

Expert Leasing Ltd

Financial statements

For the Year Ended

30 June 2020

EXPERT LEASING LTD
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for the year ended 30 June 2020

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Corporate Profile and Information as at 30 June 2020

Expert Leasing Ltd was incorporated as a private company on 21 January 2010 and was subsequently converted into a public company on 19 October 2010. Its activities reside in the provision of lease facilities. Expert Leasing Ltd is duly authorised by the Financial Services Commission to conduct the said activity.

Registered Office	ABC Centre Military Road Port Louis
Place of Business	2 nd Floor ABC Centre Military Road Port Louis
Contact details	Tel: 217 1888 Fax: 216-5616 Website: www.expertleasing.mu
Board of Directors	Mr. Joseph Anthony Tseung Sum Foi, <i>Non-Executive Chairman</i> Mr. James Lim Teng Chong, <i>Executive Director</i> Mrs. Valerie Ah-Chuen, <i>Non-Executive Director</i> Mr. Ah-Lan Lam Yan Foon, <i>Independent Director</i> Mr. Voon Yue Choon Wan Min Kce, <i>Independent Director</i>
Company Secretary and Share Registry	ABC Professional & Secretarial Services Ltd ABC Centre Military Road Port Louis
External Auditor	Deloitte 7th Floor, Standard Chartered Tower 19-21 Bank Street Cybercity Ebène 72201
Main Bankers	ABC Banking Corporation Ltd The Mauritius Commercial Bank Ltd

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Introduction

Expert Leasing Limited (the “Company”) is classified as a Public Interest Entity under the Financial Reporting Act 2004. The Board of Directors of the Company is committed to attaining and sustaining the highest standards of corporate governance with the objective of enhancing shareholders’ value whilst having regard to stakeholders at large. It believes that good governance is not only concerned with complying with the legal and regulatory requirements but also encompasses operating within the highest level of business ethics and applying same to the stewardship and supervision of the management of the Company by the Board of Directors.

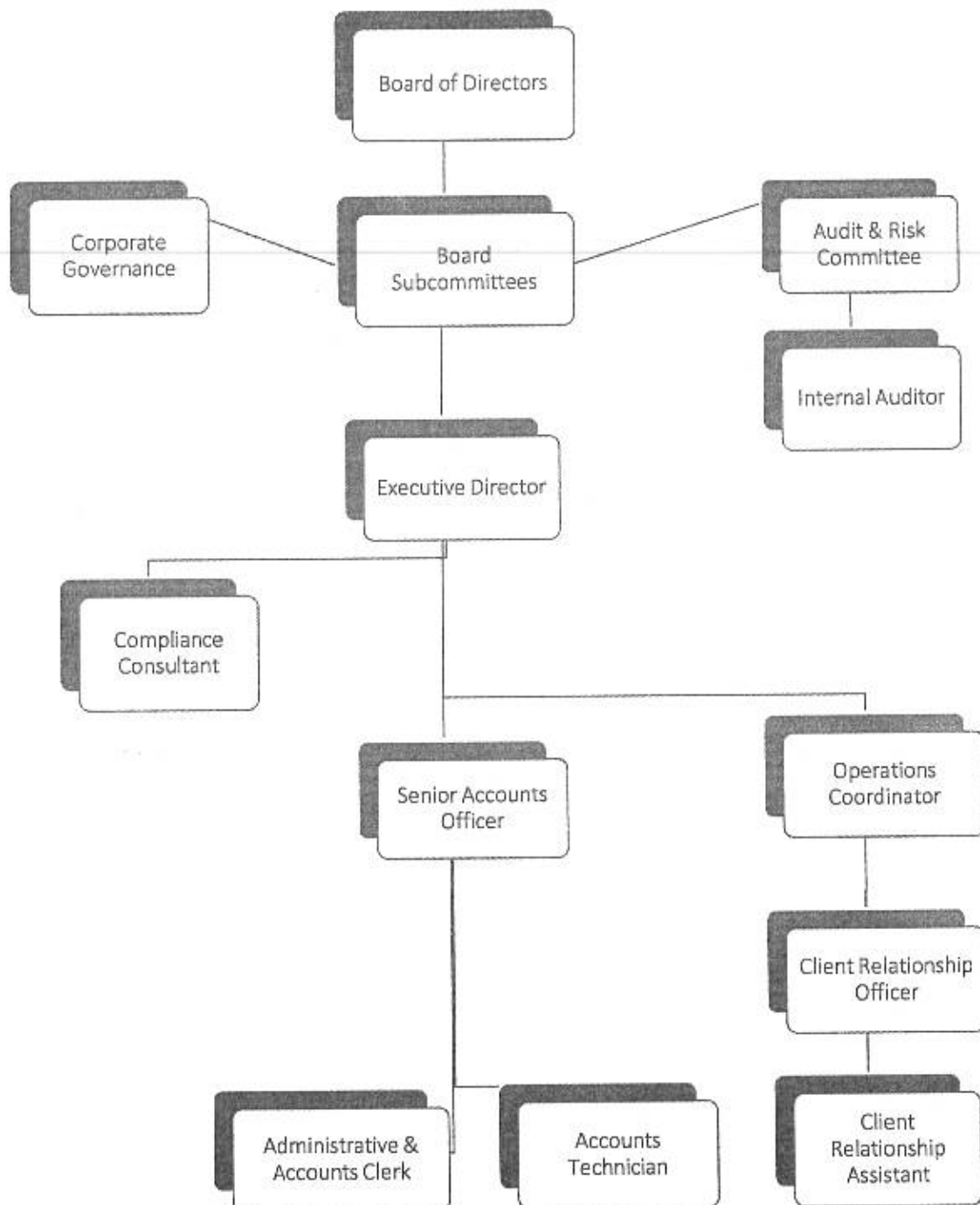
PRINCIPLE ONE - GOVERNANCE STRUCTURE

The Board of Directors is the link between the Company and its stakeholders and Board members are collectively responsible to lead and control the Company to enable it to attain its strategic objectives. In discharging its duties, the Board of Directors shall promote the best interests of the Company and consider the interests of other stakeholders.

The Company has a Board Charter which is available upon request made to the Company Secretary. As for the Code of Business Conduct and Ethics, same is available on the Company’s website.

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Organisational Chart



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Key Governance Responsibilities

Board of Directors

The Board of Directors is the Company's ultimate unitary decision-making body. The Board exercises leadership, entrepreneurship, integrity and sound judgement in directing the Company to achieve its objectives while ensuring performance. The Board also ensures that the activities of the Company comply with all legal and regulatory requirements.

Responsibilities of the Board are set out in its Charter which may be reviewed on a yearly basis or as and when required with the introduction of, or amendment to laws and regulations. The Board is collectively responsible and accountable for the affairs and overall performance of the Company. It ensures that proper systems and controls are in place to protect the Company's assets and its good reputation. It also determines the strategic direction of the Company and identifies key risk areas, monitors and evaluates the implementation of policies, plans and approves the Company's capital expenditure including investments and operating budgets.

Chairman of the Board

The Chairman provides leadership to the Board and ensures the smooth functioning thereof whilst encouraging the active participation of the members. He ensures that the Board is effective in its duties of setting out and implementing the Company's strategies.

Executive Director

The Executive Director is responsible for the day-to-day running of the Company's operations. He provides leadership and direction to Management and implements the plans and strategies of the business in line with the policies set by the Board.

Non-Executive Directors and Independent Directors

The Non-Executive and Independent Directors constructively challenge and contribute to the development of the Company's strategies and goals. They provide support to the Executive Director and monitor the progress of the agreed strategy within the risk and control framework set by the Board.

Company Secretary

Expert Leasing Ltd has a service agreement with ABC Professional & Secretarial Services Ltd ("ABCPS") for the provision of company secretarial services. ABCPS provides assistance and information on governance and corporate administration issues. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable laws and regulations are complied with. It also has primary responsibility for guiding the Board with regard to their duties and responsibilities.

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All directors have access to the advice and services of the Company Secretary who is responsible for providing guidance to the directors as to their duties, responsibilities and powers.

The Company Secretary is also responsible for taking accurate and precise Board minutes which are then submitted for approval at subsequent meetings. It acts as Secretary to all committees and the minutes of all committee meetings are tabled at Board meetings for the Board to take note of the deliberations and recommendations formulated by such committees.

The Company Secretary is also the primary channel of communication between the Company and its shareholders as well as the regulatory bodies.

ABCPS is represented by Mrs. Cindy Larose, *ACIS*. Mrs. Larose has more than 11 years' experience in the corporate secretarial field and is an Associate of the Institute of Chartered Secretaries and Administrators (*ICSA*). She is also a member of the MloD.

Board Committees

The Board of Directors is supported by two main sub-committees in its functions, namely Audit and Risk Committee and Corporate Governance Committee. The two Committees are headed by experienced Chairmen who report on their activities and make recommendations on matters delegated to them under their respective Charters at subsequent meetings of the Board. In order to fulfil the duties and responsibilities delegated to them, the Committees are authorised to obtain independent professional advice at the Company's expense.

The Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities and is also accountable for any other duties that may be designated by the Board from time to time.

The Corporate Governance Committee has been set up in order to advise the Board on Corporate Governance matters and to ensure that the Company complies with the requirements of the Code of Corporate Governance (the "Code").

More information on Board Committees are provided further below.

PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES

Board structure

The Company is led by an effective unitary Board which is the favoured structure for companies in Mauritius.

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Board Size

As at 30 June 2020, the Board was composed of five members consisting of one executive director, two non-executive directors and two independent directors. In view of the business scope and current activities of the Company, the Board is of opinion that one executive director, working in close collaboration with the Chairman, is sufficient. Consequently, no Chief Executive Officer ("CEO") has been appointed. The Executive Director is responsible for the day-to-day management of the Company and works in close collaboration with the Chairman.

All the directors are re-elected by separate resolutions at Annual Meeting of Shareholders of the Company.

Board Composition

As at 30 June 2020, the Board of directors of the Company was composed as follows

Name	Position
Mr. Joseph Anthony Tseung Sum Foi	Non-Executive Chairman
Mr. James Lim Teng Chong	Executive Director
Mrs. Valerie Ah-Chuen	Non-Executive Director
Mr. Voon Yue Choon Wan Min Kee	Independent Director
Mr. Ah-Lan Lam Yan Foon	Independent Director

The profiles of the directors as well as their directorships in other listed companies are set out on pages 9 to 11 of this Corporate Governance Report.

Board balance and diversity

The directors of the Company are all ordinarily resident of Mauritius.

The Board has a non-discrimination policy in its employment practices and endeavours to have representation at its senior governance position including disability, gender, sexual orientation, gender realignment, race, religion and belief. The Board believes that the current directors possess the appropriate expertise and knowledge to discharge their duties and responsibilities effectively and to meet the Company's business requirements. The Board currently has one female director.

Board Meetings

Board meetings are convened not less than 4 times a year and appropriate notice to the directors is given. Detailed agenda, as determined by the Chairman in conjunction with the Executive Director and Company Secretary, together with management reports and such other relevant papers are circulated in advance to the directors to allow for focused and informed deliberations at meetings. Urgent decisions are taken by way of written resolutions of the Board of Directors.

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During the year under review, the Board met 4 times and attendance by directors is set out on page 8 of this Corporate Governance Report.

Board Committees

The Board is supported by its two Committees which provide in-depth focus on specific areas and make recommendations on matters delegated to them encompassing internal control, financial reporting, governance, strategy and risk management. Each Committee has its own terms of reference which is approved by the Board and reviewed as and when necessary.

Audit and Risk Committee

The Audit and Risk Committee has been established by the Board to assist it in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and control processes, the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards. The Committee also provides a forum for discussing business risk and control issues and for developing relevant recommendations for consideration by the Board. It also monitors the role and scope of work of internal auditors and maintains an appropriate relationship with external auditors. The Committee has the authority to conduct investigations into any matter within its scope of responsibilities and to obtain such outside or other independent professional advice as it considers necessary to carry out its duties. The Committee normally meets on a quarterly basis. The Committee met five times during the year.

Members of the Audit and Risk Committee as at 30 June 2020:

Chairman:	Mr. Voon Yue Choon Wan Min Kee	Independent Director
Members:	Mrs. Valerie Ah-Chuen	Non-Executive Director
	Mr. Ah-Lan Lam Yan Foon	Independent Director

Corporate Governance Committee

The Corporate Governance Committee has been established by the Board to make recommendations to the Board on corporate governance provisions to be adopted so that the Company remains effective and complies with prevailing corporate governance principles. The Committee also makes recommendations to the Board on the appointment of new executive, non-executive and independent directors as well as senior management and advises on the composition of the Board in general. The Committee met one time during the year.

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Members of the Corporate Governance Committee as at 30 June 2020 were:

Chairman:	Mr. Ah-Lan Lam Yan Foon	Independent Director
Members:	Mr. Voon Yue Choon Wan Min Kee	Independent Director
	Mr. James Lim Teng Chong	Executive Director

Directors' attendance at Board and Committees' meetings during the financial year ended 30 June 2020

Directors	Board	Audit and Risk Committee	Corporate Governance Committee
TSEUNG SUM FOI Joseph Anthony (Chairman)	4 out of 4	N/A	N/A
AH-CHUEN Valerie	4 out of 4	4 out of 5	N/A
LAM YAN FOON Ah-Lan	4 out of 4	5 out of 5	1 out of 1
LIM TENG CHONG James	4 out of 4	N/A	1 out of 1
WAN MIN KEE Voon Yue Choon	4 out of 4	5 out of 5	1 out of 1

Internal Directorship

The internal directorship of the directors of the Company are disclosed below while their directorships in Listed companies where applicable are mentioned in their respective profile:

Name of directors	ABCAT	ABCCR	ABCM	ALT	CW	FLM	GHL
AH-CHUEN Valerie		○	○	○	○	○	○
LAM YAN FOON Ah-Lan	●		●		●		
TSEUNG SUM FOI Joseph Anthony	○						
WAN MIN KEE Voon Yue Choon	●		●				

Keys:

- : Director
- : Alternate Director
- ABCAT : ABC Autotech Ltd
- ABCCR : ABC Car Rental Limited
- ABCM : ABC MOTORS COMPANY LIMITED
- ALT : Aladdin Tours Ltd
- CW : Chue Wing & Company Limited
- FLM : Fleetleader (Mauritius) Ltd
- GHL : Good Harvest Limited

PRINCIPLE THREE – DIRECTOR APPOINTMENT PROCEDURES

Appointment and Re-election of Directors

The Corporate Governance Committee makes recommendations to the Board for the appointment of directors either to fill a casual vacancy or as an additional member of the Board.

Newly appointed directors are subject to election in their first year of appointment by the shareholders of the Company at its Annual meeting.

Induction and Orientation

On appointment to the Board, new directors receive a comprehensive induction pack and undergo an orientation programme. During the financial year, the Board reviewed the mechanism for the annual review of its own performance. The review and evaluation included an assessment of the Board's composition and independence, performance and effectiveness of the Board's responsibilities, maintenance and implementation of the Board's governance, relationship with management as well as an evaluation of its sub-committees. The Corporate Governance Committee was delegated the responsibility of conducting such appraisal to identify additional competencies and resources as appropriate to enable the Board to deliver its responsibilities more efficiently and effectively. Evaluation of financial and operational performance made by the directors has been satisfactory.

Professional Development

Directors of the Company are encouraged to follow continuous professional development courses/trainings to keep up to date with industry, legal and regulatory developments.

Succession Planning

The Board is committed to recognising and nurturing talents within executive and management levels across the Company to ensure that it creates opportunities to develop current and future leaders. No formal succession plans are in place in view of the current activities of the Company and its size but this aspect will be kept under review on an ongoing basis.

Profile of the Directors

Mr. Joseph Anthony Tseung Sum Foi – Non-Executive Chairman

Mr. Joseph Anthony Tseung Sum Foi is a Fellow member of the Association of Chartered Certified Accountants (ACCA) and has been the General Manager of the Automobile Cluster of the ABC Group since 2001. He previously occupied the posts of Audit and Systems Executive (1996 – 1998) and Finance and Systems Executive (1998 – 2001) within the Group. He has been appointed as Chief Operating Officer of ABC MOTORS COMPANY LIMITED since October 2017. He is currently the Chairman of the Company.

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His previous responsibilities were:

- Audit Senior with Kemp Chatteris & Touche, Chartered Accountants
- Supervisor with Kneller Davis & Co., Chartered Accountants – London
- Supervisor with De Chazal Du Mée & Co., Chartered Accountants
- Financial Controller of JM Goupille & Co. Ltd, Member of the Rogers Group
- Manager – C. I. M Limited, member of the Rogers G
- General Manager of C. I. M Limited and Galaxy Showrooms

Mrs. Valerie Ah-Chuen – Non-Executive Director

Mrs. Valerie Ah-Chuen currently holds the position of Strategic Manager at Speedfreight Ltd, one of the leading companies of the Shipping Cluster of ABC Group that is specialised in Freight Forwarding and Warehousing of goods. She holds a BBA (Bachelor of Business Administration) from the European University of Toulouse, France. She previously occupied the posts of Business Development Manager at Speedfreight Ltd, Marketing Executive of the Life Assurance Department of Good Harvest Limited (an accredited Agent of the Mauritius Union General Insurance) and Business Development Manager at ABC Capital Ltd.

Mr. James Lim Teng Chong – Executive Director

Mr. James Lim Teng Chong holds a Bachelor of Business from the University of Technology, Sydney and is a member of CPA Australia. He has previously worked as the General Manager of Good Harvest Limited, an accredited Agent of the Mauritius Union General Insurance and La Prudence Life Insurance. He has also worked as a Consultant at Price Waterhouse (Mauritius) and as a system accountant at the Banque National de Paris (Sydney), Australia.

Mr. Voon Yue Choon Wan Min Kee – Independent Director

Mr. Voon Yue Choon Wan Min Kee also known as Henri Wan is a Fellow member of the Institute of Chartered Accounts in England and Wales and reckons over 35 years of professional experience in practice and industry both in the UK and Mauritius. His experience is wide ranging and includes accountancy, taxation, auditing, training, consultancy, quality management system (ISO 9001:2008), risk management, legal and compliance matters, human resource management, business development and administration, finance management and mergers and acquisitions. During his career, he has worked with sole traders through to multi-national companies operating in various sectors of the economy.

He holds directorship in companies such as ABC Autotech Ltd and ABC MOTORS COMPANY LIMITED, a Company listed on Development Enterprise Market of the Stock Exchange of Mauritius ('SEM').

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Mr. Ah-Lan Lam Yan Foon – Independent Director

Mr. Ah-Lan LAM YAN FOON is a Fellow member of the Association of Chartered Certified Accountants. He worked for 10 years in an international firm of Chartered Accountants where he acquired experience in various sectors of the economy. Over 24 years, he worked for a leading Freight Forwarding and Shipping Organisation within Rogers Group where he held the position of Finance & Administration Director and subsequently acted as Managing Director for 6 years up to his retirement. During the period 2000-2016, he provided consultancy services in the various fields of Finance and Management.

Mr. Ah-Lan is the founder member of ACCA (Mauritius Branch) and was its President in 1988. He was awarded the Certificate of Recognition for Dedication and Commitment to the service of ACCA in 2004.

Mr. Ah-Lan was the first elected President of The Mauritius Red Cross Society (2007-2010) at national level. He is a member of the Chinese Chamber of Commerce and the Vice President of the Mauritius Economic Society (founded in 1962). He is also the Chairman of ABC Group Pension Fund.

Mr. Ah-Lan holds directorship in the following companies:

ABC Autotech Ltd, Chue Wing & Company Limited, Oriental Foods Limited, Speedfreight Ltd, ABC MOTORS COMPANY LIMITED (a company listed on the DEM Market of the Stock Exchange of Mauritius) and P.O.L.I.C.Y. Limited (a company listed on the Official Market of the Stock Exchange of Mauritius).

PRINCIPLE FOUR – DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

Legal Duties

The directors of the Company are aware of their legal duties and responsibilities as contained in the Mauritius Companies Act 2001. The directors observe and foster high ethical standards and affirm that they exercise their duties with a degree of care, skill and diligence.

Code of Business Conduct and Ethics

Expert Leasing Ltd has adopted a Code of Business Conduct and Ethics which encompasses the core values of the Company and the standard of dealings that the public at large can uncompromisingly expect. The Code is designed to help employees at all levels to understand their responsibilities, carry out their duties with due diligence, honesty and integrity, which are fundamental to the reputation and success of the Company. The Company has also a whistleblowing policy to encourage employees to freely communicate concerns about illegal, unethical or questionable practices that they may come across to Senior Management or Internal Auditor without fear of reprisal.

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Conflict of Interest

Directors must avoid instances that may give rise to conflicts of interest or which may be perceived by others as conflicting situations. Full information on any conflict or potential conflict of interest must be made known to the Board and recorded accordingly. The onus will be on the directors to advise the Board on any change in their situation.

On declaration of his interest, the concerned director shall not participate in the discussions and/or decision-making process on the transaction in relation to which conflict arises but may continue to be present unless the Chairman judges otherwise. The transaction may however be concluded and approved at market terms and conditions.

Conflict of Interest policy is available on the Company's website.

Information Technology and Information Security

The Board through its Audit and Risk Committee is responsible to oversee information governance within the Company and ensures that the performance of information technology (IT) systems lead to business benefits and create value. The Board ensures that information assets are managed effectively and has delegated to management the implementation of a framework on information technology and security governance. Management also ensures that the Company has adequate business reliance arrangements in place for business continuity.

During the year under review, much emphasis was put on business continuity. In that respect, we have successfully implemented our disaster recovery site which is fully operational as a hot site. Moreover, with the 'new normal' relating to COVID-19, IT has become one of the most vital tools to support the business; thus, we allowed employees to telecommute under very strict access control policies. To further enhance the security of our employees and business, we have reworked our telecommuting policy which will be enforced by October 2020.

IT Policies and Procedures

Policies and procedures allow management to communicate the way things should be done and IT policies and procedures are no exception. To this effect, the Company has put in place various IT policies such as access to and usage of the Company's IT facilities and administration and maintenance of IT hardware and systems amongst others that are aimed at maintaining and protecting the integrity of data and information from internal or external cyber-attacks and to ensure the smooth operations of the Company as per the adopted protocol. Likewise, the IT policies contribute in the overall increase in Company's productivity and performance, achieve greater efficiencies and positive return on investments in technology.

The Company has developed its IT policies based on universally accepted best practices and standards. The IT policies and procedures conform to the two main IT standards namely COBIT and ISO 27002:2013. COBIT is a framework for managing IT risk and was created by Information Systems Audit and Control Association (ISACA).

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Management is responsible for the effective implementation of the IT policies and procedures which are overseen by the Audit and Risk Committee. The effectiveness of the policies is also tested during the yearly audit exercise.

Board Information

The Chairman with the assistance of the Company Secretary ensures that directors receive all information necessary for them to perform their duties and that the Board is allocated sufficient time for consultation and decision-making.

Directors' and Officers' Indemnity and Insurance

The Company has contracted the Directors and Officers Liability Insurance in order to indemnify and keep indemnified the directors and officers against all actions, suits, claims and liabilities which may properly arise, occur or be sought against them in connection with the Company.

Board Evaluation and Development

The review and evaluation include an assessment of the Board's composition and independence, performance and effectiveness of the Board's responsibilities, maintenance and implementation of the Board's governance, relationship with management as well as an evaluation of its sub-committees.

An internal evaluation of the Board is conducted on an annual basis through a questionnaire whereby each Board member provides his feedback. The Corporate Governance Committee then evaluates such feedback and makes appropriate recommendations to the Board.

Directors are not evaluated on an individual basis given that the directors forming part of the Board have been appointed in light of their wide range of skills and competences acquired through their several years of working experience and professional background.

Statement of Remuneration Philosophy

The Company's remuneration philosophy is geared towards encouraging optimal performance on the part of every employee within the organization by rewarding efforts and merits as fairly as possible.

With regards to the directors, including Executive Director, their remuneration, on an aggregate basis, is taken up at the Corporate Governance Committee and ratified by the Board of Directors. The Executive Director is entitled to an annual performance bonus based on the financial results of the Company as well as on his individual contribution thereto.

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Directors are remunerated by way of attendance fees for each Board meeting attended by them. The Chairman is remunerated in a similar manner but at higher rates. In addition, directors who are also sub-committee members receive attendance fees for such meetings and the sub-committees' chairmen are remunerated at higher rates. Committee fees are approved by the Board upon the recommendation of the Corporate Governance Committee.

The Company strongly believes that the achievements and merits of high performing employees should be recognised and rewarded. In that respect, Management and staff are also assessed for the payment of an annual performance bonus.

The remuneration practices and salary levels of all employees are reviewed annually in the light of changes in the economy and in the cost of living, in the job content and the market in which the Company operates.

Directors' Attendance Fees

For the financial year ended 30 June 2020, the Executive, non-executive and independent directors were entitled to attendance fees totalling **Rs.236,800** (2019: Rs.216,400).

Remuneration of directors has not been disclosed on an individual basis due to the commercial sensitivity of the information.

Directors' interests and dealings in shares

The directors' interests in the capital of the Company as at 30 June 2020, were as follows:

Directors	Direct Shareholding	Indirect Shareholding
AH-CHUEN Valerie	Nil	1.67%
WAN MIN KEE Voon Yue Choon	Nil	Nil
LAM YAN FOON Ah-Lan	Nil	0.15%
LIM TENG CHONG James	Nil	0.28%
TSEUNG SUM FOI Joseph Anthony	Nil	0.62%

PRINCIPLE FIVE – RISK GOVERNANCE AND INTERNAL CONTROL

Risk Management

Risk Management is the process by which the Company identifies, monitors and treats its exposure to such risks which may arise from time to time from its business operations and its environment. The Company has identified its risks areas and has put in place a clear framework geared at achieving the Company's risk controls.

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Risks are managed within an established three lines of defence:

- Management Control
- Internal Audit independently reviews, monitors and appraises compliance with policies and procedures
- The Audit and Risk committee operates within a formal charter

While the Board is responsible for the overall risk management and internal control systems, the monitoring of the Company's risk management process has been delegated to the Audit and Risk Committee as per the terms of reference set out in its Charter. The Internal Auditor ensures that the system of internal control is operating to an acceptable standard and that the risk management policies in place are adequate in managing risks in a manner acceptable to the Board.

To be in line with the new legislations set out by the Financial Services Commission with respect to the Code on the Prevention of Money Laundering and Terrorist Financing in relation to Money Laundering, the Company has adopted several policies and implemented various procedures during the year under review. They are amongst others the Code of Business Conduct; Conflict of Interest; Whistle Blowing Policy; AML/CFT Policy; Customer Complaint Policy and Risk Assessment Policy.

CAYS Associates in its capacity as the Company's Internal Auditor, has the responsibility to constantly assess the quality of the business controls through the conduct of risk-based operational audits, inspection of financial reporting controls and compliance audits. The findings of the internal and external audits are reported at the Audit and Risk Committee, which is generally held on a quarterly basis. A representative of CAYS Associates is invited to attend meetings of the Audit and Committee as and when necessary.

Risk Management Framework

Risk is managed at various levels of the organisation. The Board establishes a governance structure as detailed below identifying any changes to the risk culture into the organisation and ensuring that management takes all steps required to address those changes.

The Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities and is responsible for any other functions as may be designated by the Board. The Audit and Risk Committee reports to the Board in respect of the management control and independent assurance provided by Internal Audit. ADS Consulting Ltd, Compliance Consultant, assists the Company for the implementation of policies.

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Management Control

The management takes ownership, responsibility and accountability for identifying and managing risk and control. They are responsible to:

- Identify, manage, mitigate and report on different risks in line with established risk management framework;
- Ensure operations are conducted within agreed policies and risk limits; and
- Report and escalate risk where appropriate.

Internal audit function

The internal audit function is independent from operations and finance, and is responsible to:

- Highlight control weakness and inefficiencies to management for corrective measures;
- Provide independent testing and verification of effectiveness of corporate standard and business line compliance; and
- Provide assurance that the risk management process is functioning as designed.

Risk Assessment and Audit Planning Approach – Objectives and Approach

Risk assessment is performed regularly at management level in line with the defined risk appetite. The audit plan is prepared following the risk assessment and addresses risks which could affect the strategic objectives of the Company.

Our risk management process has five key elements:

1. Map and anticipate main identifiable risks and regularly update assessments;
2. Prioritize them against the Company strategy and risk appetite;
3. Develop and implement policies and treatment plans;
4. Communicate key control objectives to management; and
5. Regularly check the effectiveness of the process.

PRINCIPLE SIX – REPORTING WITH INTEGRITY

Financial Reporting

The directors of the Company affirm their responsibilities for preparing the Annual Report and Financial Statements of the Company. The Board also considers that the Annual Report and the Financial Statements of the Company, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders and other key stakeholders to assess the Company's financial position, performance and outlook.

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Environmental Issues

The Company is involved in the provision of services and its operations do not materially impact on the environment. Nevertheless, it aims at improving its ecological footprint through a more responsible use of resources. During the year under review, the Company has taken the following measures:

- Installation of low energy consumption air conditioners and energy efficiency lighting;
- Switching off lights and equipment, when not in use; and
- Reducing paper waste.

Health and Safety

The wellbeing of our employees is of great importance. For the last three years, staff of the Company, as part of the ABC Group, have participated in the health week. Activities included were medical check-up, sight test and personal stress therapy amongst others.

The Financial Year 2019-2020 was a very challenging one, where the Company had to deal with an unprecedented workplace challenge brought along by the COVID-19. Protocols were enforced to implement all major decisions relating to employee safety and health. In that respect, pre-opening precautionary measures like fumigation of all our premises were implemented and a Safety Policy put in place to ensure a safe and smooth re-opening of our business operations.

Moreover, to assure the best level of service post COVID-19, individual rapid tests were carried out with the collaboration of the Ministry of Health and Quality of Life opened to all our employees on the 3rd week of June 2020. The employees were tested, and no positive cases of COVID-19 were recorded.

Furthermore, the Company promotes a safe working environment. The Company has implemented a health and safety framework to control such risks effectively and to prevent accidents in the workplace. Fire drills are conducted at least once a year and the newly recruited staffs are briefed on the fire evacuation procedures.

Social Reporting

A fair, equitable and transparent process is put in place so as to promote equal opportunities within the Company. Staff are encouraged to undertake further studies to continuously strengthen their skill level and early release from work are granted in this respect. The Company also participates in Youth Employment Program where young graduates are recruited, trained and eventually employed by the Company. Our work force currently comprises of 71% female staffs. Promotion is based on meritocracy and performance of each employee. An appraisal process is in place in that respect.

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Corporate Social Responsibility

Since 2013, the Corporate Social Responsibility programme of ABC Group is implemented under the aegis of the Sir Jean Etienne Moilin Ah-Chuen Foundation (referred to as “the Foundation”), which is entrusted to carry out the social mission of ABC Group.

Named after the founder of ABC Group, the Foundation is a not-for-profit entity that implements CSR projects of companies of the Group under one common programme. Since its inception, the Foundation has earmarked four areas of intervention, namely Community Empowerment, Education, Health & Sports and Environment.

In line with its commitment towards its social partners, the Foundation has disbursed Rs 1.9 million, which was primarily used to support NGOs and the community.

Community Empowerment

The participation of the Company in the empowerment and social development of local communities is one of the Foundation’s priorities. In this regard, the Foundation has partnered forces with its long-standing partners with the objective of empowering vulnerable communities and promoting inclusive growth.

Several households have been impacted by the COVID-19 pandemic albeit those already living below the poverty line. In this vein, the Foundation has joined forces with three key partners in a bid to provide assistance to vulnerable communities and alleviate their pain in these times of hardship, namely Lovebridge for the provision of in-kind help to beneficiary families living in poverty and to the SAFIRE, an NGO engaged in rehabilitating street-connected young people.

Moreover, the Foundation offered its support to SAREPTA, a voluntary community action, with the objective of aiding vulnerable families not registered on the Social Register of Mauritius and whose situation has been exacerbated by the COVID-19 pandemic.

The Foundation also reiterated its partnership with Caritas Ile Maurice for the School Feeding Project, which consists in the provision of breakfast to needy primary school children attending Emmanuel Anquetil Government School.

The Foundation also extended its support to SOS Children’s Village for its alternative residential care project and to Mouvement Pour le Progrès de Roche Bois for the social and empowerment support of out-of-school children and their parents.

Expert Leasing Ltd
Corporate governance report
For the year ended 30 June 2020

Education

Education is an enabler of economic and social development. In this context, the Foundation created the Sir Jean Etienne Moilin Ah-Chuen Foundation Scholarship Scheme, to allow full-time students coming from underprivileged backgrounds to pursue tertiary and vocational training in Mauritius.

Over the past year, the Foundation has granted 15 scholarships to deserving students enrolled in undergraduate courses at the University of Mauritius and 5 to students enrolled in technical training at the College Technique St Gabriel, a long-time partner of the Foundation that aims at democratising access to professional courses to needy children.

The Foundation also extended its support to Terrain for Interactive Pedagogy Through Arts (TIPA) for its interactive pedagogy programme in ZEP schools. Founded in 2007, TIPA supports the teaching of arts and the development of skills and values through the conduct of weekly creativity classes with the collaboration of teachers.

The Foundation also offered its support to Emmanuel Anquetil Government School for the purchase of equipment for the storage and distribution of drinking water.

Health & Sports

Sport is a powerful tool for social integration and has always been a core component of our business. Over the years, the Foundation and the ABC Group have partnered with several athletes that have brought Mauritian sport to new heights and who have garnered international recognition for their outstanding performances.

In this context, the Foundation renewed its partnership with the Trust Fund For Excellence in Sport, with the objective of supporting local athletes and contributing to their success in international competitions.

The Foundation has thus continued its partnership with the Magic Club de Quatre Bornes to support para-athlete and gold medallist Noemi Alphonse, who was Team Mauritius' flag-bearer during the Indian Ocean Islands' Games held in July 2019.

Besides, to further contribute to the promotion of social integration of people with disabilities, the Foundation reaffirmed its support towards the Global Rainbow Foundation. This NGO, which has a long-standing relationship with ABC Group, advocates for the inclusiveness and integration of persons with disabilities, and channels its venture towards the abilities of people, rather than their disabilities.

Expert Leasing Ltd
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For the year ended 30 June 2020

Environment

The COVID-19 pandemic has reminded us that the health of our planet and human health are intrinsically linked.

Indeed, the United Nations Sustainable Goals call for urgent action to combat climate change and its impacts, and for sustainable consumption and production patterns. The survival of the world, as we know it today, heavily depends on our capacity to protect nature and mitigate damages caused by human activity.

In keeping with our vision, Inspired for Future Generations, we firmly believe in sustainable development and aspire to offer a better world to generations to come.

In this regard, the Foundation reiterated its commitment towards We-Recycle, an NGO that collects and prepares PET plastic bottle waste for recycling, with the objective of making Mauritius a clean and plastic-free island.

Moreover, a ‘plogging’ activity that regrouped around 50 employees, was organised in September 2019, in collaboration with We-Recycle to raise awareness amongst staff.

Recycle bins also were installed across ABC Group in a bid to encourage staff to recycle at work and develop new habits in terms of waste management.

True to its commitment to protect the environment and endangered species, the Foundation reaffirmed its commitment towards the Mauritius Wildlife Foundation for its Echo Parakeet Conservation Programme.

The Foundation also extended its support to Association des Planteurs de Pandanus du Sud-Est, to encourage the production of reusable pandanus (vacoas) shopping bags, to help in reducing the use of plastic bags and, at the same time, promote local handicraft.

Social Issues / Employee Involvement

Since its creation in 2013, the Foundation has always encouraged employee involvement in its charitable and social actions.

In December 2019, the Foundation organised a Christmas Day for 149 needy children residing in the vicinity of Roche Bois and Camp Yolloff, with the support and participation of the Group’s Staff Welfare Committees.

The event saw the active participation of employees of the Group, who helped with the organisation and the distribution of presents collected during an internal gift donation campaign, to all 149 children.

PRINCIPLE SEVEN – AUDIT

Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Independent assurance is provided on the quality and effectiveness of internal control systems and processes, thus helping to protect the organisation and its reputation.

The Company has outsourced the internal audit function of the Company to CAYS Associates. The internal audit department operates within the framework of the Terms of Reference of the Audit and Risk Committee and in line with its approved audit plan. The Internal Auditor reports to the Audit and Risk Committee.

Annual audit plans are presented in advance to the Committee and are based on an assessment of risk areas performed by the internal auditor based on his discussions with senior management and the Executive Director of the Company and his own independent appreciation of the key risks the Company is exposed to.

The audit plan covers the areas of risks that may arise in the business activities of the Company. Audit reports submitted by CAYS Associates are circulated to the management and members of the Audit and Risk Committee. During the year under review, the scope of work of the internal audit covered the following major areas:

- Adequacy of the petty cash process regarding the transfer of ownership;
- Adequacy of the compliance procedures in respect of the KYC requirements for leasing application and credit rating;
- Adequacy of the preparation of the VAT return;
- Financial controls involved in the accounting cycle; and
- Compliance level in respect of the Leasing activities with relevant laws, regulatory framework and Licensing Conditions.

Audit reports together with follow up actions are normally presented on a quarterly basis to the Audit and Risk Committee. Management is responsible for acting on the findings of internal audit and implementing corrective actions in respect of the identified control weaknesses.

Thereafter, internal audit reviews management's actions in respect of the recommendations made and reports back on the effectiveness of the response through progress implementation reports. The internal audit process and management's response to the findings contribute to a continuous improvement culture in the Company's risk management approach.

Expert Leasing Ltd
Corporate governance report
For the year ended 30 June 2020

Audit

The role of the Audit and Risk Committee is defined under Principle 2.

External Audit

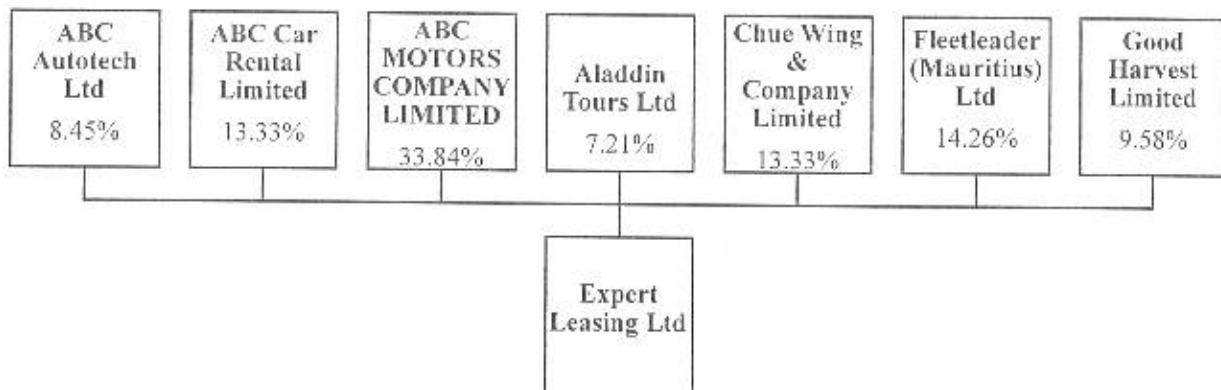
The Audit and Risk Committee is responsible for reviewing, with the External Auditors, before the audit commences, the auditors' letter of engagement, the terms, nature and audit scope and approach and ensure no unjustified restrictions or limitations had been placed on the scope. The External Auditors have direct access to the Committee should they wish to discuss any matters privately. The current Auditors are Deloitte and had been appointed since 04 November 2016.

Deloitte also carries out some additional services for the Company namely the review of the tax computations.

PRINCIPLE EIGHT – RELATIONSHIP WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Shareholders

As at 30 June 2020, the stated capital of the Company was made of 70,160 ordinary shares of no par value each amounting to Rs.70,160,000 and the voting shareholding structure was as follows:



List of shareholders holding more than 5% in the voting share capital of the Company as at 30 June 2020

ABC Autotech Ltd
 ABC Car Rental Limited
 ABC MOTORS COMPANY LIMITED
 Aladdin Tours Ltd
 Chue Wing & Company Limited
 Fleetleader (Mauritius) Ltd
 Good Harvest Limited

Expert Leasing Ltd
Corporate governance report
For the year ended 30 June 2020

Communication with Shareholders and Stakeholders

The Board of directors places great importance on transparency and optimal disclosure to Shareholders and hence ensures that Shareholders are kept informed on matters affecting the Company.

Dividend Policy

Payment of dividends is subject to the profitability of the Company, its cash flows and its capital expenditure requirements.

A Certificate of Solvency is signed by all the directors in accordance with the requirements of the Companies Act 2001 whenever a dividend is declared by the Board.

Share Option Plans

There are no share option plans.

Share Price Information

The Company's ordinary share capital consists of 70,160 unquoted ordinary shares of no par value amounting to Rs.70,160,000.

Management Agreement

The Company has not entered into any management agreement with third parties.

Related Party Transactions

For the related party transactions, please refer to Note 21 of the Financial Statements.

Website

The website of the Company has been redesigned and necessary disclosures as stipulated in the Code are posted as and when finalised.

Shareholders' Agreement

There is currently no shareholders' agreement affecting the governance of the Company by the Board.

Expert Leasing Ltd
Corporate governance report
For the year ended 30 June 2020

Calendar of Events

Statement of Financial Position Date	30 June
Annual Meeting of Shareholders	November 2020

Approved by the Board of Directors on 27 October 2020 and signed on its behalf by



Lam Yan Foon Ah-Lan
Chairman of the
Corporate Governance Committee



ABC Professional & Secretarial Services Ltd
Company Secretary
Per Cindy Larose, ACIS

STATEMENT OF COMPLIANCE

(Section 75 (3) of the Financial Reporting Act)

Name of Public Interest Entity (PIE): Expert Leasing Ltd

Reporting Period: Year ended 30 June 2020

We, the directors of Expert Leasing Ltd, confirm that to the best of our knowledge, the Company has complied with all of its obligations and requirements under the National Code of Corporate Governance 2016 in all material respects.

27 October 2020



.....
Joseph Anthony Tseung Sum Foi
Chairman



.....
James Lim Teng Chong
Executive Director

Other Statutory disclosures

Nature of business

The principal activity of the Company is to provide leasing facilities.

Particulars of entries in the Interests register

No entry was made in the Interests Register of the Company.

Directors' Service Contracts

None of the Directors has a service contract with the Company. The formalisation of same was under consideration and would be addressed during the next financial year.

Directors' Remuneration

During the financial year ended 30 June 2020, the total emoluments paid to executive, non-executive and independent directors were Rs.2,071,540.

Directors of the Company

The directors of the Company as at 30 June 2020 were as follow:

Mr. Joseph Anthony Tseung Sum Foi (*Chairman*)
 Mr. James Lim Teng Chong
 Mrs. Valerie Ah-Chuen
 Mr. Ah-Lan Lam Yan Foon
 Mr. Voon Yue Choon Wan Min Kee

External Audit Fees

Fees payable to Deloitte, external auditor of the Company, for the financial year ended 30 June 2020 were as follows:

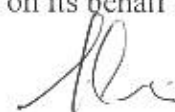
	2020 Rs.	2019 Rs.
Audit Services	247,500	225,000
Other Services*	17,500	16,500
Total	265,000	241,500

**Other services in 2020 pertain to review of tax computation for the Company.*

Approved by the Board of Directors on 27 October 2020 and signed on its behalf by:



Joseph Anthony Tseung Sum Foi
Chairman



James Lim Teng Chong
Executive Director

Secretary's Certificate

(pursuant to section 166(d) of the Mauritius Companies Act 2001)

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, for the financial year ended 30 June 2020, all such returns as are required of the Company under Mauritius Companies Act 2001.



.....
ABC Professional & Secretarial Services Ltd

Company Secretary

Per Cindy Larose, ACIS

27 October 2020

Directors' Statement of Responsibilities

The directors are responsible for the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Financial Reporting Act 2004, International Financial Reporting Standards (IFRS) and Mauritius Companies Act 2001.

Company law requires the directors to prepare financial statements for the year ended 30 June 2020 which give a true and fair view of the financial position of the Company and the financial performance and cash flows of the Company for that year. In preparing the annual financial statements, the directors have:

- prepared the financial statements on a going-concern basis;
- maintained adequate accounting records;
- made judgements and estimates that are reasonable and prudent;
- selected suitable accounting policies and applied them consistently;
- stated whether applicable accounting standards have been followed, subject to any material departures explained in the financial statements; and
- safeguarded the assets of the Company by maintaining accounting and internal control systems that are designed to prevent and detect fraud and errors.

Approved by the Board of Directors on 27 October 2020 and signed on its behalf by:



Joseph Anthony Tseung Sum Foi
Chairman



James Lim Teng Chong
Executive Director

Independent auditor's report to the Shareholders of Expert Leasing Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Expert Leasing Ltd** (the "Company" and the "Public Interest Entity") set out on pages 31 to 71, which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for opinion

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

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company other than in our capacities as auditor and tax advisor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other information

The directors are responsible for the other information. The other information comprises the corporate profile and information, corporate governance report, other statutory disclosures, secretary's certificate and statement of director's responsibilities, but does not include the financial statements and our auditor's report thereon.

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

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

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations for non-compliance with any requirement of the Code. From our assessment of the disclosures made on Corporate Governance in the annual report, the Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Responsibilities of directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Independent auditor's report to the Shareholders of
Expert Leasing Ltd (Cont'd)**

Responsibilities of directors for the Financial Statements (cont'd)

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

This report is made solely to the Company's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Deloitte

Chartered Accountants

27 October 2020



L. Yeung Sik Yuen, ACA

Licensed by FRC

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

	Notes	2020 Rs	2019 Rs
Assets			
Plant and equipment	3(a)	47,086,394	53,127,875
Intangible asset	3(b)	56,932	92,286
Right-of-use assets	3(c)	723,483	-
Net finance lease receivables	4	98,951,934	98,256,267
Total non-current assets		146,818,743	151,476,428
Net finance lease receivables	4	47,345,600	49,126,299
Trade and other receivables	5	819,563	2,043,280
Cash and cash equivalents	6	3,719,769	1,098,458
Total current assets		51,884,932	52,268,037
Total assets		198,703,675	203,744,465
Capital and reserves			
Stated capital	7	70,160,000	70,160,000
Retained earnings		9,172,226	7,022,743
Total equity		79,332,226	77,182,743
Liabilities			
Borrowings	8	84,694,758	72,391,650
Deferred tax liabilities	9 (c)	1,423,692	1,700,942
Retirement benefit obligations	10	357,982	92,116
Lease liabilities	12	553,483	-
Total non-current liabilities		87,029,915	74,184,708
Bank overdraft	6	4,999,235	-
Lease liabilities	12	221,481	-
Trade and other liabilities	11	11,709,062	17,872,466
Borrowings	8	14,961,354	34,088,329
Tax liability	9 (d)	450,402	416,219
Total current liabilities		32,341,534	52,377,014
Total liabilities		119,371,449	126,561,722
Total equity and liabilities		198,703,675	203,744,465

These financial statements have been approved for issue by the Board of Directors on 27 OCT 2020.

Name

Signature

Lim Teng Chong James

Tiong Sun Fui Joseph Anthony




The notes set out on pages 35 to 71 form part of these financial statements.
Auditor's report is on pages 29 and 30.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Notes	2020 Rs	2019 Rs
Rental income		17,586,875	17,648,607
Interest income	14(a)	13,323,694	12,602,657
Interest expense	13	(6,256,737)	(7,388,962)
Operating income		24,653,832	22,862,302
Other operating income	14(b)	1,791,347	1,572,002
Net operating income		26,445,179	24,434,304
Net loss allowance on financial assets	4, 5	(206,034)	(197,269)
Personnel expenses	15	(4,528,965)	(3,650,136)
Depreciation and amortisation	3	(13,703,471)	(13,265,478)
Other operating expenses	16	(3,544,030)	(3,423,732)
		(21,982,500)	(20,536,615)
Profit before taxation		4,462,679	3,897,689
Taxation	9(a)	(774,360)	(638,370)
Profit for the year		3,688,319	3,259,319
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of retirement benefit obligations	10	(163,416)	(20,241)
Income tax relating to items that will not be reclassified subsequently to profit or loss	9(a)	27,780	3,441
Other comprehensive loss for the year		(135,636)	(16,800)
Total comprehensive income for the year		3,552,683	3,242,519

The notes set out on pages 35 to 71 form part of these financial statements.
Auditor's report is on pages 29 and 30.

EXPERT LEASING LTD
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2020

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	Notes	Stated capital Rs	Retained earnings Rs	Total Rs
At 1 July 2018		55,160,000	4,773,104	59,933,104
Issue of shares	7	15,000,000	-	15,000,000
Profit for the year		-	3,259,319	3,259,319
Other comprehensive loss for the year		-	(16,800)	(16,800)
Total comprehensive income for the year		-	3,242,519	3,242,519
Dividend paid	17	-	(992,880)	(992,880)
At 30 June 2019		<u>70,160,000</u>	<u>7,022,743</u>	<u>77,182,743</u>
At 1 July 2019		70,160,000	7,022,743	77,182,743
Profit for the year		-	3,688,319	3,688,319
Other comprehensive loss for the year		-	(135,636)	(135,636)
Total comprehensive income for the year		-	3,552,683	3,552,683
Dividend paid	17	-	(1,403,200)	(1,403,200)
At 30 June 2020		<u>70,160,000</u>	<u>9,172,226</u>	<u>79,332,226</u>

The notes set out on pages 35 to 71 form part of these financial statements.
Auditor's report is on pages 29 and 30.

EXPERT LEASING LTD
STATEMENT OF CASH FLOWS
for the year ended 30 June 2020

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	Note	2020 Rs	2019 Rs
Cash flows from operating activities			
Profit before taxation		4,462,679	3,897,689
<i>Adjustments for:</i>			
Depreciation and amortisation		13,703,471	13,265,478
Loss allowance		206,034	197,269
Interest expense		6,256,737	7,388,962
Interest income		(13,323,694)	(12,602,657)
Profit on disposal of plant and equipment		(143,639)	(583,916)
Retirement benefit obligations		102,450	40,422
Cash generated from operating activities		11,264,038	11,603,247
Movements in working capital:			
Decrease/(increase) in trade and other receivables		478,550	(374,860)
(Decrease)/increase in trade and other liabilities		(6,163,404)	4,933,019
Cash generated from operations		5,579,184	16,161,406
Interest paid		(6,177,617)	(7,388,962)
Interest received		13,323,694	12,602,657
Income tax and CSR paid		(989,647)	(1,011,812)
Net cash generated from operating activities		11,735,614	20,363,289
Cash flows from investing activities			
Purchase of plant and equipment and intangible asset		(11,957,790)	(27,242,274)
Investment in finance leases		(57,149,000)	(65,941,060)
Proceeds from disposal of plant and equipment		4,715,954	10,881,559
Lease repayment		58,773,164	54,338,028
Net cash used in investing activities		(5,617,672)	(27,963,747)
Cash flows from financing activities			
Proceeds from issue of share capital		-	15,000,000
Additional loan		22,993,055	65,059,303
Repayment of borrowed funds		(29,816,921)	(70,657,722)
Repayment of lease liability		(268,800)	-
Dividend paid		(1,403,200)	(992,880)
Net cash (used in)/generated from financing activities		(8,495,866)	8,408,701
Net (decrease)/increase in cash and cash equivalents		(2,377,924)	808,243
Cash and cash equivalents at beginning of year		1,098,458	290,215
Cash and cash equivalents at end of year	6	(1,279,466)	1,098,458

The notes set out on pages 35 to 71 form part of these financial statements.
Auditor's report is on pages 29 and 30.

1. General information

Expert Leasing Ltd (the "Company") was incorporated on 21 January 2010. The Company's principal activity is to provide leasing solutions, both finance and operating, for the use or purchase of vehicles or equipment.

Expert Leasing Ltd is a public company incorporated and domiciled in the Republic of Mauritius. Its registered office is at ABC Centre, Military Road, Port Louis, Mauritius.

2.1 Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the requirements of the Mauritius Companies Act 2001 and Financial Reporting Act 2004.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

(c) Functional and presentation currency

The financial statements are presented in Mauritian Rupees (Rs) which is also the Company's functional currency.

2.2 Significant accounting policies

(a) Leases

Accounting policies applied before 1 July 2019

The Company as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases

Amounts due from lessees under finance leases are recognised in the statement of financial position and are presented as a receivable at an amount equal to the net investment in the leases.

Under a finance lease, substantially all the risks and rewards incidental to legal ownership are transferred by the Company, and thus the lease payment receivable is treated by the Company as repayment of principal and finance income.

Initial direct costs such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease, but excluding general overheads, are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the finance lease receivable.

2.2 Significant accounting policies

(a) Leases (Continued)

Accounting policies applied before 1 July 2019 (continued)

Finance leases (Continued)

The recognition of finance lease income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the leases.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Operating Leases

The Company as lessor

Assets held under operating leases are recognised in the statement of financial position according to the nature of the asset.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Company aims to allocate lease rental income (excluding receipts for services provided such as insurance and maintenance) over the lease term and use benefit even if the receipts are not on such a basis.

The depreciation policy used for the depreciable leased assets is consistently applied to the Company's similar asset category.

The Company as lessee

Operating lease payments are charged to profit or loss on a straight line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Accounting policies applied after 1 July 2019

The Company has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17.

The Company as lessee

The Company assessed whether a contract is or contains a lease at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangement in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

(a) Leases (Continued)

Accounting policies applied after 1 July 2019 (continued)

The Company as lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease term has changed or there is a significant event or change in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

(a) Leases (Continued)

Accounting policies applied after 1 July 2019 (continued)

The Company as lessee (continued)

If a lease transfer of ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Plant and Equipment' policy.

The Company as lessor

The Company enters into lease agreements as a lessor with respect to its motor vehicles. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance lease are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

(b)(i) Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and to bringing the asset to a working condition for its intended use.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

2.2 Significant accounting policies (continued)

(b)(i) Plant and equipment (continued)

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment.

The depreciation rates for the current and comparative years are as follows:

• Motor Vehicles (under operating leases)	up to 7 years
• Computer Equipment	3 years
• Office furniture	10 years
• Motor Vehicles (owned)	5 years

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(b)(ii) Intangible asset

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to profit or loss on a straight-line basis. The annual amortisation rate used for the purpose is as follows:

Software licences 33%

Amortisation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate.

(c) Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Company become party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value depending on the classification of the financial assets.

2.2 Significant accounting policies (continued)

(c) Financial instruments (continued)

Classification of financial assets

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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

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

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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.

2.2 Significant accounting policies (continued)

Financial instruments (continued)

Amortised cost and effective interest method (continued)

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 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.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivable and trade receivables. 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 Company always recognises lifetime ECL for lease receivable and trade receivable. The expected credit losses on these financial assets are based on the Company's historical credit loss experience, adjusted for the existence of collateral and other general economic conditions.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instruments has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instruments at the reporting date with the risk of a default occurring on the financial instruments at the date of initial recognition. In making this assessment, the Company 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 Company presumes that the credit risk on a financial instruments has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instruments is determined to have low credit risk at the reporting date. A financial instruments is determined to have low credit risk if:

- The financial instruments has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business condition in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes part due.

2.2 Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors in full.

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit impaired 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 that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) Significant financial difficulty of the issuer or the borrower;
- (b) A breach of contract, such as a default or past due event;
- (c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) The disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company 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.

2.2 Significant accounting policies (continued)

(c) Financial instruments (continued)

Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company 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.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not

- (i) contingent consideration of an acquirer in a business combination,
- (ii) held-for-trading, or
- (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.2 Significant accounting policies (continued)

(d) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss had been recognised.

(e) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(f) Taxation

Taxation comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and they probably will not reverse in the foreseeable future;
- and taxable temporary differences arising on the initial recognition of goodwill.

2.2 Significant accounting policies (continued)**(f) Taxation (continued)**

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be recognised simultaneously.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added taxes except:

- where the value added taxes incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added taxes recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Corporate Social Responsibility (CSR)

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility is regarded as a tax and is therefore subsumed with the income tax recognised in the profit loss and the income tax liability on the statement of financial position.

The CSR charge for the current year is measured at the amount expected to be paid to Mauritian tax authorities. The CSR rate used to compute the amount are those charged or substantively enacted by the reporting date.

(g) Retirement benefit obligations*Retirement benefit*

The present value of retirement benefit obligations relates to gratuities on retirement in respect of Workers Rights Act 2019. The gratuities at the end of the reporting period is recognised as non-current liability.

For retirement benefit obligations, remeasurement, comprising of actuarial gains and losses, is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Current service cost and net interest cost is recognised in profit or loss.

2.2 Significant accounting policies (continued)

(g) Retirement benefit obligations (continued)

State pension plan

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

(h) Revenue recognition

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Other income

Other income includes management fees and unearned interest which is recognised on an accrual basis.

(i) Related parties

Related parties are individuals and companies where the individuals or companies have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the management entity that provide key management personnel services to the Company. An entity is related to a reporting entity if both of them are members of the same group or one of them is either an associate or joint venture of the other entity. Related party can also arise if the entity is a past employment benefit plan for the employee of the reporting entity.

(j) Expenses

All expenses are recognised in profit or loss on an accrual basis.

(k) Functional currency

Functional and presentation currency

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of the Company are expressed in Mauritian Rupees ("Rs"), which is the functional currency of the Company, and the presentation currency for the financial statements.

Transactions and balances

Transactions in foreign currencies are translated to Mauritian Rupees at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities outstanding at year end are translated to Mauritian Rupees at the rates of exchange ruling at the reporting date. Exchange differences arising on the transaction of assets and liabilities are dealt with in profit or loss.

(l) Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government Wage Assistance Scheme (GWAS) was introduced in March 2020 and was given during the months of lockdown. GWAS meets the definition of government grants under IAS 20.

2.2 Significant accounting policies (continued)

(l) Government grants (continued)

Government Wage Assistance Scheme (GWAS) are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate and are deducted in reporting the related expenses.

(m) Covid-19 levy

The Government introduced the Covid-19 levy after the GWAS. The Covid-19 levy is an obligating event arising upon the making of the taxable profit. If the Company is profitable in the next year of assessment, the GWAS will be considered as a refund to the Mauritius Revenue Authority. The Covid-19 levy is recognised in profit or loss on a systematic basis over the periods in which the Company has recognised the GWAS and is included in the administrative expenses line item.

2.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2.2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.3.1 Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Significant increase in credit risk

IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Company takes into consideration the repayment capacity of the lessee.

2.3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

2.3 Critical accounting judgements and key sources of estimation uncertainty (continued)

2.3.2 Key sources of estimation uncertainty (continued)

Calculation of loss allowance

The Company recognises a loss allowance for expected credit losses on net finance lease receivables and trade receivables. 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.

Discount rate used to determine the carrying amount of retirement benefit obligations

The determination of the Company's defined benefit obligation depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to the mid rates of the Mauritian government bond market proposed by Mauritius Commercial Bank Ltd as at 29 June 2020. The sensitivity of those amounts to changes in discount rate is disclosed in note 10.

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

In the current year, the Company have applied all of the relevant new and revised standard and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 July 2019.

2.4.1 New and revised IFRSs that are effective for the current year

Impact of initial application of IFRS 16- Leases

In the current year, the Company has applied IFRS 16-Leases (effective as from 1 January 2019) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2019. The transition provisions of IFRS 16 allow an entity not to restate comparatives. IFRS 16 was adopted without restating comparative information. The Company have elected to apply the transition provision and not restating the comparatives.

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatment for both lessors and lessees. IFRS 16 supersede the current lease guidance under IAS 17 Leases and the related interpretations when it becomes effective. The change in definition of a lease mainly relates to the concept of control. Controls exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset; and the right to direct the use of that asset.

In preparation for the first-time application of IFRS 16, the Company has assessed the impact of this standard on the financial statements and details of these new requirements as well as their impact on the Company's financial statements are described below.

(a) Classification and measurement

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

2.4 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.4.1 New and revised IFRSs that are effective for the current year (continued)

Impact of initial application of IFRS 16 - Leases (continued)

(a) Classification and measurement (continued)

Nature of the effect of adoption of IFRS 16

The Company has lease contracts for its office properties. Before the adoption of IFRS 16, the Company classified its lease (as lessee) at the inception date as an operating lease. In an operating lease, the leased properties were not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term.

Under adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets.

The Company recognised right-of-use assets and lease liabilities for all leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for these leases were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using an incremental borrowing rate of 9% at the date of initial application.

Table of changes in classification of the Company's financial assets upon application of IFRS 16:

	IFRS 16 application Rs
Operating lease commitments as at 30 June 2019	<u>551,040</u>
Weighted average incremental borrowing rate as at 1 Jul 2019	<u>9%</u>
Effect of Discounted operating lease commitments at 1 Jul 2019	<u>(49,594)</u>
Effect of extention	<u>462,618</u>
Right-of-use/ Lease liabilities as at 1 July 2019	<u>964,064</u>

2.4 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**2.4.2 Other new and revised IFRSs that are effective but with no material effect on the financial statements**

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 12	Income Taxes - Amendments resulting from Annual Improvements to IFRS Standards 2015-2017 Cycle (income tax consequences of dividends)
IAS 19	Employee Benefits - Amendments regarding plan amendments, curtailments or settlements
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities
IFRIC 23	Uncertainty over Income Tax Treatments

2.4.3 New and revised IFRSs and IFRICs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant new and revised standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of Financial Statements - Amendments regarding the definition of material (effective 1 January 2020)
IAS 1	Presentation of Financial Statements - Amendments regarding the reclassification of liabilities (effective 1 January 2023)
IAS 1	Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments (effective 1 January 2023)
IAS 8	Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material (effective 1 January 2020)
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 asset for its intended use (effective 1 January 2022)
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022)
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification (effective 1 June 2020)
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)

Management anticipates that these IFRSs will be applied on their effective dates in future periods. Management have not yet assessed the potential impact of the application of these amendments.

Notes to and forming part of the financial statements
for the year ended 30 June 2020

3 (a) Plant and equipment

	Computer Equipment Rs	Office Furniture Rs	Motor Vehicles Rs	Total Rs
COST				
At 1 July 2018	497,601	469,848	89,531,980	90,499,429
Additions	285,395	29,600	26,927,279	27,242,274
Disposals	-	-	(29,476,578)	(29,476,578)
At 30 June 2019	782,996	499,448	86,982,681	88,265,125
Additions	29,900	89,150	11,808,500	11,927,550
Disposals	-	-	(17,640,668)	(17,640,668)
At 30 June 2020	812,896	588,598	81,150,513	82,552,007
ACCUMULATED DEPRECIATION				
At 1 July 2018	400,382	104,330	40,622,176	41,126,888
Charge for the year	130,771	49,409	13,009,117	13,189,297
Disposals	-	-	(19,178,935)	(19,178,935)
At 30 June 2019	531,153	153,739	34,452,358	35,137,250
Charge for the year	132,053	55,166	13,209,497	13,396,716
Disposals	-	-	(13,068,353)	(13,068,353)
At 30 June 2020	663,206	208,905	34,593,502	35,465,613
NET BOOK VALUES				
At 30 June 2020	149,690	379,693	46,557,011	47,086,394
At 30 June 2019	251,843	345,709	52,530,323	53,127,875

Motor vehicles include motor vehicles under operating leases with lease terms of 2 to 7 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.

	<u>Cost</u> Rs	<u>Accumulated depreciation</u> Rs	<u>2020 Net book value</u> Rs	<u>2019 Net book value</u> Rs
Motor vehicles (operating leases)	80,457,613	33,900,602	46,557,011	52,530,323

Rental income earned by the Company from motor vehicles under operating leases is Rs 17,586,875 (2019: Rs 17,648,607). There were no expenses attributable directly to motor vehicles under operating leases.

Disclosure required by IFRS 16

Maturity analysis of operating lease payments receivable:

	<u>2020 Rs</u>
Year 1	13,174,962
Year 2	9,604,294
Year 3	7,055,868
Year 4	4,010,245
Year 5	891,146
Year 6 and onwards	-
	<u>34,736,515</u>

3 (a) Plant and equipment (continued)**Disclosure required by IAS 17**

At the end of the reporting year, the Company has contracted with lessees the following future rentals:

	2019 Rs
Within one year	15,329,563
In the second to fifth years	26,464,984
	<u>41,794,547</u>

A review of the carrying amount of plant and equipment has been carried out by the directors. In their opinion, there is no objective evidence of impairment.

3 (b) Intangible asset

	Software Rs
COST	
At 1 July 2018	1,013,300
Additions	-
At 30 June 2019	1,013,300
Additions	30,240
At 30 June 2020	<u>1,043,540</u>
ACCUMULATED AMORTISATION	
At 1 July 2018	844,833
Charge for the year	76,181
At 30 June 2019	921,014
Charge for the year	65,594
At 30 June 2020	<u>986,608</u>
NET BOOK VALUE	
At 30 June 2020	<u>56,932</u>
At 30 June 2019	<u>92,286</u>

The directors are of the opinion that apart from amortisation, no impairment is required for software.

3 (c) Right-of-use assets

	Building Rs
COST	
Recognised at 1 July 2019 on adoption of IFRS 16	964,644
At 30 June 2020	<u>964,644</u>
ACCUMULATED DEPRECIATION	
At 30 July 2019	-
Charge for the year	241,161
At 30 June 2020	<u>241,161</u>
NET BOOK VALUE	
At 30 June 2020	<u>723,483</u>

The Company leases building with average lease term of 4 years with extension options. The maturity analysis of the lease liability is included in Note 12.

4 Net finance lease receivables

	2020	2019
	Rs	Rs
Undiscounted lease payments analysed as:		
Recoverable after 12 months	47,830,583	49,780,336
Recoverable within 12 months	100,023,005	99,697,416
	<u>147,853,588</u>	<u>149,477,752</u>
Net investment in the lease analysed as:		
Recoverable after 12 months	47,345,600	49,126,299
Recoverable within 12 months	98,951,934	98,256,267
	<u>146,297,534</u>	<u>147,382,567</u>

The Company entered into finance leasing arrangements as a lessor for motor vehicles with lease term up to 7 years.

The average lease term is 5 years and the interest rate ranges between 8.25%-12% (2019: 8.25%-12%) per annum on finance leases and is fixed at the contract date for the entire lease term.

Disclosure required by IFRS 16

	2020
	Rs
Amounts receivable under finance leases:	
Year 1	7,155,135
Year 2	7,612,191
Year 3	11,319,966
Year 4	21,743,291
Year 5	39,820,954
Onwards	60,202,052
Present value of lease payments receivable	<u>147,853,588</u>
Impairment loss allowance	<u>(1,556,054)</u>
Net investment in the lease	<u>146,297,534</u>

The following table presents the amounts included in profit or loss.

	2020
	Rs
Finance income on the net investment in finance leases	<u>13,300,074</u>

Disclosure required as per IAS 17

	Minimum lease payments	Present value of minimum lease payments
	2019	2019
	Rs	Rs
Amounts receivable under finance leases:		
Within one year	49,780,336	49,780,336
In the second to fifth years inclusive	124,432,773	99,697,416
	174,213,109	149,477,752
Less: future finance charges	<u>(24,735,357)</u>	<u>-</u>
Present value of lease obligations	<u>149,477,752</u>	<u>149,477,752</u>

Notes to and forming part of the financial statements
for the year ended 30 June 2020

4 Net finance lease receivables (continued)

Disclosure required as per IAS 17 (continued)

(a) Movement during the year

	2020 Rs	2019 Rs
At 1 July	149,477,752	137,874,720
Leases granted	57,149,000	65,941,060
Capital repayments	(58,773,164)	(54,338,028)
	<u>147,853,588</u>	<u>149,477,752</u>
Less: Loss allowance	(1,556,054)	(2,095,186)
At 30 June	<u>146,297,534</u>	<u>147,382,566</u>

The unguaranteed residual values of assets under finance leases at the end of the reporting period are estimated at Rs 3,080,248 (2019: Rs 3,118,047).

(b) Impairment of finance lease receivables

Before granting lease to clients, the Company uses a credit scoring system to assess the potential client's credit quality and profile. Upon satisfactory scoring and submission of all necessary documents, the lease is granted.

The directors estimate the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime ECL. In estimating the loss allowance, the directors take into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with its collateral value and whether the finance lease receivables are past due. The Company has recognised a loss allowance of 100% against all finance lease receivables over 90 days past due.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

The following is a reconciliation of the allowances for the uncollectible lease payment receivable on net finance lease receivables:

	2020 Rs	2019 Rs
At 1 July	2,095,186	1,750,111
(Decrease)/increase in loss allowance recognised in profit or loss during the year	<u>(539,132)</u>	<u>345,075</u>
At 30 June	<u>1,556,054</u>	<u>2,095,186</u>

4 Net finance lease receivables (continued)**(b) Impairment of finance lease receivables (continued)**

The following table details the risk profile of finance lease receivables based on past due status.

30 June 2020	Not past due	<30 days	31-60 days	61-90 days	>90 days	Total
		Rs	Rs	Rs	Rs	Rs
Carrying amount	146,297,534	300,208	601,380	302,321	352,147	147,853,589
Expected credit loss rate	*	100%	100%	100%	100%	
Lifetime ECL	-	300,208	601,380	302,321	352,147	<u>1,556,055</u>
30 June 2019	Not past due	<30 days	31-60 days	61-90 days	>90 days	Total
		Rs	Rs	Rs	Rs	Rs
Carrying amount	147,382,567	1,846,974	130,604	63,602	54,006	149,477,752
Expected credit loss rate	*	100%	100%	100%	100%	
Lifetime ECL	-	1,846,974	130,604	63,602	54,006	<u>2,095,186</u>

* The expected credit loss rate for not past due receivables have been assessed immaterial due to the existence of collateral and has not been accounted for.

5 Trade and other receivables

	2020	2019
	Rs	Rs
Trade receivables	1,064,034	985,684
Loss allowance	<u>(745,166)</u>	<u>-</u>
	318,868	985,684
Other receivables	25,466	536,283
Prepayments	<u>475,229</u>	<u>521,313</u>
	<u>819,563</u>	<u>2,043,280</u>

Trade receivables are non-interest bearing and are generally on 30 days' terms. Other receivables are non interest bearing and are generally on 30-90 days' term.

The Company always measure the loss allowance for trade receivables at an amount equal to lifetime ECL.

The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors. The Company has recognised a loss allowance of 100% against all trade receivables that are past due. At 30 June 2020, there were no past due trade receivables balance.

5 Trade and other receivables (Continued)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. There has been no write off of trade receivables in the current year.

The following table details the risk profile of trade receivables based on past due status. The COVID 19 Outbreak has caused extensive disruptions to business around the globe and, on 11 March 2020, was labelled as a pandemic by World Health Organisation. The COVID 19 outbreak increased the amount of past due debtors at reporting date and the expected credit loss.

30 June 2020	Not past due	<30 days	31-60 days	61-90 days	>90 days	Total
		Rs	Rs	Rs	Rs	Rs
Carrying amount	318,867	121,476	121,476	121,476	380,740	1,064,034
Expected credit loss rate	*	100%	100%	100%	100%	
Lifetime ECL	-	121,475	121,476	121,476	380,740	745,166
30 June 2019	Not past due	<30 days	31-60 days	61-90 days	>90 days	Total
		Rs	Rs	Rs	Rs	Rs
Carrying amount	985,684	-	-	-	-	985,684
Expected credit loss rate	*	100%	100%	100%	100%	
Lifetime ECL	-	-	-	-	-	-

* The expected credit loss rate for not past due receivables have been assessed immaterial due to the existence of collateral and has not been accounted for.

Movement in loss allowance

	2020	2019
	Rs	Rs
At 1 July	-	147,806
Net remeasurement of loss allowance	745,166	-
Amounts recovered	-	(147,806)
	745,166	-

Notes to and forming part of the financial statements
for the year ended 30 June 2020

6 Cash and cash equivalents

	2020 Rs	2019 Rs
Cash in hand and at banks	3,719,769	1,098,458
Bank overdraft	(4,999,235)	-
	<u>(1,279,466)</u>	<u>1,098,458</u>

The Company earns interest on its cash at banks at fluctuating rates based on daily bank deposit rates. The bank overdraft facility with MCB Ltd is secured by floating charges over the assets of the Company.

7 Stated capital

	2020 Rs	2019 Rs
<u>Issued and fully paid</u>		
At 1 July	70,160,000	55,160,000
Issue of ordinary shares	-	15,000,000
At 30 June	<u>70,160,000</u>	<u>70,160,000</u>
	Number of shares	
	2020	2019
<u>Reconciliation of number of shares</u>		
At 1 July	70,160	55,160
Issue of ordinary shares	-	15,000
At 30 June	<u>70,160</u>	<u>70,160</u>

Fully paid ordinary shares of Rs 1,000 each. The ordinary shares have voting rights and have equal share in dividends and distribution of surplus assets of the Company.

8 Borrowings

	2020 Rs	2019 Rs
Loan from related party (note a)	-	20,000,000
Bank loans (note b)	99,552,617	86,156,986
Interest Payable (note a)	103,495	322,993
	<u>99,656,112</u>	<u>106,479,979</u>

- (a) Unsecured loan payable to related party, ABC Motors Company Limited, borne a fixed interest rate of 6.00% and 6.75% per annum and was repaid in June 2020.
- (b) Secured by a floating charge over the Company's assets and Corporate Guarantee provided by ABC Motors Company Limited. The loans bear interest at MCB PLR plus 0.5% and 0.3% and are repayable by monthly instalment up to May 2025 and July 2027 respectively.

8 Borrowings (continued)

	2020	2019
	Rs	Rs
Current liabilities	14,961,354	34,088,329
Non-current liabilities	84,694,758	72,391,650
	<u>99,656,112</u>	<u>106,479,979</u>

9 Taxation**(a) Income tax**

Income tax is calculated at the rate of 15% (2019: 15%) on the profit as adjusted for tax purposes and CSR charge which is calculated at the rate of 2% (2019: 2%) on the chargeable income of the preceeding year.

	2020	2019
	Rs	Rs
<u>Tax expense</u>		
Income tax charge	910,606	835,378
Adjustment from last year corporate tax	6,036	-
Overprovision of CSR	(5,000)	-
CSR contribution	112,188	91,908
Deferred tax movement during the year	(249,470)	(288,916)
Income tax expense charged to profit or loss	<u>774,360</u>	<u>638,370</u>
Deferred tax recognised in other comprehensive income	<u>(27,780)</u>	<u>(3,441)</u>

(b) Reconciliation of the total tax charge

A reconciliation between the tax expense and the accounting profit multiplied by the domestic statutory tax rate for the years ended 30 June is as follows:

	2020	2019
	Rs	Rs
Profit before taxation	4,462,679	3,897,689
At effective income tax rate of 17% (2019: 17%)	758,655	662,607
<i>Tax effects of:</i>		
Disallowed expenses	28,596	2,079
Non-taxable income	(3,665)	(6,840)
Deferred tax rate differential on CSR	(121,414)	(111,384)
CSR contribution	112,188	91,908
Tax expense	<u>774,360</u>	<u>638,370</u>

Notes to and forming part of the financial statements
for the year ended 30 June 2020

9 Taxation (continued)

(c) Deferred tax liabilities

	2020 Rs	2019 Rs
At 1 July	1,700,942	1,993,299
Movement during the year (note 9(a))	(249,470)	(288,916)
Deferred tax recognised in other comprehensive income	(27,780)	(3,441)
At 30 June	<u>1,423,692</u>	<u>1,700,942</u>

Deferred tax liabilities are analysed as follows:

Accelerated capital allowance	1,875,757	2,072,783
Retirement benefit obligations	(60,857)	(15,659)
Loss allowance on finance lease receivables and trade receivables	(391,208)	(356,182)
	<u>1,423,692</u>	<u>1,700,942</u>

(d) Current tax liability:

	2020 Rs	2019 Rs
At 1 July	416,219	500,745
Adjustment from last year corporate tax	6,036	-
Overprovision of CSR	(5,000)	-
Current tax expense	910,606	835,378
CSR contribution	112,188	91,908
Tax paid in respect of CSR contribution	(91,301)	(86,672)
Tax paid in respect to last year corporate tax	(417,255)	(494,491)
Tax paid under APS	(481,091)	(430,649)
At 30 June	<u>450,402</u>	<u>416,219</u>

(e) Corporate Social Responsibility Fund

	2020 Rs	2019 Rs
At 1 July	11,490	6,254
Charge for the year	112,188	91,908
Paid during the year	(102,791)	(86,672)
At 30 June	<u>20,887</u>	<u>11,490</u>

10 Retirement benefit obligations

The Company's retirement benefit obligations relate to gratuities on retirement payable under the Workers Rights Act 2019. The figures are based on the report submitted by Feber Associates for the year ended 30 June 2020.

(a) Amount recognised in the statement of financial position

	2020 Rs	2019 Rs
Present value of obligations	<u>357,982</u>	<u>92,116</u>

Notes to and forming part of the financial statements
for the year ended 30 June 2020

10 Retirement benefit obligations (continued)

(b) Amount recognised in statement of profit or loss and other comprehensive income:

	2020	2019
	Rs	Rs
Current service cost	92,898	38,348
Net interest cost	5,315	2,074
Past Service Cost	4,237	-
Net cost for the year recognised in profit or loss	102,450	40,422
Remeasurement recognised in OCI	163,416	20,241
Net cost for period	265,866	60,663

(c) Net interest cost for the year:

	2020	2019
	Rs	Rs
Interest on obligations	5,315	2,074

Remeasurement recognised in Other Comprehensive Income for the year:

Actuarial losses on the obligations	(163,416)	(20,241)
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(d) Changes in the present value of the obligation

	2020	2019
	Rs	Rs
At 1 July	92,116	31,453
Interest cost	5,315	2,074
Current service cost	92,898	38,348
Past Service cost	4,237	-
Expected obligation at end of the year	194,566	71,875
Present value of obligation at end of the year	357,982	92,116
Remeasurement recognised in other comprehensive income	(163,416)	(20,241)

(e) Principal actuarial assumptions used for accounting purposes were:

	2020	2019
Normal Retirement Age	65	65
Discount rate	2.14%-3.12%	4.34%-6.01%
Expected rate of return on plan assets	0.00%	0.00%
Future salary increases	4.00%	5.00%
Future pension increases	0.00%	0.00%
Future NPF salary increases	0.00%	0.00%
Deferred pension increases	0.00%	0.00%
Annual proportion of employees leaving service	0% up to age 40, decreasing to 0% at 45 and nil	
Actuarial table for employee mortality	PMA92_PFA92	

10 Retirement benefit obligations (continued)**(f) Experience adjustments on:**

	2020	2019
	Rs	Rs
Plan liabilities	<u>37,092</u>	<u>(2,715)</u>

(g) Movements in liability recognised in statement of financial position

	2020	2019
	Rs	Rs
Net liability at start of period	92,116	31,453
Net expenses recognised in profit or loss	102,450	40,422
Net actuarial losses recognised in OCI	163,416	20,241
	<u>357,982</u>	<u>92,116</u>

(h) Sensitivity

Significant actuarial assumptions for the determination of defined obligation are discount rate, salary increase assumption and changing longevity. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Effect on present value of obligations	
	2020	2019
	Rs	Rs
Decrease due to 1% increase in discount rate	294,331	54,264
Increase due to 1% decrease in discount rate	503,810	147,440
Increase due to 1% increase in salary increase assumption	481,914	135,482
Decrease due to 1% decrease in salary increase assumption	266,541	62,824
Effect of changing longevity - rate up	350,413	87,902
Effect of changing longevity - rate down	<u>365,098</u>	<u>96,076</u>

The sensitivity presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There were no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The average duration of the retirement benefits at 30 June 2020 is 4.1 years (2019 : 3.6 years).

This can be analysed as follows:

- Members: 33.9 years (2019: 34.2 years)
- Non-members: Nil (2019 :Nil years)

Notes to and forming part of the financial statements
for the year ended 30 June 2020

11	Trade and other liabilities	2020	2019
		Rs	Rs
	Trade creditors	8,343,000	14,180,000
	Other payables	3,366,062	3,692,466
		<u>11,709,062</u>	<u>17,872,466</u>

Terms and conditions of the above financial liabilities:

- Trade creditors are non-interest bearing and are normally settled on 15-30 days terms.
- Other payables are non-interest bearing and have an average term of 6 months.

Included in trade and other liabilities are balances amounting to Rs 10,831,393 (2019: Rs14,695,442) payable to related parties (note 21).

12 Lease Liabilities

	2020
	Rs
<i>Maturity analysis:</i>	
Year 1	189,680
Year 2	221,481
Year 3	256,967
Year 4	296,516
	<u>964,644</u>

The lease liabilities as at 30 June 2020 amounts to Rs 774,964 and future finance charges amounts to Rs 189,680.

	2020
	Rs
Analysed as:	
Non-current	553,483
Current	221,481
	<u>774,964</u>
<i>Amounts recognised in the statement of profit or loss</i>	
Interest expense on lease liability	<u>79,120</u>

13 Interest expense

	2020	2019
	Rs	Rs
Interest charge on:		
Lease liabilities	79,120	-
Borrowings (Note 8)	6,177,617	7,388,962
	<u>6,256,737</u>	<u>7,388,962</u>

Notes to and forming part of the financial statements
for the year ended 30 June 2020

14 Interest income and other operating income

	2020	2019
	Rs	Rs
(a) <i>Interest Income</i>		
Finance leases	13,300,074	12,557,494
Bank balance	23,620	45,163
	<u>13,323,694</u>	<u>12,602,657</u>
(b) <i>Other operating income</i>		
Cancellation fee	243,363	192,336
Management fee	1,404,345	795,750
Profit on disposal of motor vehicles	143,639	583,916
	<u>1,791,347</u>	<u>1,572,002</u>

15 Personnel expenses

	2020	2019
	Rs	Rs
Wages and salaries	4,109,709	3,383,113
Movement in employee benefits	102,450	40,422
Others	316,806	226,601
	<u>4,528,965</u>	<u>3,650,136</u>

16 Other operating expenses

	2020	2019
	Rs	Rs
Legal and professional fees	1,110,631	681,640
Motor vehicle expenses and insurance	527,606	560,951
Licences	135,000	135,000
General insurance	120,164	120,308
Rent	20,750	219,000
Penalty Charges	-	55,223
Others	1,629,880	1,651,610
	<u>3,544,030</u>	<u>3,423,732</u>

17 Dividend

	2020	2019
	Rs	Rs
Dividend declared and paid for the financial year ended 30 June 2020 being Rs 20.00 per share (2019: Rs18.00 per share)	<u>1,403,200</u>	<u>992,880</u>

Notes to and forming part of the financial statements
for the year ended 30 June 2020

18 Reconciliation of liabilities arising from financing activities

	Opening balance	Financing cash flows	Other non- cash movements	Closing balance
2020				
Borrowings	106,479,979	(6,823,866)	-	99,656,113
Lease liability	964,644	(268,800)	-	695,844
	<u>107,444,623</u>	<u>(7,092,666)</u>	<u>-</u>	<u>100,351,957</u>
2019				
Borrowings	<u>112,078,398</u>	<u>(5,598,419)</u>	<u>-</u>	<u>106,479,979</u>

The cash flows from bank loans and loan from related party make up the net amount of proceed from borrowings and repayments of borrowings in the statement of cash flows.

19 Categories of financial instruments

Set out below is the categories of the Company's financial instruments that are carried in the financial

2020	Carrying amount	
	Financial Assets	Financial Liabilities
	Rs	Rs
At amortised cost		
Cash and cash equivalents	3,719,769	-
Net finance lease receivables	146,297,534	-
Trade and other receivables	344,334	-
Trade and other liabilities	-	11,600,861
Bank Overdraft	-	4,999,235
Lease liabilities	-	774,964
Borrowings	-	99,656,112
	<u>150,361,637</u>	<u>117,031,172</u>
Financial assets and financial liabilities excludes the following:		
Prepayments	475,229	-
Value added Tax	-	73,928
NPF and PAYE	-	30,707
Tax deducted at source	-	3,566
	<u>475,229</u>	<u>108,201</u>
2019	Carrying amount	
	Financial Assets	Financial Liabilities
	Rs	Rs
At amortised cost		
Cash and cash equivalents	1,098,458	-
Net finance lease receivables	147,382,566	-
Trade and other receivables	1,033,980	-
Trade and other liabilities	-	17,840,766
Borrowings	-	106,479,979
	<u>149,515,004</u>	<u>124,320,745</u>

19 Categories of financial instruments (continued)

	Carrying amount	
	Financial Assets	Financial Liabilities
	Rs	Rs
Financial assets and financial liabilities excludes the following		
Prepayments	521,313	-
Value added Tax	487,987	-
NPF and PAYE	-	30,798
Tax deducted at source	-	902
	1,009,300	31,700

20 Financial risk management objectives and policies**Introduction**

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to interest risk, credit risk, liquidity risk, and market risk. It is also subject to operating risk. The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Company's strategic planning process.

The Company's principal financial liabilities comprise of trade and other liabilities and borrowings. These together with the Company's financial assets such as net finance lease receivables, trade and other receivables and cash and cash equivalents, arise directly from its operations.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

The Board of Directors as well as the Company's senior management is responsible for understanding both the nature and level of risks taken by the entities and how the risk relates to adequate capital levels. The Board is also responsible for the overall risk management approach and approving the risk strategies and principles.

Management

Management oversees the day to day operations and is responsible for the independent control of risks, including monitoring the risk exposures.

Notes to and forming part of the financial statements
for the year ended 30 June 2020

20 Financial risk management objectives and policies (continued)

(a) Interest rate risk

The Company adopts a policy of ensuring that most of its exposure to changes in interest rates on borrowings is both on a fixed and floating rate basis.

Interest rate profile

		2020	2019
		Rs	Rs
Borrowings	MCB PLR plus 0.5%	99,552,617	86,156,986
Borrowings	Fixed rate 6.00% and 6.75%	-	20,000,000
Cash and cash equivalent	Fluctuating rate 2% and 3%	3,719,769	1,098,458
Finance lease receivables	Fixed rate 8.25% - 12%	146,297,534	147,382,566
		<u>249,569,920</u>	<u>254,638,010</u>

Interest rate sensitivity analysis

At 30 June 2020, if the prime lending rate had been 0.5% higher/lower, profit after tax would have been Rs 479,164 (2019: Rs 425,293) lower/higher, mainly because of higher or lower interest expense.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at 30 June 2020, the Company's Maximum exposure to credit risk without taking into account any collateral held which will cause a financial loss to the Company due to failure to discharge an obligation by counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

In order to minimise credit risk, the Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate to mitigate the risk of financial loss from defaults. The Company has established a credit quality review process to provide early identification of possible changes in the credit worthiness of counterparties with the result that the Company's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Company.

Furthermore, the Company reviews the recoverable amount of each Trade Receivable and Lease Receivable on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Company consider that the Company's credit risk is significantly reduced.

As at 30 June 2020, an amount of Rs 2,301,221 (2019: Rs2,095,186) has been estimated as a loss allowance in accordance with IFRS 9. A provision for impairment on financial assets of Rs 206,935 (2019: Rs 197,269) has been recognised in profit or loss, see note 4 and 5.

20 Financial risk management objectives and policies (continued)

(d) Fair values

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Except where stated elsewhere in the financial statements, the directors are of opinion that the carrying amounts approximate the fair values of the financial assets and liabilities due to its commercial term. The following methods and assumptions were used to estimate the fair values.

(i) Short-term maturity financial instruments

Cash and cash equivalents, trade and other receivables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(ii) Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they are first recognised with current market rates offered for similar instruments. The estimated fair value of fixed-interest-bearing finance leases is based on discounted cash flows using the prevailing money-market interest rates for debts issued with similar credit risk and maturity.

(e) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order, to maintain or adjust the capital structure, the Company may adjust the amounts of dividend to shareholders, return on capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 30 June 2020 and 2019 were as follows:

	2020 Rs	2019 Rs
Total borrowings	99,656,112	106,479,979
Less cash and cash equivalents	(3,719,769)	(1,098,458)
Net debt	95,936,343	105,381,521
Total equity	79,332,226	77,182,743
Total capital	175,268,569	182,564,264
Gearing ratio	55%	58%

(f) Foreign currency risk

Since all financial assets and liabilities are denominated in Mauritian Rupees (MUR), the Company is not exposed to foreign currency risk.

20 Financial risk management objectives and policies (continued)**(b) Credit risk (continued)**

The table below shows the maximum exposure to credit risk for the components of the statement of financial position. The maximum exposure is shown gross.

	Past due but not impaired			Past due and impaired	Total
	Less than 30 days	30-60 days	60-90 days	Rs	Rs
Trade and other receivables	281,800	28,867	8,852	745,167	1,064,685
Net finance lease receivables	146,297,534	-	-	1,556,055	147,853,589
Cash and cash equivalents	3,719,769	-	-	-	3,719,769
At 30 June 2020	150,299,103	28,867	8,852	2,301,222	152,638,043
Trade and other receivables	950,899	34,785	-	-	985,684
Net finance lease receivables	147,382,566	-	-	2,095,186	149,477,752
Cash and cash equivalents	1,098,458	-	-	-	1,098,458
At 30 June 2019	149,411,266	34,785	-	2,095,186	151,561,894

The gross maximum exposure to net investment in finance leases is disclosed in note 4 to the financial statements.

20 Financial risk management objectives and policies (continued)**(c) Liquidity risk**

The Company's main objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

The table below summarises the maturity profile of the Company's financial liabilities at 30 June 2020 and 2019 based on contractual undiscounted payments.

	At 30 June 2020					
	On demand Rs	Less than 3 months Rs	3 to 12 months Rs	1 to 5 years Rs	Over 5 years Rs	Total Rs
Trade and other liabilities	-	8,343,000	3,257,861	-	-	11,600,861
Borrowings	-	1,567,730	13,393,624	78,086,814	6,607,944	99,656,112
Total Undiscounted financial liabilities	-	9,910,730	16,651,485	78,086,814	6,607,944	111,256,973
At 30 June 2019						
	On demand Rs	Less than 3 months Rs	3 to 12 months Rs	1 to 5 years Rs	Over 5 years Rs	Total Rs
Trade and other liabilities	-	14,180,000	3,660,766	-	-	17,840,766
Borrowings	-	3,654,713	30,433,616	72,391,650	-	106,479,979
Total Undiscounted financial liabilities	-	17,834,713	34,126,082	72,391,650	-	124,320,745

21 Related party disclosures

The following table provides the total amount of transactions, which have been entered into with related parties for the year ended 30 June 2020.

	2020		2019	
	Corporate shareholders with significant influence	Enterprise with common control	Corporate shareholders with significant influence	Enterprise with common control
	Rs	Rs	Rs	Rs
<u>Outstanding balances</u>				
<u>Assets</u>				
Net finance lease receivables	753,270	1,088,396	1,462,530	679,050
Trade and other receivables				
- Interest receivable on finance lease	686	279	1,144	-
- Amount owed by related party	10,000	256,183	65,574	99,034
Cash and cash equivalents				
- Bank balance	3,714,769	-	-	474,511
<u>Liabilities</u>				
Trade and other liabilities				
- Amount owed to related party	10,727,898	-	13,908,064	464,385
Borrowings	-	-	20,000,000	-
- Interest payable	103,495	-	322,993	-
<u>Transactions during the year</u>				
<u>Income</u>				
Rental income	111,540	382,084	1,897,369	255,696
Front end fees	1,480	1,100	-	-
Interest on Finance Lease	90,590	72,147	148,960	61,514
Other income	865,000	-	725,000	-
<u>Expense</u>				
Secretarial fees	-	180,000	-	168,000
Interest expense	961,458	-	3,275,588	-
Penalty charges	-	-	55,223	-
Pension/Insurance contribution	-	307,130	-	310,980
CSR contribution	28,046	-	45,953	-
Rent expenses	289,550	-	219,000	-
Electricity charges	3,516	60,217	-	107,913
HR fees	-	294,000	-	276,000

21 Related party disclosures (continued)

	2020		2019	
	Corporate shareholders with significant influence Rs	Enterprise with common control Rs	Corporate shareholders with significant influence Rs	Enterprise with common control Rs
<i><u>Transactions during the year (continued)</u></i>				
Communication fees	-	66,000	-	68,400
Security expenses	42,000	-	39,870	-
IT expenses	211,171	450	87,964	11,850
Bank charges/fees	-	-	-	-
Motor vehicle running expenses	396,159	17,290	473,240	-
Acquisition of office equipment	21,750	-	-	-
Acquisition of motor vehicles	9,530,237	-	23,723,235	1,870,041
Loan receipt and repayment	20,000,000	-	15,000,000	-
			2020	2019
			Rs	Rs
Key management personnel remuneration			2,402,765	1,935,079

Terms and conditions of transactions with related parties

The transactions with related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2020, the Company has not recorded any impairment of receivables relating to amounts owed by the related parties. 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.

22 COVID 19

The recent global outbreak of Coronavirus ("COVID-19") has caused significant volatility within the economic markets, for which the duration and spread of the outbreak and the resultant impact is uncertain and cannot be predicted. This has directly or indirectly impacted the Company's activities by interrupting and disrupting business and transactional activities. COVID-19 has not had a material impact on the results and affairs of the Company for the current year.