12.00	11.00
Investment funds	2.11	-	-	-
	100.00	100.00	100.00	100.00

Some of the assets of the plan are invested in the deposit administration policy underwritten by Swan Life. The deposit administration policy is a pooled insurance product for group pension schemes. It is a long-term investment policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as equity funds.

The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

26. EMPLOYEE BENEFITS LIABILITIES/(ASSETS) (CONT'D)

(A) Retirement benefit obligations (cont'd)

(d) Retirement benefit obligation - Defined pension benefits (cont'd)

(x) Sensitivity analysis on defined benefit obligations at end of the reporting period:

June 30, 2021

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
Decrease due to 1% increase in discount rate	89,919	23,214
Increase due to 1% decrease in discount rate	102,664	26,759
Increase in Defined Benefit Obligation due to 1% increase in future long-term salary assumptions	20,253	2,669
Decrease in Defined Benefit Obligation due to 1% decrease in future long-term salary assumptions	17,883	2,449

June 30, 2020

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
Decrease due to 1% increase in discount rate	116,099	26,746
Increase due to 1% decrease in discount rate	113,735	31,146
Increase in Defined Benefit Obligation due to 1% increase in future long-term salary assumptions	17,212	2,470
Decrease in Defined Benefit Obligation due to 1% decrease in future long-term salary assumptions	15,197	2,294

The sensitivity analysis has been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligations have been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(xi) The defined pension plans expose the group to actuarial risks such as longevity risk, currency risk, interest rate risk and market (investment) risk.

(xii) The group expects to pay Rs.71m (2020:Rs.87m) as contributions to their post-employment benefit plans for the year ended June 30, 2021.

(xiii) The weighted average duration of the defined benefit obligation is between 2 and 16 years for the group at the end of the reporting period.

(e) Other post retirement benefits

Other post retirement benefits comprise of gratuity on retirement payable under the Workers' Rights Act 2019 and other benefits.

(i) The amounts recognised on the statements of financial position are as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of unfunded obligations	440,900	496,788	64,895	69,758

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

26. EMPLOYEE BENEFITS LIABILITIES/(ASSETS) (CONT'D)

(A) Retirement benefit obligations (cont'd)

(e) Other post retirement benefits (cont'd)

(ii) The movement in liability recognised on the statements of financial position is as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	496,788	430,247	69,758	75,630
Charged to profit or loss	55,414	71,441	3,059	4,597
(Credited)/charged to other comprehensive income	(79,388)	24,673	(2,746)	(4,887)
Employer contributions	(28,470)	(28,046)	-	-
Benefits paid	-	(750)	(5,176)	(5,582)
Disposal of subsidiary	(3,444)	(777)	-	-
At June 30,	440,900	496,788	64,895	69,758

(iii) The movement in the defined benefit obligations during the year is as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	496,788	430,247	69,758	75,630
Effect of curtailments/settlements	(207)	180	-	-
Current service cost	22,620	48,981	1,325	1,369
Past service cost and gains and losses on settlements	18,299	1,000	-	-
Interest expense	14,702	21,280	1,734	3,228
Actuarial losses	(1,414)	520	(5,754)	(4,405)
Liability experience gains/losses	(41,335)	4,115	818	(394)
Liability gains/losses due to change in financial assumptions	(18,139)	21,238	-	-
Liability gains/losses due to change in demographic assumptions	(18,500)	(1,200)	2,190	(88)
Benefits paid	(28,470)	(28,796)	(5,176)	(5,582)
Disposal of subsidiary	(3,444)	(777)	-	-
At June 30,	440,900	496,788	64,895	69,758

(iv) The amounts recognised in profit or loss are as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	22,620	48,981	1,325	1,369
Effect of curtailments/settlements	-	180	-	-
Past service cost	18,299	1,000	-	-
Interest expense	14,702	21,280	1,734	3,228
Total included in employee benefit expense (note 34(b))	55,621	71,441	3,059	4,597

(v) The amounts recognised in other comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Liability experience gains	(54,996)	(2,071)	(6,010)	(8,174)
Liability gain due to change in demographic assumptions	(18,500)	-	-	-
Liability gain due to change in financial assumptions	(17,154)	21,350	2,190	(88)
Changes in assumptions underlying the present value of the scheme	11,262	5,394	1,074	3,375
Actuarial losses recognised in other comprehensive income	(79,388)	24,673	(2,746)	(4,887)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

26. EMPLOYEE BENEFITS LIABILITIES/(ASSETS) (CONT'D)

(A) Retirement benefit obligations (cont'd)

(e) Other post retirement benefits (cont'd)

(vi) The principal assumptions used for the purposes of the actuarial valuations were as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	%	%	%	%
Discount rate	2.1-6.2	2.2-4.1	2.8-3.2	2.2-3.0
Future long term salary increase	2.5-3	0.0-3.0	2.5	1.0
Future guaranteed pension increase	1-3	0.0	2.0	0.0

(vii) Sensitivity analysis on defined benefit obligations at end of the reporting period:

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
June 30, 2021		
Decrease due to 1% increase in discount rate	41,899	3,223
Increase due to 1% decrease in discount rate	59,503	3,590
Increase due to 1% increase in future long-term salary assumptions	37,935	26,887
Decrease due to 1% decrease in future long-term salary assumptions	36,902	27,406

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
June 30, 2020		
Decrease due to 1% increase in discount rate	83,364	3,726
Increase due to 1% decrease in discount rate	63,314	4,111
Increase due to 1% increase in future long-term salary assumptions	10,784	222
Decrease due to 1% decrease in future long-term salary assumptions	9,073	176

(viii) The weighted average duration of the defined benefit obligation is between 1 and 38 years for the group at the end of the reporting period.

(B) Provision for vacation leaves

(a) Accounting policy

Vacation leave and other compensated absences with similar characteristics are accrued as a liability, as stipulated under long term benefits in IAS 19, as these benefits are earned by eligible employees based on past service and it is probable that the employer will compensate these employees for the benefits through paid time off or cash payments.

The assessment of this provision is carried out annually by management for eligible employees. Such employees are those who fall under the definition of a worker under The Workers' Rights Act 2019 and have covered a qualifying period of service.

The liability is measured using forecasted salary rates of the workers at the time of entitlement, which is then reduced by the average staff turnover applicable to the company. The present value of the vacation leave provision is determined by discounting the estimated future cash flows using rates of government bonds.

(b) The movement in the liability during the year is as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	-	-	-	-
Release during the year	(1,242)	-	-	-
Charge for the year	21,040	-	2,648	-
At June 30,	19,798	-	2,648	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

26. EMPLOYEE BENEFITS LIABILITIES/(ASSETS) (CONT'D)

(B) Provision for vacation leaves (cont'd)

(c) The principal assumptions used for the purpose of computing the provision were as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	%	%	%	%
Discount rate	2.4-4.2	-	2.6	-
Staff turnover	2.0-78.0	-	15.0	-
Future long term salary increase	2.5-5.0	-	2.5	-

(d) Sensitivity analysis on provision for vacation leaves at end of the reporting period:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Change by 1% in discount rate	76	-	1	-
Change by 1% in staff turnover	173	-	1	-
Change by 1% in future long-term salary assumptions	207	-	1	-

(e) Critical accounting estimates

Pension benefits

The present value of the pension obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The group determines the appropriate discount rate at the end of each year. This is the interest rate used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Provision for vacation leaves

The present value of the provision for vacation leaves depend on a number of factors that are determined using a number of assumptions, which includes the discount rate. Any change in these assumptions will impact the carrying amount of the provision.

The group determines the appropriate discount rate at the end of each year. This is the interest rate used to determine the present value of the cost of the vacation leave. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that have maturity approximating the terms of the related provision.

27. TRADE AND OTHER PAYABLES

(a) Accounting policy

Trade and other payables

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

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	1,488,743	1,102,026	3,850	4,733
Other payables and accruals	2,685,543	2,778,660	41,792	32,975
	4,174,286	3,880,686	45,642	37,708

Trade and other payables are denominated in Mauritian rupees and their carrying amounts approximate their fair values. Trade and other payables are repayable within one year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

28. LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

(a) Accounting policy

Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the group has received full or partial consideration from the customer. In cases where the customer pays consideration before the group transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognised as revenue when the group performs under the contract. The group also derives income from sales of land options. A land option gives the customer the option to buy a property in the future against an upfront payment. The proceeds are treated as a contract liability as no performance obligation is delivered at that time until the customer buys the land or the option period expires.

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
At July 1,	771,842	361,288
Amounts included in contract liabilities that was recognised as revenue during the year	(820,831)	(296,659)
Cash received in advance of performance and not recognised as revenue during the year	771,686	668,513
Exchange difference	17,800	38,700
Repairs incurred during the year on maintenance contract	2,828	-
At June 30,	743,325	771,842

Analysed as follows:

Non-current	197,700	155,500
Current	545,625	616,342
	743,325	771,842

29. AMOUNTS PAYABLE TO GROUP COMPANIES

(a) Accounting policy

Amounts payable to group companies are stated at fair value and subsequently measured at amortised cost using the effective interest method.

(b) THE COMPANY

Subsidiary companies

Amounts payable to group companies are unsecured, interest free, repayable on demand, denominated in Mauritian rupees and their carrying amounts approximate their fair values.

	2021	2020
	Rs'000	Rs'000
	32,835	409,432

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

30. REVENUE

(a) Accounting policy

Revenue from contracts with customers

Performance obligations and timing of revenue recognition

The group derives most of its revenue from selling goods and services. Revenue is recognised at a point in time when control of the goods or services rendered are actually transferred to the customer. This is generally when the goods are delivered to the customer or services provided. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question. Revenue generated from the sale of goods and sale of services defined above are recognised either at a point in time or on an over time basis depending on when the control of the goods or services rendered is actually transferred to the customer. This is generally when the goods or services are delivered to the customer

A subsidiary has entered into contracts with customers for the construction of apartments and duplexes and sale to customers on the basis of "Vente En État Future D'Achèvement (VEFA)". The transaction price is included in the agreement and payment is to be effected based on the relevant milestones achieved. As per the terms of the contract, the units/villas being sold to the customer has no other alternative use and the company has a right to payment for performance to date. Control passes on to the customer as and when construction progresses and hence, revenue is recognised over time.

Other than revenue from sale of villas or provision of landscaping services, all revenue generated from the sale of goods and services are recognised at a point in time.

Revenue from the sale of inventory property

Some subsidiaries enter into contracts with customers to sell property that are either completed or under development.

(i) Completed inventory property

The sale of completed property constitutes a single performance obligation and the group has determined that this is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied.

(ii) Inventory property under development

The group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. For contracts relating to the sale of property under development, the group is responsible for the overall management of the project and identifies various goods and services to be provided, including design work, procurement of materials, site preparation and foundation pouring, framing and plastering, mechanical and electrical work, installation of fixtures (e.g. windows, doors, cabinetry, etc.) and finishing work. The group accounts for these items as a single performance obligation because it provides a significant service of integrating the goods and services (the inputs) into the completed property (the combined output) which the customer has contracted to buy. The over time recognition criteria would typically be measured using the output method by reference to the milestones/value of work certified by the valuer to the satisfaction of the performance obligation.

A subsidiary provides landscaping services to clients, with revenue recognised on an over time basis. The subsidiary recognises revenue based on stage of completion of the project, and certified by internal or external quantity surveyors.

A subsidiary is engaged in the sale of motor vehicles, parts and accessories is recognized at the point in time. It provides warranties which require the company to either replace or mend a defective product during the warranty period if the goods sold fail to comply with agreed-upon specifications. For warranties where the customer does not have the option to purchase separately and which do not provide a service in addition to the assurance that the product complies with agreed-upon specifications, the warranties are not accounted for as a separate performance obligation and hence no revenue is allocated to them separately. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. It also sells maintenance contracts to customers. Revenue from these contracts are recognized over the contract period. A contract liability is recognized for payments made before service is offered.

Determining the transaction price

The group's revenue is mostly derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

30. REVENUE

(a) Accounting policy (cont'd)

Revenue from contracts with customers (cont'd)

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

Each contract has a fixed price which is correspondingly allocated to performance obligations.

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

(i) Rental income

Rental income is recognised on a straight line basis over the lease term.

(ii) The recognition of sugar and molasses proceeds is based on total production of the crop year. Bagasse proceeds are accounted for in the year in which it is received. Sugar prices are based on the recommendations made to all sugar companies by the Mauritius Chamber of Agriculture after consultation with the Mauritius Sugar Syndicate.

(iii) Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Earnings from finance leases are recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial assets. If the assets are no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(iv) Dividend income is accounted for when the shareholder's right to receive payment is established.

(v) Management fees are recognised when the control of services is transferred to the customer at an amount that reflects the condition to which the group expects to be entitled in exchange of those services.

(vi) Fees and commissions

Discounts received from merchants on financing of credit agreements are initially recognised and presented in other liabilities in the statements of financial position. The release to profit or loss is recognised in fee and commission income in the statements of profit or loss. Merchant discount is recognised over the period of time in line with the credit facility provided to the customers. Otherwise, commission accrues when the service is provided and billable. Other fees and commission income are recognised as the related services are performed.

(b)

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Sales of goods (including property)	6,579,088	4,097,507	-	-
Sales of services	5,291,855	8,355,743	-	-
Sugar and agricultural diversification proceeds	482,247	647,044	-	-
Management and secretarial fees	228,606	7,245	43,934	23,094
Rental and other revenue	546,587	736,473	63,544	60,180
Revenue from contracts with customers	13,128,383	13,844,012	107,478	83,274
Commission	190,131	239,300	-	-
Interest revenue calculated using the EIR	218,100	276,300	-	-
Interest and dividend income	9,889	2,300	153,417	142,281
	13,546,503	14,361,912	260,895	225,555

(c) Critical accounting estimates

Revenue recognition

Revenue is recognised over time for long-terms contracts. Management exercises judgement in determining the performance obligations. In addition, management exercises judgement in assessing whether control has been transferred to the customer before revenue is recognised.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

31(a) OTHER OPERATING EXPENSES

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Sugar estate other operating expenses	425,949	407,739	66,391	65,303
Depreciation and amortisation	786,695	846,524	12,100	11,068
Selling and other expenses	290,425	169,867	-	-
	1,503,069	1,424,130	78,491	76,371

31(b) ADMINISTRATIVE EXPENSES

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Employee benefit expense	2,350,715	2,349,279	54,758	61,589
Other expenses and services including professional services	1,274,272	1,758,333	152,456	178,176
	3,624,987	4,107,612	207,214	239,765

32. SPECIFIC ITEMS

- The excess of fair valuation of net assets over consideration price following the acquisition of 100% holding in Cheribinny Limited by Rogers Capital Finance Ltd, a subsidiary company in 2020.
- Goodwill impaired on subsidiary and associated companies following annual impairment.
- This relates to crystallisation of land conversion rights on sale of land.
- Cost of sales is made up of cost of inventories, employee benefit expense, depreciation and cost of raw materials.
- Profit on sale of land and investments includes gain on sale of land to a subsidiary amounting to Rs.nil (2020: Rs.864.3m) at company level.

33. FINANCE COSTS

(a) Accounting policy

Finance costs comprise of interest on borrowings using the effective interest rate method or the contractual rate and accrue to the period end.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability.

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
The finance costs are on:				
Consumer finance business				
Interest expense - consumer finance business	73,000	70,700	-	-
Other financing				
- Bank overdrafts	40,240	52,685	18	5,827
- Bank and other loans	1,007,863	1,142,016	325,295	381,347
- Lease liabilities	66,453	75,308	1,124	1,677
	1,114,556	1,270,009	326,437	388,851
Foreign exchange gains	(4,591)	(12,758)	(34)	(109)
	1,109,965	1,257,251	326,403	388,742
Total finance costs	1,182,965	1,327,951	326,403	388,742

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

34. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived after:

Crediting :

Investment income from equity investments in financial assets at fair value through profit or loss

Investment income from equity investments in financial assets at fair value through other comprehensive income held during the reporting period

Investment income from subsidiaries, jointly controlled entities and associates

Interest income

Profit on disposal of property, plant and equipment, intangible assets, investment properties and investments

Fair value gain on revaluation of investment properties and straightlining adjustment

Fair value gain on financial assets at fair value through profit or loss (see note 12(c)(ii))

Excess of fair value of the share of net assets over acquisition price (see note (a) below)

and charging:

Depreciation on property, plant and equipment

Impairment of goodwill, investments and others

Amortisation of intangible assets

Amortisation of deferred expenditure

Fair value loss on financial assets at fair value through profit or loss (see note 12(c)(i))

Employee benefit expense (see note (b) below)

- Excess of fair value of the share of net assets over acquisition price arise upon acquisition of associated companies.

- Employee benefit expense

Wages and salaries

Social security and other costs

Pension costs:

- defined benefit plans (note 26(d)(vi))

- other post retirement benefits (note 26(e)(iv))

- defined contribution plans

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
	8,479	17,017	4,202	1,876
	9,900	14,458	-	9,205
	-	-	94,198	77,746
	214,243	208,860	55,017	53,455
	80,384	26,926	11,488	871,735
	829,850	372,824	147,739	1,868,672
	9,880	-	9,880	-
	-	4,930	-	-
	639,719	676,237	7,155	11,068
	62,122	22,525	-	-
	76,798	65,782	-	-
	43,400	73,600	-	-
	-	4,701	-	4,826
	2,350,715	3,377,042	54,758	61,589

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
	2,239,964	2,063,143	38,195	42,748
	-	103,127	-	-
	55,130	38,026	13,504	14,244
	55,621	71,441	3,059	4,597
	-	73,542	-	-
	2,350,715	2,349,279	54,758	61,589

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

35. INCOME TAX

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
(a) CHARGE				
Current tax on the adjusted profit for the year at 17% (including CSR) (2020: 17%)	130,615	136,195	1,479	37
Under provision	5,959	(7,126)	-	-
	136,574	129,069	1,479	37
Deferred tax charge	63,760	3,268	-	(3,915)
Income tax charge/(credit)	200,334	132,337	1,479	(3,878)

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

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

Income tax liabilities for the current and prior periods are measured at the amount expected to be paid to the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period.

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
(b) LIABILITY				
At July 1,	82,226	69,945	-	1,954
Covid-19 Levy	-	2,717	-	-
Corporate Social Responsibility	9,804	11,511	-	-
Under provision	1,348	7,492	-	-
Charge for the year	128,229	134,505	-	-
Paid during the year	(134,377)	(144,244)	-	(1,954)
Translation difference	433	300	-	-
At June 30,	87,663	82,226	-	-

(c) The tax on the group's and company's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the group and the company as follows:

	THE GROUP		THE COMPANY	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
(Loss)/profit before taxation	(864,876)	(917,432)	(184,479)	2,636,136
Tax calculated at a rate of 17% (2020: 17%)	(147,029)	(155,963)	(31,361)	448,143
Tax effect of :-				
Income not subject to tax (i)	(241,738)	(360,851)	(65,095)	(555,663)
Effect of different tax rates	10,478	7,878	-	-
Expenses not deductible for tax purposes (ii)	192,670	239,600	50,013	47,194
Recognised tax losses	75	-	-	-
Utilisation of previously unrecognised tax losses	192,274	140,198	-	56,448
Deferred tax impact	(3,352)	(5,785)	-	-
Tax losses for which no deferred tax asset was recognised	(4,012)	9,102	47,922	-
Under provision of income tax in previous years	1,584	4,351	-	-
Effect of consolidation adjustments	125,783	197,219	-	-
Effect of tax on associated companies	54,855	34,528	-	-
Other movements (iii)	18,746	22,060	-	-
Income tax charge	200,334	132,337	1,479	(3,878)

(i) Income not subject to tax includes annual allowances, dividend income from resident companies, exempt interest income, profit on sale of land and buildings, reversals of impairment losses, fair value gain on investment properties.

(ii) Expenses not deductible for tax purposes include depreciation, expenditure on entertainment, gifts & donations, legal and professional fees, fair value loss on financial assets at fair value through profit or loss and other expenses relating to exempt income.

(iii) Other movements consist of non qualifying assets on bearer biological assets and corporate social responsibility (CSR).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

36. FAIR VALUE, REVALUATION AND OTHER RESERVES

(a) THE GROUP

(i) June 30, 2021

At July 1, 2020

- as previously reported

- effect of prior year adjustments (note 50)

- as restated

Effect of change in ownership not resulting in:

-loss of control

-acquisition and disposals

Transfers

Other comprehensive income for the year

At June 30, 2021

(ii) June 30, 2020

At July 1, 2019

- as previously reported

- effect of prior year adjustments (note 50)

- as restated

Effect of change in ownership not resulting in:

-loss of control

-acquisition and disposals

Transfers

Other comprehensive income for the year

At June 30, 2020

(b) THE COMPANY

Revaluation, fair value, capital and translation reserves

At July 1,

- as previously reported

- effect of prior year adjustments (note 50)

- as restated

Transfer to retained earnings on capital reduction

Other comprehensive income for the year

At June 30,

Revaluation, fair value, capital and translation reserves

Fair value, revaluation and translation reserves consist of the cumulative gains/losses arising from revaluation of the group's property, plant and equipment, the cumulative net change in the fair value of financial assets at fair value through other comprehensive income and the foreign currency differences arising from the translation of the financial statements of foreign operations.

Revaluation reserves	Holding company and subsidiaries	Associated companies	Total	
	Fair value, capital and translation reserves	Revaluation, fair value, capital and translation reserves		
	Rs'000	Rs'000	Rs'000	
At July 1, 2020	14,191,116	(47,478)	218,467	14,362,105
- as previously reported	121,013	21,981	-	142,994
- effect of prior year adjustments (note 50)	14,312,129	(25,497)	218,467	14,505,099
Effect of change in ownership not resulting in:				
-loss of control	(179)	-	-	(179)
-acquisition and disposals	-	(1,135)	(11,886)	(13,021)
Transfers	(11,245)	4,400	-	(6,845)
Other comprehensive income for the year	211,153	(5,129)	601,935	807,959
At June 30, 2021	14,511,858	(27,361)	808,516	15,293,013

Revaluation reserves	Holding company and subsidiaries	Associated companies	Total	
	Fair value, capital and translation reserves	Revaluation, fair value, capital and translation reserves		
	Rs'000	Rs'000	Rs'000	
At July 1, 2019	11,393,114	106,717	688,005	12,187,836
- as previously reported	97,121	-	-	97,121
- effect of prior year adjustments (note 50)	11,490,235	106,717	688,005	12,284,957
Effect of change in ownership not resulting in:				
-loss of control	-	(1,797)	-	(1,797)
-acquisition and disposals	-	1,194	-	1,194
Transfers	(8,225)	(31,136)	-	(39,361)
Other comprehensive income for the year	2,830,119	(100,475)	(469,538)	2,260,106
At June 30, 2020	14,312,129	(25,497)	218,467	14,505,099

	2021	2020
	Rs'000	Rs'000
At July 1,		
- as previously reported	4,125,230	12,134,806
- effect of prior year adjustments (note 50)	-	(4,500,771)
- as restated	4,125,230	7,634,035
Transfer to retained earnings on capital reduction	(52,800)	-
Other comprehensive income for the year	971,272	(3,508,805)
At June 30,	5,043,702	4,125,230

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

37. DIVIDENDS PAYABLE

(a) Accounting policy

Dividend distribution to the shareholders is recognised as a liability in the financial statements in the period in which the dividends are declared.

	2021	2020
	Rs'000	Rs'000
(b) At July 1,	-	168,748
Declared during the year	187,498	168,748
Paid during the year	-	(337,496)
At June 30,	187,498	-
(c) Amounts recognised as distributions to equity holders during the year:		
Ordinary shares		
- Interim dividend for the year ended June 30, 2020 of Rs.0.45 per share	-	168,748
- Final dividend for the year ended June 30, 2021 of Rs.0.50 (2020: Rs.nil) per share	187,498	-
	187,498	168,748
Dividend per share (Rs.)	0.50	0.45

38. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholder of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. At the reporting date, the group did not have shares with dilutive effects in issue (2020: nil).

		THE GROUP		THE COMPANY	
		2021	2020	2021	2020
Net (loss)/profit attributable to owners of the company	Rs'000	(733,189)	(819,336)	(185,958)	2,640,014
Basic number of ordinary shares in issue ('000)		374,996	374,996	374,996	374,996
(Loss)/earnings per share	Rs.	(1.96)	(2.18)	(0.50)	7.04

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

39. NOTES TO THE STATEMENTS OF CASH FLOWS

Cash and cash equivalents comprise of cash in hand, amounts repayable on demand from banks and financial institutions and short term highly liquid investments which were within three months of maturity when acquired, less bank overdrafts for the purpose of Statements of Cash Flows. Bank overdrafts are shown within loans and borrowings in current liabilities on the Statements of Financial Position.

	Notes	THE GROUP		THE COMPANY	
		2021	2020	2021	2020
		Rs'000	Rs'000	Rs'000	Rs'000
(a) Cash generated from/(used in) operations					
(Loss)/profit before taxation		(864,876)	(917,432)	(184,479)	2,636,136
Adjustments for:					
Depreciation of property, plant and equipment		831,995	824,867	12,100	11,068
Amortisation of intangible assets		76,798	38,193	-	-
Amortisation of deferred expenditure		43,400	90,400	-	-
Interest expense		1,193,601	1,270,009	326,403	388,741
Interest income		(214,243)	(208,860)	(55,017)	(53,455)
Fair value gain on investment properties and straightlining adjustment		(834,460)	(355,872)	(147,739)	(1,868,672)
Fair value loss on financial assets at fair value through profit or loss		(9,880)	4,825	(9,880)	4,826
Excess of the fair value of the share of net assets over acquisition price		-	(4,930)	-	-
Release of deferred expenditure to expenses		9,228	432	-	-
Profit on disposal of land and investments		(20,057)	(3,550)	(10,892)	(871,127)
Profit on disposal of property, plant and equipment, intangible assets and investment properties		(60,327)	(23,376)	(596)	(608)
Impairment on financial assets and receivables	13, 14, 17, 19	174,800	493,075	3,524	1,818
Impairment of goodwill, market related intangibles and others		66,222	38,836	-	-
Reversal of impairment of long term loan receivable		-	-	-	(268,190)
Provision for retirement benefit obligations		32,886	(18,862)	(16,430)	(23,843)
Provision for vacation leave		19,798	-	2,648	-
Share of results of associated companies and jointly controlled entities, net of dividends		931,186	500,474	735	1,565
Land conversion rights		(53,951)	(117,400)	(53,951)	(117,400)
Loss on capital reduction		-	-	52,800	-
Grant released		(799)	(322)	-	-
Fair value adjustment on bearer assets		626	(806)	-	-
Capital reduction		-	(271)	-	(271)
Goodwill and other write off		(13,404)	23,215	-	-
Debtors written off		5,597	-	-	3
Effect of modification of lease term		16,200	-	-	-
Deferred rent assets		-	-	(886)	(980)
(Gain)/loss on exchange		(3,613)	90,394	(34)	(110)
Compensation for waiver to rights to lessee on land and buildings		-	3,894	-	3,894
Translation difference		152,700	-	-	-
Termination of lease		(18,000)	-	-	-
		1,461,427	1,726,933	(81,694)	(156,605)
Changes in working capital:					
- inventories		276,350	(168,088)	-	-
- consumable biological assets		(83,757)	(3,069)	-	-
- trade and other receivables		(276,936)	277,395	5,816	(3,553)
- receivable from group companies		-	-	(129,650)	113,739
- loans and advances		(102,300)	(630,400)	-	-
- trade and other payables		208,941	(397,865)	7,626	(4,462)
- payables to group companies		-	-	(1,231)	3,952
Cash generated from/(used in) operations		1,483,725	804,906	(199,133)	(46,929)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

(b) Major non-cash transactions

The principal non-cash transactions include the acquisition of property, plant and equipment under finance leases and financial assets at fair value through other comprehensive income received as consideration for sale of investments. These non-cash transactions are not significant.

(c) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Restated Rs'000	Rs'000	Rs'000
Bank overdrafts	(1,543,179)	(856,107)	-	-
Cash at bank and in hand	4,655,282	3,259,623	681,868	789,390
Cash and cash equivalents	3,112,103	2,403,516	681,868	789,390

At June 30, 2021, cash and cash equivalents have been considered for impairment and impairment loss was negligible and hence not accounted for. The maximum exposure to credit risk at the reporting date for the cash at bank is its fair value.

(d) Reconciliation of liabilities arising from financing activities

THE GROUP	Secured fixed and variable rate notes	Debentures	Bank and other loans	Bond notes	Lease liabilities	2021
						Rs'000
At July 1, 2020						
-as previously reported	4,054,836	1,030,515	16,804,781	3,562,214	1,424,849	26,877,195
- effect of prior year adjustments (note 50)	-	(296,500)	-	-	-	(296,500)
-as restated	4,054,836	734,015	16,804,781	3,562,214	1,424,849	26,580,695
Proceeds from borrowings	1,000,000	123,590	4,855,951	-	-	5,979,541
Payments on borrowings	-	(21,100)	(4,346,547)	-	-	(4,367,647)
Principal payments on lease liabilities	-	-	-	-	(214,775)	(214,775)
Interest accrued	695	-	-	(1,059)	18,837	18,473
Disposal of subsidiaries	-	-	-	-	(80,400)	(80,400)
Foreign exchange movements	-	-	206,518	-	(7,841)	198,677
At June 30, 2021	5,055,531	836,505	17,520,703	3,561,155	1,140,670	28,114,564

THE GROUP	Convertible preference shares	Secured fixed and variable rate notes	Debentures	Bank and other loans	Bond notes	Lease liabilities	2020
							Rs'000
At July 1, 2019							
-as previously reported	37,500	2,054,836	355,700	16,290,857	3,485,209	252,123	22,476,225
- effect of prior year adjustments (note 50)	-	-	-	(24,300)	-	-	(24,300)
-as restated	37,500	2,054,836	355,700	16,266,557	3,485,209	252,123	22,451,925
Effect of adopting IFRS 16	-	-	-	-	-	1,304,151	1,304,151
Proceeds from borrowings	-	2,000,000	378,315	7,372,149	-	-	9,750,464
Payments on borrowings	-	-	-	(6,911,566)	(57,500)	-	(6,969,066)
Principal payments on lease liabilities	-	-	-	-	-	(230,560)	(230,560)
Interest accrued	(37,500)	-	-	(15,000)	134,505	99,135	181,140
Acquisition of subsidiaries	-	-	-	4,000	-	-	4,000
Foreign exchange movements	-	-	-	88,641	-	-	88,641
At June 30, 2020	-	4,054,836	734,015	16,804,781	3,562,214	1,424,849	26,580,695

THE COMPANY	Bank and other loans	Bond notes	Lease liabilities	2021
				Rs'000
At July 1, 2020	3,765,217	3,562,214	30,287	7,357,718
Proceeds from borrowings	92,109	-	-	92,109
Payments on borrowings	(163,428)	-	-	(163,428)
Principal payments on lease liabilities	-	-	(7,928)	(7,928)
Interest accrued	91	(1,059)	32	(936)
At June 30, 2021	3,693,989	3,561,155	22,391	7,277,535

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

(d) Reconciliation of liabilities arising from financing activities (cont'd)

THE COMPANY

At July 1, 2019

Proceeds from borrowings

Payments on borrowings

Principal payments on lease liabilities

Interest accrued

At June 30, 2020

	Bank and other loans	Bond notes	Lease liabilities	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2019	3,645,823	3,570,268	32,154	7,248,245
Proceeds from borrowings	250,000	-	-	250,000
Payments on borrowings	(127,273)	-	-	(127,273)
Principal payments on lease liabilities	-	-	(8,899)	(8,899)
Interest accrued	(3,333)	(8,054)	7,032	(4,355)
At June 30, 2020	3,765,217	3,562,214	30,287	7,357,718

40. COMMITMENTS

Capital commitments

Authorised by the board but not contracted for

Contracted for but not yet incurred

Capital commitments consist principally of property, plant and equipment.

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Authorised by the board but not contracted for	1,340,400	898,000	-	-
Contracted for but not yet incurred	1,142,125	1,020,937	-	-

Future minimum lease receivable under non-cancellable operating leases may be analysed as follows:

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Within one year	8,200	8,700
After one year and before five years	17,900	20,700
After five years	-	100
Future minimum lease receivable under non-cancellable operating leases	26,100	29,500

41. SEGMENT INFORMATION

(a) Accounting policy

Segment information presented relates to operating segments that engage in business activities for which revenues are earned and expenses incurred.

The group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business unit requires different technology and marketing strategies. Operating segments that do not meet any of the quantitative thresholds of 10% reported revenue or profit or assets are included if management believes that information about these would be useful to users to better appraise financial information. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The group evaluates the performance on the basis of profit or loss from operations before tax expense. The group's customer base is highly diversified, with no individually significant customers. Other entity wide disclosures such as revenue from external customers per service/product type and extent of reliance on major customers have not disclosed due to excessive cost involved.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

41. SEGMENT INFORMATION (CONT'D)

THE GROUP	Commerce and industry		Real estate		Land and investment		Hospitality		Logistics		Fintech		Corporate office		Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
2021															
Total segment revenues	881,349	4,224,011	3,905,219	210,897	966,033	3,853,516	1,048,855	143,629	15,233,509						
Inter-segment revenues	(105,829)	(194,970)	(871,772)	(190,955)	(106,841)	(21,352)	(56,390)	(138,897)	(1,687,006)						
Revenue from external customers	775,520	4,029,041	3,033,447	19,942	859,192	3,832,164	992,465	4,732	13,546,503						
(Loss)/profit before impairment loss and finance costs	(51,735)	195,765	2,085,928	(171,399)	(1,179,259)	277,037	162,995	(20,878)	1,298,454						
Impairment loss on financial assets	-	-	(13,481)	-	(9,000)	(6,000)	(25,000)	-	(174,810)						
Share of profits less losses of associated companies and jointly controlled entities, net of tax	30,937	25,446	45,242	101,116	(1,241,296)	-	233,000	-	(805,555)						
Finance costs including interest expense on consumer finance business	(9,870)	(59,777)	(557,854)	(270,753)	(114,122)	(54,630)	(115,840)	(119)	(1,182,965)						
(Loss)/profit before taxation	(30,668)	161,434	1,438,506	(341,036)	(2,543,677)	216,407	255,155	(20,997)	(864,876)						
Income tax expense	(4,316)	(16,641)	(146,595)	-	24,000	(53,500)	(1,000)	(2,282)	(200,334)						
(Loss)/profit for the year	(34,984)	144,793	1,291,911	(341,036)	(2,519,677)	162,907	254,155	(23,279)	(1,065,210)						
Assets	4,387,347	3,603,693	31,765,025	18,733,324	10,153,383	3,427,099	5,942,419	27,633	78,039,923						
Liabilities	799,267	2,134,958	15,407,763	7,691,302	5,325,070	2,069,406	3,352,148	204,168	36,984,082						
Capital expenditure	61,452	158,669	1,192,472	95,984	301,000	98,000	64,000	2,611	1,974,188						
Depreciation and amortisation	62,697	104,538	166,540	16	303,000	181,000	98,000	18,261	934,052						

Material items of income and expenditure:

Fair value gain on revaluation of investment properties 1,850 - - - 805,208 1,850 - - - 807,058

Primary Geographic markets

Asia	-	-	-	-	4,000	358,000	2,000	-	364,000						
Europe	-	29,206	325,000	-	4,000	940,000	35,000	-	1,333,206						
Africa and others	775,520	3,999,835	2,708,447	19,942	851,192	2,534,164	955,465	4,732	11,849,297						
Revenue from primary geographic markets	775,520	4,029,041	3,033,447	19,942	859,192	3,832,164	992,465	4,732	13,546,503						

Contract counterparties

Individual	19,743	208,924	968,098	-	615,000	361,000	73,000	-	2,245,765						
Corporate	755,777	3,820,117	2,065,349	19,942	244,192	3,471,164	919,465	4,732	11,300,738						
Revenue by contract counter parties	775,520	4,029,041	3,033,447	19,942	859,192	3,832,164	992,465	4,732	13,546,503						

Timing of revenue recognition

At a point in time	774,489	4,025,408	2,099,948	19,942	750,292	2,941,164	252,165	151,032	11,014,440						
Over time	1,031	3,633	933,499	-	108,900	891,000	740,300	(146,300)	2,532,063						
Revenue by timing of revenue recognition	775,520	4,029,041	3,033,447	19,942	859,192	3,832,164	992,465	4,732	13,546,503						

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

41. SEGMENT INFORMATION (CONT'D)

THE GROUP	Commerce and industry		Real estate		Land and investment		Hospitality		Logistics		Fintech		Corporate office		Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
2020															
Total segment revenues	879,386	3,678,539	3,520,959	202,954	3,289,373	3,218,061	1,051,207	118,674	15,959,153						
Inter-segment revenues	(89,108)	(117,935)	(741,480)	(166,472)	(247,956)	(26,674)	(93,917)	(113,699)	(1,597,241)						
Revenue from external customers	790,278	3,560,604	2,779,479	36,482	3,041,417	3,191,387	957,290	4,975	14,361,912						
(Loss)/profit before impairment loss and finance costs	(62,043)	208,927	1,075,372	(82,609)	(133,765)	204,027	32,179	(33,512)	1,208,576						
Impairment loss on financial assets	-	-	(208,300)	-	(58,000)	(29,000)	(224,000)	-	(519,300)						
Share of profits less losses of associated companies and jointly controlled entities, net of tax	52,892	17,605	(284,867)	25,000	(362,087)	-	202,000	-	(349,457)						
Finance costs	(11,842)	(62,279)	(603,299)	(334,396)	(118,500)	(66,500)	(60,200)	(235)	(1,257,251)						
(Loss)/profit before taxation	(20,993)	164,253	(21,094)	(392,005)	(672,352)	108,527	(50,021)	(33,747)	(917,432)						
Income tax expense	(1,541)	(121,332)	1,910	(59)	(17,700)	(23,000)	25,400	3,985	(132,337)						
(Loss)/profit for the year	(22,534)	42,921	(19,184)	(392,064)	(690,052)	85,527	(24,621)	(29,762)	(1,049,769)						
Assets	3,751,440	3,256,951	27,922,915	18,756,352	11,802,413	3,132,803	6,054,396	39,826	74,717,096						
Liabilities	879,300	1,897,260	12,522,140	7,584,190	5,469,370	1,622,865	4,127,993	184,627	34,287,745						
Capital expenditure	187,495	261,064	1,211,949	122,826	456,000	122,000	98,000	13,940	2,473,274						
Depreciation and amortisation	57,646	92,872	234,075	31	311,000	177,000	93,000	20,923	986,547						

Material items of income and expenditure:

Fair value gain on revaluation of investment properties 8,112 316,588 26,700 - - - 351,400

Primary Geographic markets

Asia	-	-	-	-	-	211,000	6,000	-	217,000						
Europe	-	130,279	513,000	-	1,237,000	565,000	53,000	-	2,498,279						
Africa and others	789,991	3,484,382	2,261,115	36,482	1,820,683	2,414,585	825,275	4,976	11,646,633						
Revenue from primary geographic markets	790,278	3,560,604	2,779,479	36,482	3,041,417	3,191,387	957,290	4,975	14,361,912						

Contract counterparties

Individual	-	21,260	1,377,816	-	2,029,000	411,000	-	-	3,839,076						
Corporate	789,991	3,593,401	1,396,299	36,482	1,028,683	2,779,585	884,275	4,976	10,522,836						
Revenue by contract counter parties	790,278	3,560,604	2,779,479	36,482	3,041,417	3,191,387	957,290	4,975	14,361,912						

Timing of revenue recognition

At a point in time	684,062	3,607,481	564,115	36,482	2,872,683	2,353,585	799,275	4,976	10,931,803						
Over time	105,929	7,180	2,210,000	-	185,000	837,000	85,000	-	3,430,109						
Revenue by timing of revenue recognition	790,278	3,560,604	2,779,479	36,482	3,041,417	3,191,387	957,290	4,975	14,361,912						

Operating segments are components of the group about which separate financial information is available. They are reported in a manner consistent with the internal reporting provided to the Chief Executive Officers, for both performance measuring and resource allocation. Operating segments that do not meet any of the quantitative thresholds of 10% reported revenue or profit or assets are included if management believes that information about these would be useful to users to better appraise financial information.

(b) *Product description of above segments:*

- Agro-Industry - sugar cultivation, poultry and others.
- Commerce and industry - sale of motor vehicles, swimming pools and others.
- Real estate - rental of offices, malls and sale of residential and commercial property.
- Land and investments - investment holding.
- Hospitality - hotel operations and leisure activities.
- Logistics - freight forwarding and transport services.
- FinTech - credit, leasing & hire purchase businesses, global business and IT services.
- Corporate Office - group service provider.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

42. RELATED PARTY DISCLOSURES

(a) THE GROUP

	Associated companies		Jointly controlled entities		Other related parties	
	2021	2020	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Purchases of goods and services	25,274	46,381	-	-	13,800	8,681
Sale of goods and services	19,923	8,397	2,000	700	13,200	-
Management fee income	2,930	2,915	-	-	-	-
Interest expense	782	422	-	-	-	-
Loans payable	12,000	12,000	-	-	-	-
Loans receivables	-	-	-	72,100	-	-
Amounts receivable	4,642	320	1,300	400	393	178
Amounts payable	6,431	4,092	-	-	14	22

(b) THE COMPANY

	Subsidiary companies		Associated companies		Other related parties	
	2021	2020	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Rental income	43,223	33,542	-	-	-	-
Rental expense	-	350	-	-	-	-
Management fee income	39,959	19,069	3,550	3,535	425	400
Management fee expense	91,324	98,724	-	-	-	-
Interest expense	784	1,011	-	-	13,943	18,366
Interest income	54,960	53,374	-	-	-	-
Amounts receivable	1,280,795	2,621,927	-	-	646	315
Loans receivable	1,221,000	276,000	-	-	-	-
Amounts payable	32,835	409,432	-	-	-	-

(c) Outstanding amounts payable to group companies and amounts receivables from group companies at year end are unsecured and interest free, and settlement occurs in cash except for the following:

- (i) Loans receivable from subsidiary company carry an interest rate of 3.10%;
- (ii) Loans payable to associated companies carry interest rate of 4.2%.

Except as disclosed in note 44, there has been no guarantee received or provided for any amounts receivable from group companies and amounts payable to group companies. For the year ended June 30, 2021, amounts receivable from group companies were impaired by Rs.13.2m (2020: Rs.11.1m). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The company's retirement benefit obligations are administered by an associate of the company.

(d) Key management personnel compensation

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Directors' fees	7,461	5,774	4,150	3,350
Salaries and short term employment benefits	52,505	53,787	13,126	17,003
Post-employment benefits	3,077	2,729	-	-
	63,043	62,290	17,276	20,353

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

43. ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES

(a) Subsidiary companies incorporated during the year

Year ended June 30, 2021

During the year, the group incorporated the following subsidiaries:

	Group effective % holding	Principal activity
Fintech:		
Tagada Ltd	85.91	IT services
Hospitality:		
The Enabling Academy	100.00	Training institution
Agro-industry:		
ESP Cleaning Ltd	100.00	Cleaning services
Property:		
Moka Smart City Management Ltd	63.67	Land and property developer
Officea Workspitality Ltd	100.00	Rental of offices
Commerce and industry:		
Ensport Ltd	100.00	Sale of sport related goods

The above subsidiary companies have been incorporated as per the Companies Act 2001.

Year ended June 30, 2020

In 2020, the group acquired the following subsidiaries.

	Group effective % holding	Principal activity
Fintech		
Cheribinny Limited	69.0	Consumer finance
Hospitality		
Border Air Limited	100	GSA
Logistics		
Global Air Cargo Services Limited	33.5	Freight forwarding

The fair value of assets acquired and liabilities assumed were as follows:

	THE GROUP
	2020
	Rs'000
Property, plant and equipment	400
Trade and other receivables	24,700
Cash and cash equivalents	1,100
Trade and other payables	(5,600)
Borrowings	(4,000)
Deferred tax liabilities	(400)
	16,200
Excess of fair value of net assets acquired over settlement price	12,100
	28,300
Non-controlling interest not acquired	(700)
	27,600
Cash and cash equivalents acquired	(1,100)
Cash outflow on acquisition net of cash and cash equivalents	26,500
Satisfied by:	
Consideration paid in cash	27,600

The revenue and loss consolidated in the group's Statements of Profit or Loss for the year ended June 30, 2020 amounted to Rs.26.9m and Rs.5.5m respectively.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

43. ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES (CONT'D)

(b) Disposal of subsidiary companies

Year ended June 30, 2021

- (i) During the year, the group disposed its shareholding in Box Manufacturing Company Limited. Assets and liabilities disposed are as follows:

Analysis of asset and liabilities over which control was lost

	2021
	Rs'000
Non-current assets	
Property, plant and equipment	26,650
Deferred tax assets	736
Current assets	
Inventories	6,301
Current liabilities	
Borrowings	(3,679)
Trade and other payables	(4,020)
Non-current liabilities	
Borrowings	(28,583)
Employee benefits liabilities	(3,738)
Net assets disposed of	<u>(6,333)</u>

	2021
	Rs'000
Net cash flow on disposal of subsidiary	
Consideration received	2,750
Net assets disposed of	(6,333)
Loss on disposal	(3,583)

The loss on disposal is included in (loss)/profit for the year.

- (ii) On March 31, 2021, the group disposed of its shareholding in Estate Property Solutions Ltd and Le Marché du Moulin Ltd. Assets and liabilities disposed of are as follows:

	THE GROUP
	2021
	Rs'000
Property, plant and equipment	74,000
Inventories	2,700
Trade and other receivables	24,100
Cash and cash equivalents	(5,800)
Borrowings	(104,400)
Trade and other payables	(5,000)
	(14,400)
Goodwill initially recognised	-
	(14,400)
Profit on disposal	8,600
	(5,800)
Cash and cash equivalents disposed	5,800
Cash flow on disposal net of cash and cash equivalents	<u>-</u>

The group realised a profit of Rs 8.6m on the disposal of Estate Property Solutions Ltd and Le Marché du Moulin Ltd and this profit is arrived at as follows:

Consideration received	23,000
Net assets disposed	(14,400)
	<u>8,600</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

43. ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES (CONT'D)

(b) Disposal of subsidiary companies (cont'd)

Year ended June 30, 2020

- On July 1, 2019, the group disposed of its shareholding in Rogers Capital Actuarial Services Ltd. Assets and liabilities disposed of are as follows:

	THE GROUP
	2020
	Rs'000
Trade and other receivables	2,800
Cash and cash equivalents	100
Trade and other payables	(1,000)
	1,900
Profit on disposal	6,700
	8,600
Cash and cash equivalents disposed	(100)
Cash flow on disposal net of cash and cash equivalents	<u>8,500</u>
Satisfied by:	
Cash	8,500
The group realised a profit of Rs.6.7m on the disposal Rogers Capital Actuarial Services Ltd and this profit is arrived at as follows:	
Consideration received	8,600
Net assets disposed	(1,900)
Profit on disposal	<u>6,700</u>

- (i) In 2020, the group disposed its shareholding in Indoor & Outdoor Living Ltd. Assets and liabilities disposed are as follows:

	2020
	Rs'000
Non-current assets	
Property, plant and equipment	3,057
Intangible assets	274
Financial assets at fair value through profit or loss	10
Deferred tax assets	1,054
Current assets	
Inventories	7,270
Trade and other receivables	5,827
Cash and cash equivalents	22
Current liabilities	
Borrowings	(5,191)
Trade and other payables	(3,574)
Non-current liabilities	
Borrowings	(578)
Retirement benefit obligations	(777)
Net assets disposed of	<u>7,394</u>

	2020
	Rs'000
Net cash flow on disposal of subsidiary	
Consideration received	13,185
Net assets disposed of	(7,394)
Goodwill initially recognised	(5,119)
Loan receivable from a subsidiary written off	(3,895)
Loss on disposal	<u>(3,223)</u>

The loss on disposal is included in (loss)/profit for 2020.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

44. CONTINGENT LIABILITIES

Contingent liabilities as at June 30, 2021 are as follows:

- A subsidiary has acted as surety in respect of a guarantee of Rs.350m (2020: Rs.300m) given by one of its subsidiaries to the Mauritius Revenue Authority.

- Some of the group's subsidiaries have pending legal matters amounting to Rs.45.8m (2020:Rs.45.4m), the outcome of which is uncertain.

- The company is being sued by the heirs of a former employee for Rs.76m on the ground of having provided unsafe working conditions during his tenure with the company. At the date of signing the annual report, the outcome is uncertain.

- A subsidiary of the group has provided a shortfall undertaking, equivalent to six month's interest payment of approximately Rs.17.6m to bond holder representatives on behalf of another subsidiary company.

- Some of the group's subsidiaries had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business amounting to Rs.3,417m (2020:Rs.3,286.2m) from which it is anticipated that no material liabilities would arise.

It is not anticipated that any material liabilities would arise out of the above as the possibility of the outflow of economic benefits is remote.

45. CATEGORIES OF FINANCIAL INSTRUMENTS

Accounting policy

Financial assets and financial liabilities are recognised in the group's Statements of financial position when the group has become a party to the contractual provisions of the instrument.

The group's accounting policies in respect of the financial instruments are described in the respective notes to the financial statements.

(a) Financial assets by category

	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other financial assets at amortised costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP				
Per Statements of financial position				
At June 30, 2021				
Financial assets at fair value through other comprehensive income	484,145	-	-	484,145
Financial assets at fair value through profit or loss	-	54,640	-	54,640
Other financial assets at amortised costs	-	-	1,364,233	1,364,233
Loans and advances	-	-	2,272,500	2,272,500
Trade receivables	-	-	2,092,610	2,092,610
Cash and cash equivalents	-	-	4,655,282	4,655,282
Total financial assets	484,145	54,640	10,384,625	10,923,410

At June 30, 2020

Financial assets at fair value through other comprehensive income	470,216	-	-	470,216
Financial assets at fair value through profit or loss	-	44,760	-	44,760
Other financial assets at amortised costs	-	-	1,457,638	1,457,638
Loans and advances	-	-	2,163,000	2,163,000
Trade receivables	-	-	1,835,927	1,835,927
Cash and cash equivalents	-	-	3,259,623	3,259,623
Total financial assets	470,216	44,760	8,716,188	9,231,164

THE COMPANY

Per statements of financial position

At June 30, 2021

Financial assets at fair value through other comprehensive income	92,515	-	-	92,515
Financial assets at fair value through profit or loss	-	54,640	-	54,640
Other financial assets at amortised costs	-	-	1,870,047	1,870,047
Trade receivables	-	-	6,972	6,972
Amount receivable from group companies	-	-	663,748	663,748
Cash and cash equivalents	-	-	681,868	681,868
	92,515	54,640	3,222,635	3,369,790

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

45. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial assets by category (cont'd)

	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other financial assets at amortised costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
THE COMPANY				
Per statements of financial position				
At June 30, 2020				
Financial assets at fair value through other comprehensive income	131,045	-	-	131,045
Financial assets at fair value through profit or loss	-	44,760	-	44,760
Other financial assets at amortised costs	-	-	1,876,199	1,876,199
Trade receivables	-	-	7,452	7,452
Amount receivable from group companies	-	-	1,061,373	1,061,373
Cash and cash equivalents	-	-	789,390	789,390
	131,045	44,760	3,734,414	3,910,219

(b) Financial liabilities by category

	Financial liabilities at amortised costs	Total
	Rs'000	Rs'000
THE GROUP		
Per statements of financial position		
At June 30, 2021		
Borrowings	29,657,743	29,657,743
Trade and other payables	4,174,286	4,174,286
	33,832,029	33,832,029
At June 30, 2020		
Borrowings	27,436,802	27,747,302
Trade and other payables	3,880,686	3,671,583
	31,317,488	31,418,885
THE COMPANY		
Per statements of financial position		
At June 30, 2021		
Borrowings	7,277,535	7,277,535
Trade and other payables	45,642	45,642
Amounts payable to group companies	32,835	32,835
	7,356,012	7,356,012
At June 30, 2020		
Borrowings	7,357,718	7,357,718
Trade and other payables	37,708	37,708
Amounts payable to group companies	409,432	409,432
	7,804,858	7,804,858

The fair value of financial instruments at amortised cost are not materially different from their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

46. FINANCIAL SUMMARY

(a) THE GROUP

Statements of profit or loss and other comprehensive income

	2021	2020
	Rs'000	Restated Rs'000
Revenue	13,546,503	14,361,912
Loss before taxation	(864,876)	(917,432)
Income tax expense	(200,334)	(132,337)
Loss for the year	(1,065,210)	(1,049,769)
Other comprehensive income for the year	1,469,879	2,646,214
Total comprehensive income for the year	404,669	1,596,445

Loss attributable to:

Owners of the company	(733,189)	(819,336)
Non-controlling shareholders	(332,021)	(230,433)
	(1,065,210)	(1,049,769)

Total comprehensive income attributable to:

Owners of the company	391,296	1,211,645
Non-controlling shareholders	13,373	384,800
	404,669	1,596,445

Dividend per share

-Interim	Rs.	-	0.45
- Final	Rs.	0.50	-

Loss per share

	Rs.	(1.96)	(2.18)
--	-----	--------	--------

Statements of financial position

ASSETS

	2021	2020	2019
	Rs'000	Restated Rs'000	Restated Rs'000
Non-current assets	65,618,240	64,221,808	58,732,830
Current assets	12,402,583	10,454,498	9,549,632
Non-current assets classified as held for sale	19,100	40,790	119,121
Total assets	78,039,923	74,717,096	68,401,583

EQUITY AND LIABILITIES

Capital and reserves	26,522,386	26,280,113	25,448,226
Non-controlling interests	14,533,455	14,149,238	12,024,892
Total equity	41,055,841	40,429,351	37,473,118

LIABILITIES

Non-current liabilities	26,792,798	24,087,537	21,898,094
Current liabilities	10,190,884	10,197,708	9,027,671

Liabilities directly associated with non-current assets classified as held for sale

	400	2,500	2,700
Total equity and liabilities	78,039,923	74,717,096	68,401,583

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

46. FINANCIAL SUMMARY (CONT'D)

(b) THE COMPANY

Statements of profit or loss and other comprehensive income

	2021	2020	
	Rs'000	Rs'000	
Revenue	260,895	225,555	
Profit before taxation	(184,479)	2,636,136	
Income tax expense	(1,479)	3,878	
Profit for the year	(185,958)	2,640,014	
Other comprehensive income for the year	966,234	(3,555,307)	
Total comprehensive income for the year	780,276	(915,293)	
Dividend per share			
-Interim	Rs.	-	0.45
- Final	Rs.	0.50	-
(Loss)/earnings per share	Rs.	(0.50)	7.04

Statements of financial position

ASSETS

	2021	2020
	Rs'000	Rs'000
Non-current assets	31,086,815	30,260,567
Current assets	1,439,383	1,941,912
Total assets	32,526,198	32,202,479

EQUITY AND LIABILITIES

Capital and reserves

	24,631,424	24,038,646
--	------------	------------

LIABILITIES

Non-current liabilities	7,037,141	7,469,603
-------------------------	-----------	-----------

Current liabilities

	857,633	694,230
Total equity and liabilities	32,526,198	32,202,479

47. EVENTS AFTER THE REPORTING PERIOD

Fintech

Rogers Capital Limited – Issue of ordinary shares to Swan Life Limited

On February 4, 2022, Rogers Capital Limited, a subsidiary company, issued 18,264,840 ordinary shares to Swan Life Limited for a total consideration of Rs.200m. This would result in consolidating Rogers Capital Limited using an effective stake of 58.17% instead of 68.95%. Had the transaction occurred on June 30, 2021, the net impact of the dilution would result in a decrease of Rs.9.6m in retained earnings and an increase in non-controlling interests of Rs.22.4m.

Hospitality

Investment in associated company - New Mauritius Hotels Limited

(a) The group has received the 2 remaining tranches of Rs.500m each from the Mauritius Investment Corporation Ltd (MIC) on the August 26, 2021 and November 8, 2021 respectively, thus bringing the total proceeds received from MIC to Rs.2.5bn. The group has cleared all its outstanding bridging facilities with its bankers accordingly.

(b) The group has completed the debt restructuring exercise with its lenders after years as from respective next scheduled repayment date have been obtained on to refinance the repayment of a bond tranche of EUR 20m in November 2021.

Logistics

(a) *Velogic Holding Limited, a subsidiary company, listed on the Development & Enterprise Market*

On December 15, 2021, Velogic Holding Company Limited (Velogic), a subsidiary company, was listed on the Development & Enterprise Market (DEM) of the Stock Exchange of Mauritius (SEM). This listing was done through the issuance of its entire stated capital of 93,515,565 ordinary shares of no par value, by an introduction of 61,935,359 shares at a price of Rs.25 per share; and an offer for sale of up to 31,580,206 shares at an initial price of Rs.25 per share.

(b) *Acquisition of remaining 49% stake in VK Logistics Limited*

On October 31, 2021, Rogers Logistics International Limited, a subsidiary company, acquired the remaining 49% stake in VK Logistics Ltd for a total consideration of Rs.257m. This would result in consolidating VK Logistics Ltd using an effective stake of 66.23% compared to 33.78%. Had the transaction occurred on June 30, 2021, the net impact of the changes in shareholding would result in an increase of Rs.4.2m in retained earnings and a decrease in non-controlling interests of Rs.9.8m.

(c) *Acquisition of 14.8% stake in Velogic Holding Company Limited (Velogic)*

On December 16, 2021, Rogers Capital Payment Solutions Ltd, a subsidiary company, acquired a 14.8% stake in Velogic for a total consideration of Rs.348m, financed through a bond issue. This would result in consolidating Velogic using an effective stake of 81.02% compared to 66.23%. Had the transaction occurred on June 30, 2021, the net impact of the changes in shareholding would decrease retained earnings by Rs.95.6m and non-controlling interests by Rs.251m.

Real Estate

(a) *Ascencia Limited, a subsidiary company, listed on the Official Market of the Stock Exchange of Mauritius*

On August 16, 2021, Ascencia Limited was listed on the Official Market of the Stock Exchange of Mauritius (SEM), after being previously listed on the Development & Enterprise Market (DEM) of the SEM. The Company submitted its application to the Listing Executive Committee (LEC) on June 11, 2021 for the total of Class A shares in issue at the listing date to be migrated from the DEM to the Official Market. There was no new issue of shares at time of the migration.

(b) *Investment in Ecoasis Energy Solutions Limited*

On December 8, 2021, the group acquired investments in Ecoasis Energy Solutions Limited for an amount of Rs 41m.

Corporate Office

Declaration of interim dividend by ENL Limited.

On November 17, 2021, the company declared an interim dividend of Rs.0.35 per ordinary share for a total consideration Rs.131.2m.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

48. IMPACT OF COVID-19 AND GOING CONCERN

The continuously evolving COVID-19 pandemic along with the second lockdown from March to May 2021 resulted in associated risks and the need for further judgements and assumptions.

Changes to the estimates and outcomes that have been applied in the measurement of the group's assets and liabilities may arise in the future due to the dynamic and evolving nature of COVID-19, the economic and financial uncertainty of the pandemic and the full impact of the pandemic hit the period for which these financial statements are being prepared. Other than the apparent conditions that existed at the end of the reporting period, the impact of events arising after the reporting period will be accounted in future reporting periods.

Going concern

The group conducts its business through several operating segments, namely land & investments, agro-industry, commerce & industry, real estate, hospitality, logistics and fintech, and also operates a corporate office.

Covid-19 has continued affecting the group's activities but better preparedness and the roll-out of vaccines mitigated the impact. The operating segments showed resilience and posted profits except hospitality which is still suffering from the closure of borders.

For the purpose of assessing the appropriateness of the preparation of the group's Financial Statements on a going concern basis, the group has prepared financial forecasts incorporating the economic uncertainty evolving around the pandemic. The forecasts consider the current cash position, the deferment of loan repayments, availability of banking facilities, finance from Mauritius Investment Corporation Ltd (MIC) and an assessment of the principal areas of risk and uncertainty.

Land and Investment

This segment is the guardian of the land bank of the group and the pillar on which it rests to continue its development by leveraging this asset class. The segment also holds the main investments of the group, mainly in subsidiaries and associated companies. The revenue is generated mainly in the form of dividend income and sale of land. Dividend flows from the investments have resumed, albeit lower than before the crisis but the cash reserves, together with available banking facilities, enables the segment to see through the crisis for the foreseeable future.

Agro-industry

The principal activity is the cultivation of sugar cane with some important sub operations such as food-crops, poultry and landscaping. Covid-19 had minimal impact of the segment operations save landscaping given that some 30% of the activity relates to the hospitality industry which has been severely affected by the pandemic.

The sugar operations is dependent on climatic conditions for crop yields and on the conditions prevailing in the European sugar market which determines the price at which the sugar production is remunerated. Following the increase in sugar prices on the international market and the remuneration of sugar cane by-products, the situation of the industry is now viewed in a new light with a profitable future being envisaged. We thus do not foresee any financing issues for the coming 12 months.

Commerce and Industry

The segment has shown resilience and weathered the effects of COVID-19, with all companies posting profits for the year. The second confinement had limited impact on the segment's activities. While sales were delayed in certain instances due to procurement issues, mitigating measures were taken and this situation is not expected to affect the results for the coming year.

Real estate

The activities of the segment comprise property development, including residential developments, a retail fund holding all the shopping malls of the group, an office fund and development of an Integrated Resort Scheme.

The property development activities are concentrated mainly in Moka, the main area being developed by the group and which includes the Moka Smart City. The development of a Smart City at Gros Bois in the south has also started. Covid 19 has had minimal impact and sales of serviced plots of land and built-up residential units have held steady. We do not foresee a slow-down for the near future.

The activities of the retail fund, which trades under the name of Ascencia, was affected by the second confinement which occurred from March to May 2021. Ascencia has carried on with the safe shopping measures during this financial year to mitigate health risks for mall customers, which also increased the cost of operations. A tenant's relief plan was also implemented to alleviate the financial burden of tenants impacted by COVID-19. Following the lifting of lockdown restrictions, the sector successfully reopened its shopping malls and operations resumed to normal levels. It has adequate resources to meet all its current obligations and financial commitments over at least the next twelve months and to continue operating for the foreseeable future.

Officea, the office fund of the group, was not particularly affected by the second lock-down. Demand for office space remains strong and the offices are nearly fully rented. Construction of a new office building on Vivea Business Park is nearing completion and construction of several buildings at Telfair has started. Funding for the various projects have been secured and we do not foresee any financing issues for the coming 12 months.

Hospitality

The segment operates two hotels brands under the veranda and heritage names and in addition has a travel activity and a leisure business constituted for the most part of restaurants and fast food catering to the public. The bulk of the revenue is generated by the hotels.

Most of the hotels and travel activities are geared towards the tourism industry. Borders remained closed during the year with limited flights and the industry has thus remained in a dire situation. The industry benefited from a number of Government measures to sustain the tourism industry such as holidays for lease rentals and the extension of the Government Wage Assistance Scheme. To enable the hotels to see through the crisis, VLH signed an agreement with the Mauritius Investment Corporation (MIC) for the issue of Rs 1.3 bn of convertible bonds at a preferential rate of interest, out of which Rs 600m were issued in June 2021. VLH has the option to repay the bonds within nine years from the date of issue.

The economic climate is currently recovering with the reopening of most international borders coupled with Government's incentives to promote and restore the hospitality industry and its operational performance. Based the forecast including reasonable assumptions, the segment does not foresee any difficulty in meeting its obligations within the next 12 months from the date the financial statements are signed.

Logistics

The activities were not unduly affected by the COVID-19 pandemic. Whilst the limited flights and airport closures impacted negatively airfreight and courier activities, the segment's other activities were not directly impacted and the segment posted increased profits for the year. In this respect we do not foresee any going concern issue for the next 12 months from the date of approval of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

48. IMPACT OF COVID-19 AND GOING CONCERN (CONT'D)

Fintech

The segment comprises of the consumer finance and leasing businesses conducted via Rogers Capital Finance, Rogers Capital Corporate Services, a leading management company in Mauritius, which provides fiduciary activities including corporate and trust services and a technology business.

The consumer finance and leasing businesses were directly affected by the second lockdown from March to May 2021. However, a better performance was reported, mainly attributed to the improvement of the loan book quality following the tightening of credit policies along with cost savings initiatives. The technology business, though affected by the disruptions in the supply chains, posted improved results on the back of an enhanced focus on commercial development combined with a strong positioning on innovative solutions. As such, we do not foresee any going concern issue for the next 12 months from the date of approval of the financial statements.

Rogers Capital Corporate Services (RCCS) have maintained continued service through work-from-home infrastructure and have utilised social media to enhance business relationship with customers. The removal of Mauritius from the FATF Grey list and the EU list of high-risk third countries will be beneficial to RCCS. We do not foresee any going concern issue for the next 12 months from the date of approval of the financial statements.

Corporate office

The corporate office provides management services to group and affiliated companies. We do not foresee any financing problems for the foreseeable future given the strong cash position of the holding company which has undertaken to provide financial support when required.

Impairment of financial instruments

Impairment of financial assets consists mainly of increase in ECL allowances and amounts written off receivables during the year. The group put special considerations on the potential impact of Covid-19 on future customer account payment behaviour in the calculation of the ECL. The slow recovery from the COVID-19 pandemic has been factored in parameters used in each financial model and economic parameters used are as per official sources and are used consistently in all financial models.

Revaluation of properties

A revaluation exercise is normally carried out every 3 years by qualified independent professional valuers. Their assumptions are generally based on the value determinants affecting market conditions at the relevant time. The techniques used involve information on market sales comparison, income and depreciated replacement cost and market sales of similar asset.

Given that the long-term impact of the pandemic on the local real estate market is unknown, the revaluation has been based on latest and supportable information available at the reporting date.

Impairment testing on acquired goodwill

Impairment tests on acquired goodwill are carried out using discounted cash flow methods on expected future cash flow forecasts prepared by management. The estimated discount rate was adjusted for a risk premium to reflect both investing and systematic risk of the specific Cash Generating Unit. All Covid-19 impacts are inbuilt in the cash flows of the respective CGUs.

Fair value of Investment Properties

The fair value of an asset is determined as per the market conditions at the measurement date. Fair value of investment properties was affected by Covid-19 through challenges of maintaining rental increases on a year-on-year basis.

Retirement benefit obligations

The present value of retirement benefit obligations (RBO) and the fair value of plan assets (PA) are calculated by independent actuaries. The actuarial valuation includes assumptions on discount rates, future pension increases, mortality rates, salary increases and expected return on plan assets. The discount rate, salary and pension increases consider all the elements surrounding the underlying inflation rate and current market conditions.

Government Grants and Assistance

Government Wage Assistance Scheme ("GWAS")

Following the confinement period in 2020, the Government introduced a wage subsidy programme to assist companies to pay the salaries of their full-time or part-time employees based on defined eligibility criteria. The subsidy received amounted to Rs.369,2m for the year ended June 30, 2021 and Rs.212,6m for the year ended June 30, 2020 and was accounted as a deduction from wages and salaries.

49. ULTIMATE HOLDING COMPANY

The holding company of ENL Limited is La Sablonnière Holding Limited, incorporated in Mauritius and its registered office is at ENL House, Vivea Business Park, Moka. The ultimate holding entity of ENL Limited is Société Careadas, a 'société civile' registered in Mauritius.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

50. EFFECT OF PRIOR YEAR ADJUSTMENTS

A. During the year ended June 30, 2021, the following balances were restated retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The effect of the restatements are summarised as follows:

THE GROUP	2020			2019		
	As previously reported	Prior year adjustments	Restated balance	As previously reported	Prior year adjustments	Restated balance
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Statements of financial position						
<i>Non-current assets</i>						
Property, plant and equipment	31,162,858	1,449,212	32,612,070	26,428,881	1,122,700	27,551,581
Investment properties	19,795,178	(617,800)	19,177,378	18,339,039	(565,500)	17,773,539
Deferred expenditure	211,200	(160,800)	50,400	122,786	(9,200)	113,586
Intangible assets	1,624,705	(78,500)	1,546,205	1,564,449	(135,900)	1,428,549
Investments in subsidiary companies	-	-	-	-	-	-
Investments in associated companies	8,614,945	59,600	8,674,545	9,938,845	59,600	9,998,445
Investments in jointly controlled entities	42,375	-	42,375	37,772	-	37,772
Financial assets at fair value through other comprehensive income	454,316	15,900	470,216	587,670	23,400	611,070
Financial assets at fair value through profit or loss	19,100	-	19,100	12,100	-	12,100
Other financial assets at amortised cost	123,086	(60,895)	62,191	54,069	-	54,069
Loans and advances	1,273,400	-	1,273,400	961,770	-	961,770
Deferred tax assets	195,755	37,994	233,749	148,261	(2,099)	146,162
Deferred rent assets	1,179	-	1,179	1,087	-	1,087
Employee benefits assets	28,000	31,000	59,000	43,100	-	43,100
	63,546,097	675,711	64,221,808	58,239,829	493,001	58,732,830
<i>Current assets</i>						
Inventories	2,443,049	112,855	2,555,904	2,298,352	197,241	2,495,593
Consumable biological assets	258,504	28,401	286,905	254,304	33,952	288,256
Loans and advances	889,600	-	889,600	699,500	-	699,500
Trade and other receivables	1,825,277	10,650	1,835,927	2,194,716	8,972	2,203,688
Assets related to contracts with customers	5,032	181,300	186,332	23,081	146,700	169,781
Other financial assets at amortised cost	2,189,161	(793,714)	1,395,447	1,583,571	(171,200)	1,412,371
Financial assets at fair value through profit or loss	44,760	-	44,760	49,586	-	49,586
Cash and cash equivalents	3,089,643	169,980	3,259,623	2,016,981	213,876	2,230,857
	10,745,026	(290,528)	10,454,498	9,120,091	429,541	9,549,632
Non-current assets classified as held for sale	40,790	-	40,790	119,121	-	119,121
Total assets	74,331,913	385,183	74,717,096	67,479,041	922,542	68,401,583
<i>Equity</i>						
Share capital	3,607,987	-	3,607,987	3,607,987	-	3,607,987
Treasury shares	(250,000)	-	(250,000)	(250,000)	-	(250,000)
Fair value, revaluation and other reserves	14,362,105	142,994	14,505,099	12,187,836	97,121	12,284,957
Retained earnings	8,530,066	(113,039)	8,417,027	9,754,043	51,239	9,805,282
Non-controlling interests	13,786,513	362,725	14,149,238	11,619,456	405,436	12,024,892
Total equity and reserves	40,036,671	392,680	40,429,351	36,919,322	553,796	37,473,118

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

50. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

THE GROUP (CONT'D)	2020			2019		
	As previously reported	Prior year adjustments	Restated balance	As previously reported	Prior year adjustments	Restated balance
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<i>Non-current liabilities</i>						
Borrowings	22,114,848	(296,500)	21,818,348	20,062,165	-	20,062,165
Liabilities related to contracts with customers	155,500	-	155,500	-	-	-
Deferred tax liabilities	921,262	93,900	1,015,162	898,164	38,700	936,864
Employee benefits liabilities	1,091,115	-	1,091,115	897,598	-	897,598
Deferred rent liabilities	-	-	-	1,467	-	1,467
Deferred income	7,412	-	7,412	-	-	-
	24,290,137	(202,600)	24,087,537	21,859,394	38,700	21,898,094
<i>Current liabilities</i>						
Trade and other payables	3,671,583	209,103	3,880,686	4,048,045	409,046	4,457,091
Liabilities related to contracts with customers	616,342	-	616,342	361,288	(54,700)	306,588
Current tax liabilities	82,226	-	82,226	69,945	-	69,945
Borrowings	5,632,454	(14,000)	5,618,454	4,049,599	(24,300)	4,025,299
Proposed dividends	-	-	-	168,748	-	168,748
	10,002,605	195,103	10,197,708	8,697,625	330,046	9,027,671
Liabilities directly associated with non-current assets classified as held for sale	2,500	-	2,500	2,700	-	2,700
Total equity and liabilities	74,331,913	385,183	74,717,096	67,479,041	922,542	68,401,583

	2020		
	As previously reported	Prior year adjustments	Restated balance
	Rs'000	Rs'000	Rs'000
Statements of profit of loss and other comprehensive income			
June 30, 2020			
Revenue	14,415,969	(54,057)	14,361,912
Operating profit	668,997	(72,732)	596,265
Fair value loss on financial assets at fair value through profit or loss	(4,701)	-	(4,701)
Fair value loss on held for trading securities	-	-	-
Profit on disposal of land and investments	1,801	-	1,801
Compensation for losses	-	-	-
Compensation for waiver of rights to lessee on land and buildings	(3,894)	-	(3,894)
Excess of fair value of the share of net assets over acquisition price	4,930	-	4,930
Impairment of goodwill and others	(22,525)	-	(22,525)
Share of results of associated companies and jointly controlled entities, net of tax	(349,457)	-	(349,457)
Land conversion rights	117,400	-	117,400
Finance costs	(1,255,565)	(1,686)	(1,257,251)
Loss before taxation	(843,014)	(74,418)	(917,432)
Taxation	(114,330)	(18,007)	(132,337)
Loss for the year from continuing operations	(957,344)	(92,425)	(1,049,769)
Items that will not be reclassified to profit or loss:			
Gain on revaluation of property, plant and equipment, net of tax	3,547,988	118,300	3,666,288
Remeasurement of post employment benefit obligations, net of tax	(195,161)	34,300	(160,861)
Change in fair value of equity instruments at fair value through other comprehensive income	(138,236)	(7,500)	(145,736)
	3,214,591	145,100	3,359,691

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

50. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

Items that may be reclassified subsequently to profit or loss:

Currency translation differences
Share of other comprehensive income of associated companies and jointly controlled entities

Other comprehensive income for the year, net of tax

Total comprehensive income for the year

Loss attributable to:

Owners of the company
Non-controlling interests

Total comprehensive income attributable to:

Owners of the company
Non-controlling interests

Loss per share

	2020		
	As previously reported	Prior year adjustments	Restated balance
	Rs'000	Rs'000	Rs'000
(11,300)	52,200	40,900	
(754,377)	-	(754,377)	
(765,677)	52,200	(713,477)	
2,448,914	197,300	2,646,214	
1,491,570	104,875	1,596,445	
(784,465)	(34,871)	(819,336)	
(172,879)	(57,554)	(230,433)	
(957,344)	(92,425)	(1,049,769)	
1,185,681	25,964	1,211,645	
305,889	78,911	384,800	
1,491,570	104,875	1,596,445	
(2.09)	-	(2.18)	

Statements of cash flows

Net cash generated from operating activities
Net cash used in from investing activities
Net cash generated from financing activities
Increase in cash and cash equivalents

	2020		
	As previously reported	Prior year adjustments	Restated balance
	Rs'000	Rs'000	Rs'000
817,595	(59,297)	758,298	
(1,365,128)	6,786	(1,358,342)	
2,433,132	(1,686)	2,431,446	
1,885,599	(54,197)	1,831,402	

CORRECTION OF PRIOR YEAR FIGURES

In preparing the financial statements for the year ended June 30, 2021, the group identified prior year restatements and made necessary corrections. Restatements were made to the financial statements, presentation and disclosures of certain transactions and balances, in accordance with International Accounting Standard, IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. They refer to the comparatives for July 1, 2019 and June 30, 2020, unless where specified.

(a) Consumable biological asset valuation

Consumable biological assets are measured at their fair values less cost to sell, which is the present value of the expected net cash flows discounted at the relevant market determined pre tax rate. The valuation model considers the present value of the net cash flows expected to be generated by sugarcane plantation.

In determining the net cash flows from standing canes, one of the subsidiary companies did not take into account the proceeds from molasses and bagasse. These have now been corrected and included in the net cash flows from standing canes.

Additionally, the net cash flows from standing canes were previously incorrectly discounted using a risk free derived from a 1-year government bond plus a risk premium of 1%. The rate used has been changed to Weighted Average Cost of Capital (WACC) which is a better representation of market determined pre tax rate.

This impacted consumable biological assets by Rs28,401k in 2020 and Rs33,952k in 2019, retained earnings by Rs28,401k in 2020 and Rs33,952k in 2019, profit for the year by Rs(5,551)k in 2020.

The above did not have any impact on the statement of cash flows.

(b) Reclassification restatements

(i) Reclassification of loan receivable to Property, plant and equipment

One of the subsidiary companies wrongly recognised all the operating leases relating to forklifts, heavy machinery and equipment as long term and short loan receivable. This has been reclassified under property, plant and equipment and resulted in an increase in the carrying amount of property, plant and equipment by Rs. 78,499k and decrease in the carrying amount of long term other financial assets at amortised costs by Rs. (60,895) k and short term other financial assets at amortised costs by Rs. (17,604)k in the year ended June 30, 2020.

The restatements did not have any impact Consolidated Statements of Profit or Loss and Consolidated Statements of Cash Flows.

(ii) Reclassification of Current and Non-current Lease liabilities arising on Rights-of-use assets to Current and Non-current Borrowings

Leases relating to the above assets were wrongly accounted for as lease liabilities arising on rights-of-use assets. Appropriate reclassification was therefore made and which impacted current Lease liabilities arising on rights-of-use assets by Rs. (17,504)k and current borrowings by Rs. 17,504k; non-current Lease liabilities arising on rights-of-use assets by Rs. (60,895)k and non-current borrowings by Rs. 60,895k in 2020.

The restatements did not have any impact Consolidated Statements of Profit or Loss and Consolidated Statements of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

50. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

(b) Reclassification restatements (cont'd)

(iii) Derecognition of revenue and cost of sales

In prior years, sale and lease back transactions should not be qualified for sales recognition at a margin and should have been considered as financing arrangement. Subsequently, the value of vehicles, forklifts, heavy machinery and equipments should have been transferred at cost from inventories to property, plant and equipment and depreciation should have been calculated on cost.

This amendment impacted revenue by Rs. (56,798)k, cost of sales by Rs. (49,582)k, administrative expenses resulting to depreciation release by Rs. (698)k, the carrying value of property, plant and equipment by Rs. (6,088)k, inventories by Rs. 1,420k and trade receivables by Rs. (1,850)k in 2020.

The net cash generated from operating activities and cash flows from investing activities were impacted by Rs(6,785)k and Rs6,785k in 2020 respectively.

(c) Goods in transit

A subsidiary company imports branded motor vehicles, heavy duty vehicles and agro machinery equipment from different countries where the manufacturers hold their stocks. The incoterms and payment terms differ from one manufacturer to another. Previously, the company only recorded the stock items as inventories in the books when the vessels are unloaded at destined Port. For manufacturers whose incoterms are CFR (Cost and Freight), the company should have recognised as 'Goods in transit' at time of loading.

The inventories figures have been retrospectively amended to reflect the 'Goods in transit' by Rs. 111,435k in 2020 and by Rs. 197,241k in 2019. This impacted on trade and other payables by Rs. 111,386k in 2020 and by Rs. 165,206k in 2019 and other receivables by Rs. (48)k in 2020 and by Rs. (32,035)k in 2019.

The restatements did not have any impact Consolidated Statements of Profit or Loss and Consolidated Statements of Cash Flows.

(d) Discounting of provision

A subsidiary company grants an additional warranty coverage after expiry of the standard warranty provides by the car manufacturer for certain brand makes. Provisions are recognised when the company has a present legal or constructive obligation as a result of past events which will probably result in an outflow of resources that can be reliably estimated. A provision for warranties is recognised for future expected warranty claims at time of sale of the vehicle to cover the additional warranty period. Such provision is held for more than 1 year in the company's Statement of financial position. To this effect, discounting has been applied to cater the effect of time value of money.

This amendment impacted the trade and other payables by Rs. (5,394)k in 2020 and by Rs.(5,042)k in 2019, cost of sales by Rs. (2,038)k in 2020, finance costs by Rs. 1,686k in 2020 and retained earnings by Rs. 5,394k in 2020 and by Rs 5,042 in 2019.

This error impacted net cash from operating activities and cash flows from financing activities by Rs1,686k and Rs(1,686)k in 2020 respectively.

(e) Reclassification of provision made relating to maintenance contract

A subsidiary company sells maintenance contracts to customers for the delivery of services. Revenue from these contracts is recognized over the contract period. A contract liability is recognized for payments made before service is offered and is often included in the sales price of the motor vehicles. Previously, the contract liability was provided from cost of sales instead of splitting distinctly from revenue elements.

This classification impacted cost of sales by Rs. 2,471k and revenue by Rs. (2,471)k in 2020.

The above did not have any impact on the statement of cash flows.

(f) Issue of shares and debentures by a subsidiary company

In December 2019, one of the subsidiaries issued Rs660m of ordinary shares. Only 10% on the respective amounts were paid, but the company recognised 100% of the stated capital, as per registers. The unpaid portion were recognised as other financial assets at amortised cost.

The uncalled portion was incorrectly recorded as a receivable at reporting date, as they do not have the same rights as the existing ordinary shares, mainly in terms of economic rights.

That company also issued Rs990m convertible debentures in December 2019. Only 10% on the respective amounts were paid, but the company recognised 100% of the debentures, as per registers. The unpaid portion of 90% were recognised as other financial asset at amortised cost.

As there will be no obligation to return the unpaid value of debentures since the holders have not paid for these debentures, the liability should only include the portion paid by holders.

Another subsidiary holding shares in the above company, as a result of the above transactions, accounted for the unpaid part of the debentures and purchase of investments.

These impacted non controlling interests by Rs(121,532)k, non-current borrowings by Rs(296,500)k and trade and other receivables by Rs(562,493)k in 2020. The issue of ordinary shares also resulted in dilution of the shareholding of the group in the subsidiary. The correction of the above adjustment also resulted in an impact of Rs.(144,461)k in retained earnings to reflect the change in shareholding not resulting in loss of control.

The above did not have any impact on the statement of profit or loss and other comprehensive income and statement of cash flows.

(g) In the previous years, the group eliminated all unrealised profits on intergroup disposal of land and buildings against their carrying value. However, the group did not restate the properties to their fair values in line with the group's accounting policy thereby understating the carrying amounts of those land and buildings and the corresponding revaluation surplus and non-controlling interest. This was corrected by restating the value of property, plant and equipment (2020 - Rs 457,901k, 2019 - Rs 402,400k), financial assets at amortised cost (2020 - Rs 3,100k, 2019 - Rs 3,000), revaluation reserves (2020 - Rs 101,242k, 2019 - Rs 88,878k) and non-controlling interest (2020 - Rs 359,757k, 2019 - Rs 316,521k). The restatement did not have any impact on Consolidated Statements of Profit or Loss, Earnings Per Share (EPS) and Consolidated Statements of Cash Flows, with the exception of Statements of Other Comprehensive Income whereby a revaluation surplus of Rs 55,600k has been recorded in 2020 (2019 Nil).

(h) Prior to the implementation of IFRS16 - Leases, the group had acquired certain leasehold rights that it had capitalised under intangible assets. Upon the implementation of IFRS16 - Leases, these intangible assets should have been reclassified to rights of use assets, included under property, plant and equipment. This was corrected in the current year with the comparatives being restated to reflect the appropriate classification. The financial impact consists of reclassifying intangible assets (2020 - Rs (140,400k), 2019 - Rs (145,600) k) to property, plant and equipment (2020 - Rs 140,300k, 2019 - Rs 145,600k). The restatement did not have any impact Consolidated Statements of Profit or Loss, Earnings Per Share (EPS) and Consolidated Statements of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

50. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

- (i) In prior years, the group incorrectly accounted for any payments made to external parties for the construction of the second golf course and a morcellement as deferred expenditure instead of including these as part of asset under construction in property, plant and equipment. Accordingly, the group has retrospectively reclassified all such expenses from deferred expenditure (2020 - Rs (160,800)k, 2019 - Rs (9,200)k) to assets under construction under property, plant and equipment (2020 - Rs 160,800k, 2019 - Rs 9,200k). The restatements did not have any impact Consolidated Statements of Profit or Loss, Earnings Per Share (EPS) and Consolidated Statements of Cash Flows.
- (j) In the prior years, included in the group's investment properties were some partly owner-occupied buildings which were not reclassified to property, plant and equipment. The group has therefore retrospectively reclassified those portions from 'Investment property' to 'Property, Plant and Equipment' with any gains in fair value reclassified from profit or loss to other comprehensive income. This impacted 'Statement of Profit or Loss' (2020 - Rs (62,700)k), Statements of Other Comprehensive Income (2020 - Rs 62,700k), 'Property, plant and equipment' (2020 - Rs 617,800k, 2019 - Rs 565,500k), 'Investment properties' (2020 - Rs (617,800)k, 2019 - Rs (565,500)k), 'Revaluation Reserve' (2020 - Rs 20,000k, 2019 - Rs 6,450k), 'Retained earnings' (2020 - Rs (20,000)k, 2019 - Rs (6,450)k). The restatements did not have any impact Consolidated Statements of Cash Flows.
- (k) In prior years, the group's financial statements included certain balances arising from consolidation journal entries for which the underlying transactions or balances no longer exist. These were adjusted for retrospectively in the current year resulting in a decrease in accounts payable (2020 - Rs (85,000)k, 2019 - Rs (85,000)k), a decrease in revaluation reserves (2020 - Rs (11,900)k, 2019 - Rs (11,900)k), an increase in retained earnings (2020 - Rs 62,670k, 2019 - Rs 62,670k) and in increase in non-controlling interest (2020 - Rs 34,230k, 2019 - Rs 34,230k). The restatements did not have any impact Consolidated Statements of Profit or Loss, Earnings Per Share (EPS) and Consolidated Statements of Cash Flows.
- (l) In the prior years, an associate of a subsidiary of the group declared dividends. Given the subsidiary's assessment that these dividends would not be recoverable, only part of the dividend income and corresponding receivable were accounted for. However, at group level, the share of net asset of the associate has been adjusted only to the extent of the share of dividend recognised instead of the full share of dividends declared. Accordingly, the investment in associate was overstated by the portion of dividends declared not recognised at the subsidiary's level and this was adjusted in the current year as a prior year restatement. Additionally, the dividend receivable was derecognised as if it was deemed not recoverable from the time of declaration. This restatement impacted investment in associated companies (2020 - Rs (21,400)k, 2019 - Rs (21,400)k), financial assets at amortised costs (2020 - Rs (27,500)k, 2019 - Rs (27,500)k), retained earnings ((2020 - Rs (29,208)k, 2019 - Rs (29,208)k) and non-controlling interests (2020-Rs (19,692)k, 2019-Rs(19,692)k). The restatements did not have any impact Consolidated Statements of Cash Flows.
- (m) In the prior year, in determining the fair value of an unquoted investment at fair value through other comprehensive income, the group omitted to adjust the value obtained using a market comparable approach with an amount representing non-core assets of the investee company. This impacted the Statements of Profit or loss and Other Comprehensive Income (2020 - Rs (7,500)k), Gains arising on fair value on financial assets at fair value through other comprehensive income (2020 - Rs 15,900k, 2019 - Rs 23,400k), revaluation reserves (2020 - Rs 9,497k, 2019 - Rs 13,976k) and non controlling interests (2020-Rs.6,402k, 2019- Rs. 9,423k). The restatements did not have any impact Consolidated Statements of Cash Flows.
- (n) In previous years, the group netted off net deferred tax liabilities arising from certain subsidiaries with the net deferred tax assets arising from other subsidiaries. Given that the group has no right to set off current tax assets and current tax liabilities of different entities within the group, it has to present the deferred net tax assets and deferred tax liabilities separately on the face of the Statements of Financial Position. Accordingly, the group grossed up its deferred tax liabilities by the amount of net deferred tax assets wrongly included therein (2020 - Rs 110,500k, 2019 - Rs 48,200k). The restatements did not have any impact Consolidated Statements of Profit or Loss, Earnings Per Share (EPS) and Consolidated Statements of Cash Flows.
- (o) In the previous years, a subsidiary company omitted to record deferred tax arising on retirement benefit obligations and tax losses. During the year, adjustments have been made to reflect these effects retrospectively. This resulted in an increase in Statements of Profit or loss (2020 - Rs 4,200k), increase in Statements of Other Comprehensive Income (2020 - Rs 3,300k), increase in retained earnings (2020 - Rs 3,703k, 2019 - Rs 2,090k) and non-controlling interests (2020 - Rs 13,296k, 2019 - Rs 7,409k) and a decrease in deferred tax liabilities (2020 - Rs (16,600)k, 2019 - Rs (9,500)k). The restatements did not have any impact Consolidated Statements of Cash Flows.
- (p) During the year, the group has reclassified reconciling items on its bank reconciliation statements, including outstanding/ un-presented cheques, to reflect its cash and bank balances and bank overdrafts at period end with retrospective effect. This restatement impacted trade receivables (2020 - Rs 12,500k, 2019 - Rs 41,007k), bank balances and cash (2020 - Rs 169,980k, 2019 - Rs 213,876k), borrowings (bank overdraft) (2020 - Rs (14,000)k, 2019 - Rs (24,300)k), other financial assets at amortised costs-current (2020-Rs(7,869)k, 2019- Nil) and trade and other payables (2020 - Rs 188,211k, 2019 - Rs 279,183k).
- (q) In the prior years, pension plan assets included debt securities accounted for at amortised cost. This is not in accordance with IAS19 which requires that plan assets be stated at fair value. Accordingly, the group restated its net defined benefit assets by adjusting the value of plan assets to their fair value. This impacted the Statements of Profit or loss and Other Comprehensive Income (2020 - Rs 31,000k), Defined Benefit Assets (2020 - Rs 31,000, 2019 - Nil), retained earnings (2020 - Rs 18,516k, 2019 - Nil) and non-controlling interests (2020-Rs 12,483, 2019- Nil). The restatements did not have any impact on the Consolidated Statements of Cash Flows.
- (r) In the prior years, the group incorrectly accounted for a transaction involving the exchange of shares in an existing associate for the shares of a new associate, resulting in the carrying value of the latter to be understated by Rs 81m. Accordingly the group has corrected the misstatement in the current year. This has impacted the value of investment in associates (2020 - Rs 81,000, 2019 - Rs 81,000), retained earnings (2020 - Rs 18,038k, 2019 - Rs 18,038k) and non-controlling interests (2020 - Rs 62,961k, 2019 - Rs 62,961k). The restatements did not impact the statement of profit or loss and comprehensive income or the statement of cash flows.
- (s) The group has previously recognised goodwill on the acquisition of foreign operation, for which the functional currency was different from the group's presentation currency. Management did not previously retranslate the specific goodwill amount recognised on the acquisition of the different foreign operations at the closing rate as per the requirement of IAS 21. This adjustment has impacted Statements of Other Comprehensive Income (2020 - Rs 52,200k), intangible assets (2020 - Rs 61,900k, 2019 - Rs 9,700k), translation reserves (2020 - Rs 24,190k, 2019 - Rs 3,942k) and non-controlling interests (2020 - Rs 37,709k, 2019 - Rs 5,757k). This has been adjusted retrospectively as a prior year restatement. The restatements did not have any impact on the Consolidated Statements of Cash Flows.
- (t) In the prior years, the group had recognized deferred tax assets on certain subsidiaries which had been loss making and had carried forward tax losses while not having obtained sufficient convincing evidence of their recoverability in accordance with IAS12. Accordingly, the group has written off these deferred tax assets as a prior year adjustment, restating the prior years' comparatives. This resulted in a decrease in Statement of Profit or loss (2020 - Rs (22,207)k) in retained earnings (2020 - Rs (49,613)k, 2019 - Rs (39,123)k) and non-controlling interests (2020 - Rs (22,892)k, 2019 - Rs (11,175)k) and a decrease in deferred tax assets (2020 - Rs (72,500)k, 2019 - Rs (50,299)k). The restatements did not have any impact Consolidated Statements of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

50. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

- (u) During the year, the group restated a number of prior year disclosures because these were either missing or did not properly reflect the transactions or balances being disclosed. A description of these restatements is included in the individual footnotes of the financial statements.
- (v) During previous years the group wrongly classified assets related to contract with customers to other financial assets at amortised costs. This was amended this year and impacted assets related to contracts with customers by (2020-Rs181,300k, 2019-Rs146,700k) and other financial assets at amortised costs-current by (2020-Rs (181,300)k, 2019-Rs(146,700)k).

The impact on the consolidated financial statements line items and Earnings Per Share (EPS) in the prior periods for the above restatements are detailed in the consolidated Statements of changes in equity and note 38 above. The impact on the consolidated Statements of Cash flows for the above restatements, if any, is shown above.

STATEMENTS OF FINANCIAL POSITION

	2020			2019		
	Reclassification adjustment	Prior year adjustment	Total	Reclassification adjustment	Prior year adjustment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP						
Property, plant and equipment						
Adjustment reference (g)	-	457,901	457,901	-	402,400	402,400
Adjustment reference (h)	140,300	-	140,300	145,600	-	145,600
Adjustment reference (i)	160,800	-	160,800	9,200	-	9,200
Adjustment reference (j)	-	617,800	617,800	-	565,500	565,500
Adjustment reference (b(ii))	-	78,499	78,499	-	-	-
Adjustment reference (b(iii))	-	(6,088)	(6,088)	-	-	-
	301,100	1,148,112	1,449,212	154,800	967,900	1,122,700
Investment Properties						
Adjustment reference (j)	-	(617,800)	(617,800)	-	(565,500)	(565,500)
Intangibles assets						
Adjustment reference (h)	(140,400)	-	(140,400)	(145,600)	-	(145,600)
Adjustment reference (s)	-	61,900	61,900	-	9,700	9,700
	(140,400)	61,900	(78,500)	(145,600)	9,700	(135,900)
Investment in associated companies						
Adjustment reference (l)	-	(21,400)	(21,400)	-	(21,400)	(21,400)
Adjustment reference (r)	-	81,000	81,000	-	81,000	81,000
	-	59,600	59,600	-	59,600	59,600
Financial assets at FVOCI						
Adjustment reference (m)	-	15,900	15,900	-	23,400	23,400
Deferred expenditure						
Adjustment reference (i)	(160,800)	-	(160,800)	(9,200)	-	(9,200)
Deferred tax asset						
Adjustment reference (n)	110,500	-	110,500	48,200	-	48,200
Adjustment reference (t)	-	(72,506)	(72,506)	-	(50,299)	(50,299)
	110,500	(72,506)	37,994	48,200	(50,299)	(2,099)
Defined benefit assets						
Adjustment reference (q)	-	31,000	31,000	-	-	-
Trade receivables						
Adjustment reference (p)	12,500	-	12,500	41,007	-	41,007
Adjustment reference (b(iii))	-	(1,850)	(1,850)	-	-	-
Adjustment reference (c)	-	-	-	-	(32,035)	(32,035)
	12,500	(1,850)	10,650	41,007	(32,035)	8,972

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

50. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D) STATEMENTS OF FINANCIAL POSITION (CONT'D)

	2020			2019		
	Reclassification adjustment	Prior year adjustment	Total	Reclassification adjustment	Prior year adjustment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP						
Inventories						
Adjustment reference (b(iii))	-	1,420	1,420	-	-	-
Adjustment reference (c)	-	111,435	111,435	-	197,241	197,241
	-	112,855	112,855	-	197,241	197,241
Financial assets at amortised cost (current)						
Adjustment reference (f)	-	(562,493)	(562,493)	-	-	-
Adjustment reference (g)	-	3,100	3,100	-	3,000	3,000
Adjustment reference (l)	-	(27,500)	(27,500)	-	(27,500)	(27,500)
Adjustment reference (b(ii))	-	(17,604)	(17,604)	-	-	-
Adjustment reference (p)	(7,869)	-	(7,869)	-	-	-
Adjustment reference (v)	(181,300)	-	(181,300)	(146,700)	-	(146,700)
	(189,169)	(604,497)	(793,666)	(146,700)	(24,500)	(171,200)
Assets related to contracts with customers						
Adjustment reference (v)	181,300	-	181,300	146,700	-	146,700
Financial assets at amortised cost (non current)						
Adjustment reference (b(ii))	-	(60,895)	(60,895)	-	-	-
Consumable biological assets						
Adjustment reference (a)	-	28,401	28,401	-	33,952	33,952
Bank balance and cash						
Adjustment reference (p)	169,980	-	169,980	213,876	-	213,876
Reserves						
Adjustment reference (g)	-	101,242	101,242	-	88,878	88,878
Adjustment reference (k)	-	50,771	50,771	-	50,771	50,771
Adjustment reference (l)	-	(29,208)	(29,208)	-	(29,208)	(29,208)
Adjustment reference (m)	-	9,499	9,499	-	13,978	13,978
Adjustment reference (o)	-	3,703	3,703	-	2,091	2,091
Adjustment reference (q)	-	18,516	18,516	-	-	-
Adjustment reference (r)	-	18,038	18,038	-	18,038	18,038
Adjustment reference (a)	-	28,401	28,401	-	33,952	33,952
Adjustment reference (s)	-	24,191	24,191	-	3,942	3,942
Adjustment reference (t)	-	(49,614)	(49,614)	-	(39,124)	(39,124)
Adjustment reference (b(iii))	-	(6,517)	(6,517)	-	-	-
Adjustment reference (d)	-	5,394	5,394	-	5,042	5,042
Adjustment reference (f)	-	(144,461)	(144,461)	-	-	-
	-	29,955	29,955	-	148,360	148,360

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

50. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D) STATEMENTS OF FINANCIAL POSITION (CONT'D)

	2020			2019		
	Reclassification adjustment	Prior year adjustment	Total	Reclassification adjustment	Prior year adjustment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP						
Non controlling interests						
Adjustment reference (g)	-	359,758	359,758	-	316,522	316,522
Adjustment reference (o)	-	13,295	13,295	-	7,408	7,408
Adjustment reference (r)	-	62,962	62,962	-	62,962	62,962
Adjustment reference (s)	-	37,709	37,709	-	5,758	5,758
Adjustment reference (t)	-	(22,892)	(22,892)	-	(11,175)	(11,175)
Adjustment reference (f)	-	(121,532)	(121,532)	-	-	-
Adjustment reference (k)	-	34,230	34,230	-	34,230	34,230
Adjustment reference (l)	-	(19,692)	(19,692)	-	(19,692)	(19,692)
Adjustment reference (m)	-	6,403	6,403	-	9,423	9,423
Adjustment reference (q)	-	12,484	12,484	-	-	-
	-	362,725	362,725	-	405,436	405,436
Deferred tax liabilities						
Adjustment reference (o)	-	(16,600)	(16,600)	-	(9,500)	(9,500)
Adjustment reference (n)	110,500	-	110,500	48,200	-	48,200
	110,500	(16,600)	93,900	48,200	(9,500)	38,700
Current Borrowings						
Adjustment reference (p)	(14,000)	-	(14,000)	(24,300)	-	(24,300)
Trade and other payables						
Adjustment reference (c)	-	111,386	111,386	-	165,206	165,206
Adjustment reference (d)	-	(5,394)	(5,394)	-	(5,043)	(5,043)
Adjustment reference (k)	-	(85,100)	(85,100)	(85,000)	-	(85,000)
Adjustment reference (p)	188,211	-	188,211	279,183	-	279,183
	188,211	20,892	209,103	194,183	160,163	354,346
Non current Borrowings						
Adjustment reference (f)	-	(296,500)	(296,500)	-	-	-
	-	(296,500)	(296,500)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2020		
	Reclassification adjustment	Prior year adjustment	Total
	Rs'000	Rs'000	Rs'000
THE GROUP			
Revenue			
Adjustment reference (b(iii))	-	(56,798)	(56,798)
Adjustment reference (e)	2,741	-	2,741
	2,741	(56,798)	(54,057)
Cost of sales			
Adjustment reference (b(iii))	-	49,581	49,581
Adjustment reference (d)	-	2,038	2,038
Adjustment reference (e)	(2,741)	-	(2,741)
	(2,741)	51,619	48,878
Administrative expenses			
Adjustment reference (b(iii))	-	698	698
Adjustment reference (j)	-	(10,400)	(10,400)
	-	(9,702)	(9,702)
Movement in consumable biological assets			
Adjustment reference (a)	-	(5,551)	(5,551)
Finance cost			
Adjustment reference (d)	-	1,686	1,686
Fair value gains on investment properties			
Adjustment reference (j)	-	(52,300)	(52,300)
Taxation			
Adjustment reference (o)	-	4,200	4,200
Adjustment reference (t)	-	(22,207)	(22,207)
	-	(18,007)	(18,007)
Gains on property valuation			
Adjustment reference (g)	-	55,600	55,600
Adjustment reference (j)	-	62,700	62,700
	-	118,300	118,300
Remeasurement of post employment benefit obligations			
Adjustment reference (o)	-	3,300	3,300
Adjustment reference (q)	-	31,000	31,000
	-	34,300	34,300

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

50. EFFECT OF PRIOR YEAR ADJUSTMENTS (CONT'D)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	2020		
	Reclassification adjustment	Prior year adjustment	Total
	Rs'000	Rs'000	Rs'000
THE GROUP			
Losses arising on financial assets at FVOCI			
Adjustment reference (m)	-	(7,500)	(7,500)
Exchange differences on translating foreign entities			
Adjustment reference (s)	-	52,200	52,200
STATEMENTS OF CASHFLOW			
THE GROUP			
Profit before taxation			
Adjustment reference (j)	-	(62,700)	(62,700)
Adjustment reference (b)	-	(6,519)	(6,519)
Adjustment reference (b)	-	352	352
Adjustment reference (a)	-	(5,551)	(5,551)
	-	(74,418)	(74,418)
Depreciation			
Adjustment reference (j)	-	10,400	10,400
Adjustment reference (b)	-	(698)	(698)
	-	9,702	9,702
Interest expense			
Adjustment reference (d)	-	1,686	1,686
Fair value (gains) losses on straightlining adjustment on investment property			
Adjustment reference (j)	-	52,300	52,300
Decrease (increase) in trade receivables and other financial assets at amortised cost			
Adjustment reference (p)	38,676	-	38,676
Trade and other payables			
Adjustment reference (p)	(93,224)	-	(93,224)
Adjustment (b)	-	1,850	1,850
Adjustment (d)	-	-	-
Inventories			
Adjustment (b)	-	(1,420)	(1,420)
Consumable biological assets			
Adjustment (a)	-	5,551	5,551
Net cash flow generated from operating activities	(54,548)	(4,749)	(59,297)
Cash flows from investing activities			
Adjustment (b) Purchase of property, plant and equipment	-	6,786	6,786
Cash flows from financing activities			
Adjustment (d) Interest paid	-	(1,686)	(1,686)
	(54,548)	351	(54,197)