NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

1 SIGNIFICANT ACCOUNTING POLICIES

General information

The principal activity of the Company is investment holding. The principal accounting policies applied in the preparation of these financial statements, are set out below. These policies apply to the Group and Company, and have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

In the separate financial statements, Currimjee Jeewanjee and Company Limited is referred to as the "Company" whereas the consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS except for IFRS 9 for one of its subsidiaries, Island Life Assurance Co. Ltd (ILA) which meets the criteria for eligibility of a temporary exemption from the application of IFRS 9 until 2023. The exemption is only eligible at ILA level and the financial statements of the Group should have been prepared applying IFRS 9 to all entities in the Group. The financial statements also comply with the Mauritian Companies Act 2001. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings, investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

During the year, the Group and the Company made a profit of **Rs 91,035,000** (2020 – Rs 200,385,000) and **Rs 153,135,000** (2020 - Rs 988,991,000) respectively. At the statement of financial position date, the Group and the Company's current liabilities exceeded their current assets by **Rs 707,706,000** (2020 - Rs 3,069,121,000). In 2020 the Company's current liabilities exceeded its current assets by **Rs 1,177,835,000** while in 2021, current assets exceeded its current liabilitites by Rs 102,739,000.

The financial statements have been prepared on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future and depends on the continued support of the Group's bank. The Group has stress tested its cash flows forecast for 2022 and 2023 and has taken some major decisions so as to be able to meet its obligations in the short term.

(a) *Critical accounting estimates and assumptions*

The Group and Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

• Post-employment benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. Critical assumptions are made by the actuary in determining the present value of retirement benefit obligations. These assumptions are set out in Note 25.

• Estimate of recoverable amount of investments in subsidiaries

The recoverable amount of investments in some subsidiaries has been determined based on value in use calculations and fair value less costs to sell. These calculations require the use of estimates, including discounted cash flows based on management's expectations of future revenue growth, operating costs and profit margins for each subsidiary. The bases of these calculations are set out in note 14.

• Life assurance fund (Note 23) - estimates of future benefit payments under the long-term insurance contracts

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the actuary. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The actuary bases these estimates on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the actuary's own experience. The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums. The main source of uncertainty is that epidemics such as AIDS and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed to longevity risk.

Long-term business technical provisions are computed using statistical or mathematical methods. The computations are made by the Group's actuaries on the basis of recognised actuarial methods, with due regard to the actuarial principles laid down by the law and by actuarial best practices. The methodology takes into account the risks and uncertainties of the particular classes of long-term business written and the results are certified by the actuaries undertaking the valuations.

For long-term insurance contracts with fixed and guaranteed terms, estimates are made in two stages. Estimates of future deaths, voluntary terminations, investment returns and administration expenses are made at the inception of the contract and form the assumptions used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract. New estimates are made each subsequent year in order to determine whether the previous liabilities are adequate in the light of these latest estimates. If the liabilities are considered adequate, the assumptions are not altered. If they are not adequate, the assumptions are altered ('unlocked') to reflect the best estimate assumptions.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Critical accounting estimates and assumptions (Continued)

• Life assurance fund (Note 23) - estimates of future benefit payments under the long-term insurance contracts (Continued)

The reasonableness of the estimation process of future benefit payments is tested by an analysis of sensitivity under several different scenarios. The analysis enables the Group to assess the most significant assumptions and monitor the emerging variations accordingly.

Liabilities in relation to death and disability benefits are amortised by reinsuring the yearly sums at risk above the retention limit against payment of respective reassurance premiums. The sensitivity analysis has been disclosed in Note 3(d).

• Provision for asset retirement obligation

In one of the Group's subsidiaries the directors have estimated the costs of dismantling, removing antennas and restoring the leased sites to their original conditions which have been provided in full in the financial statements. This assumes that the effect of the inflationary increase on the costs will be minimised on discounting such costs to their present values. These assumptions and the sensitivity analysis are set out in Note 26.

• Fair value estimates of property, plant and equipment

The fair value at 31 December 2021 comprises the best estimate of market value by independent valuations performed by external property valuers. The best evidence of fair value is the current price in an active market for similar properties as set out in Note 10.

• Fair value estimates of investment properties

The fair value at 31 December 2021 comprises the best estimate of market value by independent valuations performed by external property valuers. The best evidence of fair value is the current price in an active market for similar properties, please refer to Note 11.

• Income taxes

The Group is subject to income taxes at an average tax rate **17%** (2020 – 17%). Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. The Group has a current tax receivable of **Rs 93.4 million** (2020 - Rs 93.4 million), please refer to Note 9(a)(ii) and Note 18.

• Fair value of financial instruments

For financial instruments traded in active markets, the determination of fair values of financial assets is based on quoted market prices. This includes listed equity securities and quoted debt instruments on major stock exchanges. The quoted market price used for financial assets held by the Company is the current bid prices.

If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. The sensitivity analysis is set out on Note 2.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying value of trade receivables and trade payables are assumed to approximate their fair values.

(b) *Critical judgements in applying the entity's accounting policies*

In preparing the financial statements, the directors, in the process of applying the Group's accounting policies, did not make any judgement other than those involving estimates that could have a significant effect on the amounts recognised in the financial statements.

Changes in accounting policy and disclosures

(i) New standards, amendments to existing standards and interpretation issued and effective for the first for the financial year beginning on 01 January 2021.

In the current year, the Group and Company have assessed all of the new standards, interpretations by the International Accounting Standards Board ("IASB") that are relevant to their operations and effective for accounting periods beginning 01 January 2021. There are no new standards and amendments to standards and interpretations that are effective for annual period beginning on 01 January 2021 that would be relevant or have a material impact on the financial statements.

(ii) New standards, amendments and interpretations issued but not effective for the financial year beginning after 1 January 2021 and not adopted early

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:

• discounted probability-weighted cash flows

• an explicit risk adjustment, and

• a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The standard is effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. The directors have not yet assessed the impact of this standard on the financial statements.

Other standards, not yet effective, are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Consolidation

• Subsidiaries

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

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

• Subsidiaries (Continued)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains and losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

• Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

• Disposal of subsidiaries

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

• Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

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

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

• Associates (Continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

Investment in subsidiaries and associates in the Company's separate financial statements

Investments in subsidiaries and associates are recognised at cost (which includes transaction costs) in the separate financial statements of the Company.

Subsequently, where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the recoverable amount of an investment is less than its carrying amount, the investment is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Foreign currency translation

• Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in thousands of Mauritian rupee.

In the separate financial statements of the Company, items are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The separate financial statements are presented in thousands of Mauritian rupee, which is the Company's functional currency.

• Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income - net'.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financia assets at fair value through other comprehensive income are included in other comprehensive income.

• Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

• assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;

• income and expenses for each income statement are translated at average exchange rate, unless the average exchange rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, in which case income and expenses are translated at the dates of the transactions; and

• all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (Continued)

• Transactions and balances (Continued)

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, financial assets held at amortised cost and financial assets at fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. The directors determine the classification of its financial assets at initial recognition.

• Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

• Financial assets held at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'loans and receivables' and 'cash and cash equivalents' in the statements of financial position.

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

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Financial assets – classification and measurement

The Group classifies its financial assets in the following categories: at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income. The classification depends on the business model and whether the Group's business model is to hold these for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest on the principal amount, or for sale or both. The Group determines the classification of its financial assets on initial recognition.

Subsequent measurement

Financial assets held at amortised cost

Financial assets held at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's financial assets held at amortised cost comprise 'trade receivables' in the statement of financial position. Subsequent measurement of financial assets held at amortised cost is at amortised cost given that these are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of comprehensive income and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

Equity instruments

The Group subsequently measures all equity investments at fair value. The Directors have elected to present fair value gains and losses on equity investments in statement of other comprehensive income and there is no subsequent reclassification of fair value gains and losses to the statement of comprehensive income following the derecognition of the investment. Dividends from such investments are to be recognised in the statement of comprehensive income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/losses in the statement of comprehensive income as applicable. Impairment losses and reversal of impairment losses on equity investments measured at fair value through other comprehensive income (FVOCI) are not reported separately from other changes in fair value.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for trade receivables.

Trade receivables have been grouped based on shared credit characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over the last 3 years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product (GDP) to be the most relevant factor, and accordingly adjusts the historical loss rates.

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 include 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;

e. the disappearance of an active market for that financial asset because of financial difficulties; or

f. the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Property, plant and equipment

Freehold land and buildings and buildings on leasehold land are shown at fair value, based on a periodic but at least triennial valuation by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the assets, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of freehold land and buildings and buildings on leasehold land are credited to other comprehensive income and shown as revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings and buildings on long leasehold land	2.0% to 5.0%
Plant, equipment and other assets	10.0% to 50.0%
Motor vehicles	20.0% to 33.0%
Furniture and fittings	5.0% to 22.0%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating income/(expenses)-net' in profit or loss. On disposal of revalued assets, the surplus on revaluation remaining in revaluation reserve for these assets is transferred to retained earnings.

Property, plant and equipment which have been funded through finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment property

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group or the Company, are classified as investment properties. Investment properties comprise office buildings and retail outlets leased out under operating lease agreements.

Some properties may be partially occupied by the Group, with the remainder being held for rental income or capital appreciation. If that part of the property occupied by the Group can be sold separately, the Group accounts for the portions separately. The portion that is owner-occupied is accounted for under IAS 16, and the portion that is held for rental income or capital appreciation or both is treated as investment property under IAS 40. When the portions cannot be sold separately, the whole property is treated as investment property only if an insignificant portion is owner-occupied. The Group considers the owner-occupied portion as insignificant when the property is more than 95% held to earn rental income or capital appreciation. In order to determine the percentage of the portions, the Group uses the size of the property measured in square metre.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost has incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is calculated on the basis of recent transactions in similar properties adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers.

The Group only enters as lessor into lease agreements that are classified as operating leases (IAS 17). A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. The properties leased out under operating leases are included in 'Investment properties'. Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term. The Group makes payments to agents for services in connection with negotiating lease contracts with the Group's lessees. The letting fees are capitalised within the carrying amount of the related investment property and depreciated over the lease term.

Right of use assets

Following the adoption of IFRS 16, the Group has presented the right of use assets separately in the statement of financial position. Alternatively, the Group may choose to resent right of use assets that do not meet the definition of investment property within property, plant and equipment.

Right-of-use assets are measured at cost comprising the following:

• the amount of the initial measurement of lease liability

• any lease payments made at or before the commencement date less any lease incentives received

• any initial direct costs, and

• restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Insurance contracts

(a) Classification

One of the Group's subsidiary issues contracts that transfer insurance risk. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

(b) Recognition and measurement

The Group issues long-term insurance contracts with fixed and guaranteed terms. These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums).

The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

The liabilities are recalculated at each reporting date using the assumptions established at valuation date.

(c) Minimum capital requirement test

As required by the Long Term Insurance Solvency Rules, an insurer shall at all times maintain a solvency margin that is at least equal to the Minimum Capital Requirement. The Minimum Capital Requirement for an insurer shall be determined by its actuary as the higher of a stress test requirement determined in accordance with guidelines issued by the Financial Services Commission to ensure that the long-term insurer remains solvent or the higher of an amount of Rs 25 million or an amount representing 13 weeks' operating expenses. The purpose of the set stress requirement is to quantify the minimum level of assets in excess of liabilities so as to enable the insurer to meet all the obligations as and when they are due and to provide sufficient cushion against adverse deviations in experience in any of the variables used in the valuation of liabilities. Stress Test Requirements equals the higher of the "Termination Capital Adequacy Requirements" (TCAR) and the "Ordinary Capital Adequacy Requirements" (OCAR).

As set out in (b) above, long-term insurance contracts with fixed terms are measured based on assumptions set out at the valuation date.

(d) Reinsurance contracts held

Contracts entered into by one of the Group's subsidiaries with reinsurers under which the subsidiary is compensated for losses on one or more contracts issued by the subsidiary and that meet the classification requirements for insurance contracts in (a) above are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the subsidiary under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Insurance contracts (Continued)

(d) Reinsurance contracts held (continued)

The benefits to which the subsidiary is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within loans and receivables), as well as longer term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. In certain cases a reinsurance contract is entered into retrospectively to reinsure a notified claim under the subsidiary's property or casualty insurance contracts. Where the premium due to the reinsurers differs from the liability established by the subsidiary for the related claim, the difference is amortised over the estimated remaining settlement period.

The subsidiary assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the subsidiary reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss. The subsidiary gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

(e) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in profit or loss. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets.

Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Computer software costs

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software.

These costs are amortised over their estimated useful life (5 years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

(c) Patent rights and licences

Separately acquired patents and licences are initially recognised at cost. Subsequently, they are carried at cost less amortisation. Amortisation is calculated using the straight-line method to allocate the cost of patent and licences over their useful lives of 5 – 15 years.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)

(d) Indefeasible Rights of Use ("IRU")

Capacity purchased on an Indefeasible rights of use ("IRU") basis is shown under non-current assets. The IRU is amortised on a straight-line basis over the contract period of 15 years from the effective date of the IRU's purchase. Remaining useful life is approximately is 8 years.

Impairment of non-financial assets

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

Trade receivables

Trade receivables are amounts due from customers for goods and services sold in the ordinary course of the business. They are generally due for settlement within 30 and 90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group and Company apply the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for trade receivables

Trade receivables have been grouped based on shared credit characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over the last 3 years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. The Company has identified Gross Domestic Product (GDP) to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the average cost ("AVCO") method and includes all costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work-in progress comprises purchase price, materials and all applicable expenses. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Property held for resale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Cash and cash equivalents

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

Share capital

Ordinary shares are classified as equity.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is done within one year or less. If not they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provision for asset retirement obligations

This provision relates to the estimated cost of dismantling and removing an item of property, plant and equipment and restoring the site on which the item is located to its original condition. The Group provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including the removal of items included in plant and equipment that is erected on leased land.

The Group only recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place. The expected percentage has been based on actual experience in the respective operations.

A provision is made for the present value of the estimated future decommissioning costs at the end of the life of the site/expected lease term. When this provision gives rise to future economic benefits, an asset is recognised, otherwise the costs are charged to profit or loss. The estimated cost is discounted at a pre-tax rate that reflects current market assessments of the time value of money. The increase in the decommissioning provision due to the passage of time is recognised as a finance cost.

Employee benefits

(a) Pension obligations

The Group has both defined benefit and defined contribution plans. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

• Defined benefit pension

Group companies operate various pension schemes for employees eligible for a defined benefit schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

Where employees are not covered under defined pension scheme, the present value of severance allowances calculated on the basis the enacted laws in the countries where the respective entity operates has been provided for. The present value of severance allowances has been disclosed within unfunded obligations under retirement benefit obligations.

• Defined contribution plan

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

(b) Other post-employment obligations

Some group companies provide post-retirement healthcare and other benefits apart from pensions to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(c) Termination benefits

Termination benefits are payable when employment is terminated by a group entity before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Leases

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Until 31 December 2018, leases of property, plant and equipment where the group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Revenue from contract with customers recognition

Revenue from contract with customers is recognised to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. The following specific criterias must also be met. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and upon customer acceptance if any, or performance of services, net of value added taxes and discounts. The Group's turnover reflects the invoiced value derived from operations.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers recognition (Continued)

Revenues from pre-paid phone cards are recognised based on actual usage by the customers.

Other revenues earned by the Group are recognised on the following bases:

(i) Dividend income is recognised when the shareholder's right to receive payment is established.

(ii) Interest income is recognised using the effective interest method. Interest income includes accrued discount on Treasury Bills.

(iii) Commitment fee is recognised at the time of the signature of the lease agreement.

(iv) Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its customers, the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Life assurance fund

At the end of every year the amount of the liabilities of the life assurance fund is established. Effective from the year 2004, the adequacy of the fund is determined annually by actuarial valuation. Under current legislation, an annual actuarial reporting is required by Financial Services Commission. Based on the annual actuarial valuation, the actuary recommends the bonus declaration and the amount of actuarial surplus that can be transferred from profit or loss.

Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which dividends are approved by the Group's shareholders.

2 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under policies approved by the Board of directors.

(a) Market risk

• Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar ("USD"), Euro ("EUR"), Great Britain Pound ("GBP") and Indian rupee ("INR"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

Foreign exchange risk (Continued)

Group companies individually manage foreign exchange risk against their functional currency by:

(i) Forecasting their requirements for foreign currencies and retaining, wherever possible, such amounts necessary to settle amounts denominated in foreign currencies.

(ii) Buying foreign currencies at forward rates or negotiated spot rate with commercial banks. Selling excess foreign currencies on the local market.

Sensitivity analysis

The profitability of the Group and Company is sensitive to foreign exchange gains/losses on translation of fair value through OCI, loans and receivables, cash and cash equivalents, net of borrowings and trade and other payables. The tables below depicts the sensitivity of the Group's and Company's post tax profit to changes in the exchange rates of the major currencies to which the Group and Company is exposed.

	USD	EUR	GBP	INR
Group - 2021	**%**	**%**	**%**	**%**
Hypothetical rate of appreciation/(depreciation) of the Mauritian rupee against the foreign currency	**(10)**		**(9)**	**(8)**
	USD	**EUR**	**GBP**	**INR**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Hypothetical effect on group post tax profit:				
Increase/(Decrease) in post tax profit for the year ended 31 December 2021	**(22,047)**	**4,628**	**(47,665)**	**(37,001)**
Group - 2020				
Hypothetical rate of appreciation/(depreciation) of the Mauritian rupee against the foreign currency	(8)	(19)	(12)	(5.5)
Hypothetical effect on group post tax profit:				
Increase/ (decrease) in post tax profit for the year ended 31 December 2020	(20,633)	81,619	(34,989)	(16,731)

	2021		2020	
	USD	**EUR**	USD	EUR
	%	**%**	%	%
Company				
Hypothetical rate of appreciation/(depreciation) of the Mauritian rupee against the foreign currency	**(10)**	**(1)**	(8)	(19)
	USD	**EUR**	USD	EUR
	Rs'000	**Rs'000**	Rs'000	Rs'000
Increase/(Decrease) in post tax profit for the year ended 31 December	**(71)**	**(6)**	(62)	(126)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

• Price risk

The Group is exposed to equity securities price risk in respect of the financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk. The Group's strategy for its financial assets at fair value through OCI is to hold them for long term capital appreciation and is not influenced by short term market fluctuations. However, the Directors monitor the equity markets on a daily basis and the Board of Directors meet on a regular basis to review the performance of these investments.

The financial assets at fair value through other comprehensive income consists primarily of investment in a company incorporated in India and listed on the Bombay Stock Exchange and the National Stock Exchange. During the year ended 31 December 2021, the market price of this investment has gained **34%** (2020 – 11.7%) of its value compared to the market price in 2020. At 31 December 2021, if the price of the investment had increased / decreased by a further **34%** (2020 – 11.7%), with all variables held constant, equity would have been **Rs 158 million** (2020 – Rs 37 million) higher/ lower.

The value of quoted shares held at fair value through profit or loss would have increased/decreased by **Rs 41 million** (2020 – Rs 25 million) if a change of 10% occurred in the share price. The value of unquoted shares held at fair value through profit or loss would have increased/decreased by **Rs11 million** (2020 – Rs 9 million) if a change of 10% occurred in the share price.

The Group is not exposed to any other significant price risk at 31 December 2021.

• Interest rate risk

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on with respect to its interest bearing assets and liabilities.

The significant interest-bearing assets include loans, hire purchase debtors and cash at bank. The loans arising on the life assurance business are on a fixed interest rate basis and are not subject to interest rate fluctuations. Interest on hire purchase debtors is fixed by law and is also not subject to interest rate fluctuations. The effective interest rate on cash and cash equivalents was **0.02%** (2020 – 0.05%); the impact of a 0.75% shift would cause a maximum shift in the post tax profit of **Rs 2,756,000** (2020 – Rs 3,983,000).

With respect to interest-bearing liabilities, significant interest rate risk arises on the Group bank loans which are at variable rates. The effective interest charge on bank loans was **2.7%** (2020 – 3.3%); the impact of a 0.75% shift would cause a maximum shift in post tax profit of **Rs 49,274,000** (2020 – Rs 42,095,000).

The Company's effective interest charge on bank loans was **3.6%** (2020 – 4.7%); the impact of a 0.75 % shift would cause a maximum shift in post tax profit of **Rs 20,938,000** (2020 – Rs 19,078,000).

(b) Credit risk

Credit risk arises from cash and cash equivalents, loans and receivables and financial assets at fair value through OCI.

For cash and cash equivalents, the Group and Company transacts with only highly reputable financial institutions. The Directors have assessed that the credit risk associated with cash and cash equivalents is insignificant based on the historical information of the financial strengths of the financial institutions.

Due to the diversity of the Group's activities, the credit risks associated with each type of receivables are managed according to their nature and are described below. The credit quality of these receivables is provided in Note 18.

The credit quality of financial assets at fair value through OCI is disclosed in Note 16. Credit risk is managed by the Board of each subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Trade receivables

The Group has policies in place to control the level of debts to ensure that sale of products and services are made to customers with an appropriate credit history. Such policies include credit vetting before sale, setting up credit limits, disconnection (cellular phone and pay TV subscribers) and subscription payments through direct debits amongst others.

Loans and other loans receivable

Exposure to credit risk for loans receivable is managed through analysis of the ability of borrowers to meet interest and capital repayment obligations and by changing the lending limits where appropriate. Exposure to credit risk is also managed by obtaining collaterals and guarantees, fixed charges are sought from mortgage borrowers.

Hire purchase debtors

Hire purchase debtors comprise of a wide variety of customers buying on hire purchase facilities and are from different sectors of the economy. The Group has no significant concentrations of credit risk and has policies in place to ensure that the vetting criteria are assessed and reviewed in order to take into consideration economic realities. All credit applications go through a rigorous vetting process and material contracts are subject to management approval. At the level of operations, outstanding debts are continuously monitored and relevant provisions/diminution in value is recognised as and when they become apparent.

The maximum exposure to credit risk is represented by the book values of the receivables carried in the statement of financial position without taking into account the value of any collateral obtained. Hire purchase debtors are secured over the hire purchase assets and the latter's fair values approximate the carrying amounts of hire purchase debtors at the reporting date.

Rating of assets bearing credit risks

Credit Ratings	2021 Rs'000	2020 Rs'000
A+	**-**	8,755
A	**4,525**	12,191
A-*	**-**	2,362
AA-	**-**	53,681
BBB+	**-**	13,627
BBB-*	**-**	8,601
Baa1**	**-**	300,011
Baa3**	**697,565**	-
CARE MAU AA	**34,212**	28,216
CARE MAU A+	**2,000**	10,000
CARE MAU A+*	**16,829**	10,327
CARE MAU A*	**25,547**	17,465
CARE MAU A-	**-**	2,363
CARE MAU AA*	**8,253**	7,241
CARE MAU AA_*	**10,946**	-
CARE MAU AAA	**-**	31,338
CARE MAU BBB+	**1,000**	

The remaining assets bearing credit risks are unrated. *The ratings for foreign investments were taken from ratings provided by Standard & Poor's. ** The ratings for local equity (MCB and SBM) and for government treasury bills and notes were taken from ratings provided by Moody's. *** The ratings for local equity were taken from ratings provided by Care Ratings. The unrated assets consist of equity investments, secured housing and policy loans, unsecured and secured loans receivable from related parties, other receivables, fixed deposits from financial institutions and cash balances.

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management policies implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the finance department aims at maintaining flexibility in funding by keeping committed credit lines available.

The tables below analyses the Group's and Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Trade and other payables are due within 12 months and therefore approximate their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Group					
At 31 December 2021					
Borrowings	**1,186,686**	**1,118,013**	**4,561,179**	**2,973,365**	**9,839,243**
Lease liabilities	**219,428**	**204,527**	**451,715**	**912,168**	**1,787,838**
Trade and other payables	**1,069,444**	**3,312**	**3,126**	**-**	**1,075,882**
Life assurance funds	**95,982**	**136,401**	**162,646**	**535,533**	**930,562**
	2,571,540	**1,462,253**	**5,178,666**	**4,421,066**	**13,633,525**
At 31 December 2020 (Restated)					
Borrowings	3,038,638	757,137	2,500,895	2,523,397	8,820,067
Lease liabilities	199,519	181,297	385,440	1,031,985	1,798,241
Trade and other payables	1,017,990	8,067	-	-	1,026,057
Life assurance funds	82,748	69,440	240,575	547,336	940,099
	4,338,895	1,015,941	3,126,910	4,102,718	12,584,464

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Company					
At 31 December 2021					
Borrowings	**557,299**	**122,443**	**2,221,999**	**1,558,485**	**4,460,226**
Lease liabilities	**25,933**	**11,525**	**8,542**	**5,478**	**51,478**
Trade and other payables	**51,690**	-	-	-	**51,690**
Guarantees	**297,773**	-	-	-	**297,773**
	932,695	**133,968**	**2,230,541**	**1,563,963**	**4,861,167**
At 31 December 2020					
Borrowings	2,255,522	401,097	1,227,427	92,621	3,976,667
Lease liabilities	15,096	13,748	24,055	13,766	66,665
Trade and other payables	45,914	-	-	-	45,914
Guarantees	313,041	-	-	-	313,041
	2,629,573	414,845	1,251,482	106,387	4,402,287

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value estimation

The fair value of financial assets at fair value through OCI that are traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group and Company is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, unquoted shares) is determined using valuation techniques. The Group and Company use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long term debt. Other techniques, such as discounted cash flows, are used to determine the fair value of the remaining instruments.

The carrying amounts of loans and receivables less impairment provision are assumed to approximate their fair values. The carrying values of financial liabilities also approximate their fair values.

• Fair values hierarchy

In accordance with the amendment to IFRS 13, the Group and Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

• Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

• Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

• Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Group and Company. Management considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Group's and Company's assets measured at fair values at 31 December 2021 and 2020:

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Group – 2021				
Assets				
Financial assets at fair value through profit or loss				
- Trading securities	**412,385**	**-**	**114,861**	**527,246**
Land and buildings	**-**	**2,344,980**	**-**	**2,344,980**
Financial assets at fair value through OCI				
- Equity securities	**1,004,100**	**-**	**17,975**	**1,022,075**
- Debt securities	**-**	**302,241**	**-**	**302,241**
Total assets	**1,416,485**	**2,647,221**	**132,836**	**4,196,542**

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

• Fair values hierarchy (Continued)

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Group - 2020				
Assets				
Financial assets at fair value through profit or loss				
- Trading securities	252,898	-	89,087	341,985
Land and buildings	-	2,153,772	-	2,153,772
Financial assets at fair value through OCI				
- Equity securities	580,201	-	14,975	595,176
- Debt securities	-	391,584	-	391,584
Total assets	833,099	2,545,356	104,062	3,482,517
Company – 2021				
Assets				
Financial assets at fair value through OCI				
- Equity securities	**3**	-	**17,975**	**17,978**
Land and buildings	-	**8,404**	-	**8,404**
Total assets	**3**	**8,404**	**17,975**	**26,382**
Company – 2020				
Assets				
Financial assets at fair value through OCI				
- Equity securities	3	-	14,975	14,978
Land and buildings	-	8,144	-	8,144
Total assets	3	8,144	14,975	23,122

The Group is exposed to equity securities and debt securities price risks. If the fair value of the investments increases/decreases by 5%, other factors remaining unchanged, the Group's profit for the year and financial assets (at fair value through profit or loss and financial assets at fair value through OCI) would increase/decrease by **Rs 92,662,000** (2020 – Rs 66,437,250).

The Group's financial assets valued at fair value through profit or loss are directly related to the fair valuation of the investee entity. The investee entity uses various valuations methods to value its underlying investment assets. Level 3 includes all investments classified as financial assets at fair value through profit or loss. The investments have been valued using the share of net asset value ("NAV") and dividend yield of the respective investee companies. At 31 December 2021, had the fair value increased/decreased by **1%** (2020 - 1%), valuation would have increased/decreased by **Rs 3,010,845** (2020 – Rs 894,071).

The Group is exposed to equity securities and debt securities price risks as described in Note 2(a).

The Level 3 financial assets at fair value through OCI have been valued at cost and they approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

• Fair values hierarchy (Continued)

The following table presents the changes in Level 3 instruments for the years ended 31 December 2021 and 2020:

	Financial asset at fair value through profit or loss	Financial assets at fair value through OCI	Total
	Rs'000	Rs'000	Rs'000
Group - 2021			
Balance at 01 January 2021	**89,087**	**14,975**	**104,062**
Total loss recognised in profit or loss	**(1,579)**	**-**	**(1,579)**
Purchases	**45,280**	**3,000**	**48,280**
Sales/Transfers	**(17,927)**	**-**	**(17,927)**
Balance at 31 December 2021	**114,861**	**17,975**	**132,836**
Total losses for the period included in profit or loss for assets held at the end of the reporting period	**-**	**-**	**-**
Change in unrealised gains for the period included in profit or loss for assets held at the end of the reporting period	**(1,579)**	**-**	**(1,579)**
Group - 2020			
Balance at 01 January 2020	111,401	12,778	124,179
Total gains recognised in profit or loss	(20,541)	-	(20,541)
Purchases	27	2,197	2,224
Sales/Transfers	(1,800)	-	(1,800)
Balance at 31 December 2020	89,087	14,975	104,062
Total gains for the period included in profit or loss for assets held at the end of the reporting period	-	-	-
Change in unrealised gains for the period included in profit or loss for assets held at the end of the reporting period	(20,541)	-	(20,541)

	2021	2020
	Rs'000	Rs'000
Company		
Financial assets at fair value through OCI		
Balance at 01 January	**14,975**	12,778
Purchases	**3,000**	2,197
Balance at 31 December	**17,975**	14,975

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

• Financial instruments by category

	Financial assets held at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Group -2021				
Financial assets per statement of financial position:				
Financial assets held at amortised cost excluding non-financial assets	**1,115,736**	**-**	**-**	**1,115,736**
Financial assets at fair value through OCI	-	-	**1,324,316**	**1,324,316**
Financial assets at fair value through profit or loss	-	**527,246**	-	**527,246**
Cash and cash equivalents	**443,207**	-	-	**443,207**
Total	**1,558,943**	**527,246**	**1,324,316**	**3,410,505**
Group - 2020				
Financial assets per statement of financial position:				
Financial assets held at amortised cost excluding non-financial assets	700,509	-	-	700,509
Financial assets at fair value through OCI	-	-	986,760	986,760
Financial assets at fair value through profit or loss	-	341,985	-	341,985
Cash and cash equivalents	639,895	-	-	639,895
Total	1,340,404	341,985	986,760	2,669,149

All financial assets at fair value through profit or loss are designated in this category upon initial recognition since the directors have no express intention of disposing those investments within the next 12 months.

Financial liabilities for the Group are all carried at amortised cost and are as follows:

	2021	2020
	Rs'000	Rs'000
		Restated
Group		
Financial liabilities per statement of financial position:		
Borrowings	**8,300,742**	7,388,546
Lease liabilities	**1,091,234**	978,495
Trade and other payables (excluding non- financial liabilities)	**1,075,882**	1,026,057
Life assurance fund	**930,562**	940,099
	11,398,420	10,333,197

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

• Financial instruments by category (continued)

	Financial assets held at amortised cost	Financial assets at fair value through OCI	Total
	Rs'000	Rs'000	Rs'000
Company - 2021			
Financial assets per statement of financial position:			
Financial assets at fair value through OCI	**-**	**17,978**	**17,978**
Financial assets held at amortised cost-excluding non financial assets	**835,648**	**-**	**835,648**
Cash and cash equivalents	**59,582**	**-**	**59,582**
Total	**895,230**	**17,978**	**913,208**
Company - 2020			
Financial assets per statement of financial position:			
Financial assets at fair value through OCI	-	14,978	14,978
Financial assets held at amortised cost-excluding non financial assets	1,215,723	-	1,215,723
Cash and cash equivalents	4,091	-	4,091
Total	1,219,814	14,978	1,234,792

Financial liabilities for the Company are all carried at amortised cost and are as follows:

	2021	2020
	Rs'000	Rs'000
Company		
Financial liabilities per statement of financial position:		
Borrowings	**3,817,222**	3,532,259
Lease liabilities	**43,920**	53,562
Trade and other payables (excluding non- financial liabilities)	**51,690**	45,914
	3,912,832	3,631,735

(e) Capital risk management

The subsidiary's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

The Board of Directors assesses the impact of each significant new investment on the gearing of the Group and Company as part of the investment appraisal process. The gearing ratios at 31 December 2021 and 2020 were as follows:

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Net debt	**7,857,535**	6,748,651	**3,757,640**	3,528,168
Capital	**1,812,268**	1,175,185	**2,185,320**	2,066,545
Total capital	**9,669,803**	7,923,836	**5,942,960**	5,594,713
Gearing ratio	**81.3%**	85.2%	**63.2%**	63.1%

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial risk arising in the Life Assurance Business subsidiary (the "LABS")

The following relate to the LABS which is the subsidiary that operates a life assurance business.

The LABS exposes the Group to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the LABS and the Group face are primarily interest rate risk and equity price risk.

The LABS manages financial risks via its Investment Committee which is mandated to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the Investment Committee is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained. The LABS has not changed the processes used to manage its risks from previous periods.

Fixed and guaranteed insurance contracts

Insurance contracts with guaranteed and fixed terms have benefit payments that are fixed and guaranteed at the inception of the contract. The financial component of these benefits is usually a guaranteed fixed interest rate (for the insurance contracts, this rate may apply to maturity and/or death benefits) and hence the LABS's primary financial risk on these contracts is the risk that interest income and capital redemptions from the financial assets backing the liabilities is insufficient to fund the guaranteed benefits payable.

Liquidity risk

Liquidity risk is the risk that the LABS is unable to meet its obligations when they fall due as a result of policyholder benefit payments, cash requirements from contractual commitments, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for operational, trading and investments activities. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil policyholder commitments. The risk that the LABS will be unable to do so is inherent in all insurance operations and can be affected by a range of institution-specific and marketwise events including, but not limited to, credit events, systemic shocks and natural disasters.

The LABS is exposed to daily calls on its available cash resources with regard to claims and maintains a certain level of cash resources in the bank to service the daily claims. Investments are also made in certain liquid investments such as Government Treasury bills and investments in equity shares that are traded in active markets and can be readily disposed of. The Company has also made arrangements in its reinsurance programme to cater for large claims whereby its reinsurers will pay their share of these losses within a short period of time through cash calls.

Mismatch risk

All insurance liabilities are asset backed. Mismatch risk arises when the nature, term and currency of backing assets are different from the nature, term and currency of liabilities. Nature of liabilities refers to whether they are fixed, indexed or variable (DPF) at the LABS's discretion.

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial risk arising in the Life Assurance Business subsidiary (the "LABS") (Continued)

Mismatch risk (Continued)

The following tables indicate the estimated amount and timing of cash flows arising from the insurance liabilities and the extent of duration-matching for these contacts. They summarise the LABS's exposure to interest rate risk for these assets and liabilities. When debt securities mature, the proceeds not needed to meet the liability cash flows will be re-invested in floating rate securities. The reinvestment of these net positive proceeds in the earlier years will fund the negative cash flows displayed in the table below for the later years.

At 31 December 2021		Estimated cash flows (undiscounted)			
	Carrying amount	**0 – 5 yrs**	**5 – 10 yrs**	**10 – 15yrs**	**>15 years**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Liabilities					
Life insurance – life	**923,714**	**236,609**	**196,884**	**157,968**	**195,639**
Outstanding claims	**24,224**	**24,224**	-	-	-
Trade and other payables	**72,454**	**72,454**	-	-	-
Total	**1,020,392**	**333,287**	**196,884**	**157,968**	**195,639**

At 31 December 2020		Estimated cash flows (undiscounted)			
	Carrying amount	0 – 5 yrs	5 – 10 yrs	10 – 15yrs	>15 years
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities					
Life insurance – life	933,072	266,864	200,248	164,279	192,701
Outstanding claims	17,487	17,487	-	-	-
Trade and other payables	52,036	52,036	-	-	-
Total	1,002,595	336,387	200,248	164,279	192,701

The liability period analysis does not agree with the total carrying amount due to the fact that the period analysis is undiscounted whilst the total carrying amount is discounted.

The LABS intends to manage the net cash outflows position arising from Year 5 onwards as follows:

- Investments at FVOCI would be reinvested in similar instruments at maturity;
- The value of investment portfolio classified as "financial assets at fair value through profit or loss" is expected to increase in the future as the LABS realises the fair value gain upon sale of investments and proceeds are reinvested in similar instruments;
- Amount of loans disbursed is expected to increase and hence, the interest income generated from these loans would increase.

Minimum capital requirements

The LABS has to comply with capital requirements as set out by the Financial Services Commission for insurance companies. The law requires that an insurance company manages its capital on a basis at least 100% of its minimum capital requirement ("MCR").The MCR for the LABS stands at **111%** for the year ended 2021 (2020 : 0.2%). As a result of the previous MCR ratio being below 100%, the Holding Company injected capital of Rs 74.53 million in 2020 and Rs 150 million in 2021. The amount injected during 2021 was based on targeting an MCR ratio of 125% as at 31 December 2020.

The MCR ratio being above the statutory limit as at Balance Sheet date, no capital injection is envisaged for the financial year 2022. Management is targeting an MCR ratio of 125% over the next 3 to 4 years through an improvement of the solvency position on the basis of several actions initiated by the LABS. This includes a focus on increasing new business volumes on the series of new products, which is expected to reduce expense losses and add to the LABS' profits, as well as maintaining satisfactory investment yields.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

3 MANAGEMENT OF INSURANCE RISK

The LABS issues contracts with the following risk characteristics:

- Transfer of mortality/morbidity risks, with partial transfer of investment risks (participating policies);
- Transfer of mortality/morbidity risks only (pure protection policies);
- Transfer of mortality/morbidity and investment risks (guaranteed savings type policies) and
- Transfer of longevity risks (pension policies).

MORTALITY/MORBIDITY RISKS

These are risks that higher than expected deaths/disability claims are paid out by the LABS. Management of these risks is by way of:

(i) Growing the portfolio

Law of large numbers implies that predictability of claims (in aggregate) increases as the portfolio grows. This reduces the LABS's exposure to extreme variability in claims pay-out.

(ii) Underwriting

This refers to the identification of risk at various landmark of the policy lifetime. In particular, the following main types of underwriting are used:

- At inception, medical underwriting (as per Grid) is carried out to ensure that the prospect adheres to the minimum health requirements set by the LABS and its reinsurer;
- At inception, financial underwriting is carried out to identify the paying capacity of prospects as well as the justification for insurance;
- At inception, pastime underwriting and/or occupation underwriting identifies risky activities and ensures that the premiums charged is commensurate with the risk at hand; or
- Claims underwriting, as the name suggests, examines the conditions of the death/disability claims and whether any breach of policy conditions may exist.

(iii) Actuarial assumptions

These are set based on the LABS's actual mortality/morbidity experience and are reviewed on an annual basis.

(iv) Reinsurance

Variability in claims pay-out is mopped up by reinsurers who participate in claims above the LABS's retention limit. The LABS uses individual surplus reinsurance and all amounts in excess of Rs 500,000 are reinsured. The split between gross and net of reinsurance sums assured is given below:

	2021 Rs'million	2020 Rs'million
Individual Business Sum Assured		
Gross of Reinsurance	**7,709**	6,802
Net of Reinsurance	**2,941**	2,995
Group Business Sum Assured		
Gross of Reinsurance	**1,581**	1,542
Net of Reinsurance	**618**	661

LONGEVITY RISKS

This is the risk of the insured living longer than expected. The LABS manages such risks by using conservative actuarial assumptions where it is typically assumed that the insured lives live longer than the life expectancy as per the South African mortality tables (SA 85/90). Annual checks are also carried out to ensure that pension is being paid to pensioners who are still alive.

INVESTMENT RISKS

This is the risk that investment returns are lower than expected. The LABS manages this risk by:

- Holding a diversified investment portfolio;
- Adopting a long term investment strategy approved by the actuary;
- Keeping a matched investment position (e.g. guaranteed products are backed by fixed income and bond type investments);
- Setting the investment return target in accordance with the pricing and reserving assumptions;
- Smoothing of bonuses by using a 3-year declaration period and
- Adjusting bonuses to reflect actual market performance.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

3 MANAGEMENT OF INSURANCE RISK (CONTINUED)

Long term insurance contracts

Insurance risk relates to the LABS.

For long term insurance contracts, where the insured event is death, the most significant factors that could negatively impact the insurance claims submitted to the LABS are diseases like heart problems, diabetes, high blood pressure or changes in lifestyle, such as eating habits, smoking and lack of exercise, resulting in higher claims being submitted to the LABS.

For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. The liabilities in terms of insurance contracts are based on recommendations of the LABS's Actuary.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured.

Benefits assured per life assured at the end of 2021	**Total benefits insured**			
	Before reinsurance		**After reinsurance**	
Rs	**Rs**	**%**	**Rs**	**%**
0 - 200,000	**1,370,566,427**	**8%**	**1,370,566,427**	**18%**
200,000 - 400,000	**1,924,770,805**	**11%**	**1,924,770,805**	**26%**
400,000 - 800,000	**2,012,743,578**	**12%**	**1,862,278,147**	**25%**
800,000 - 1,000,000	**466,078,905**	**3%**	**269,000,000**	**4%**
More than 1,000,000	**11,508,469,920**	**67%**	**2,020,000,000**	**27%**

Benefits assured per life assured at the end of 2020	**Total benefits insured**			
	Before reinsurance		**After reinsurance**	
Rs	**Rs**	**%**	**Rs**	**%**
0 - 200,000	970,759,828	7%	970,759,828	15%
200,000 - 400,000	1,680,101,393	12%	1,680,101,393	26%
400,000 - 800,000	1,935,880,216	14%	1,783,376,696	28%
800,000 - 1,000,000	471,220,257	3%	272,000,000	4%
More than 1,000,000	9,075,428,422	64%	1,725,500,000	27%

The following table for annuity insurance contracts illustrates the concentration of risk based on bands that group these contracts in relation to the amount payable per annum as if the annuity were in payment at the year end. The LABS does not hold any reinsurance contracts against the liabilities carried for these contracts.

	Total annuities payable per annum			
Annuity payable per annum per life insured	**2021**		2020	
Rs	**Rs**	**%**	Rs	%
0 - 20,000	**3,148,305**	**7%**	3,260,599	7%
20,000 - 40,000	**4,374,130**	**9%**	4,454,542	9%
40,000 - 80,000	**10,476,925**	**22%**	10,932,810	22%
80,000 - 100,000	**1,766,396**	**4%**	1,663,723	3%
More than 100,000	**28,094,493**	**59%**	28,899,381	59%

Insurance risk for contracts disclosed in this note is also affected by the policyholders' right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to policyholders' behaviour. On the assumption that policyholders will make decisions rationally, overall risk can be assumed to be aggravated by such behaviour.

3 MANAGEMENT OF INSURANCE RISK (CONTINUED)

Long term insurance contracts (Continued)

Insurance risk relates to the LABS. (Continued)

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

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the LABS faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The LABS has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(a) Frequency and severity of claims

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to contract holder behaviour. On the assumption that contract holders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour. For example, it is likely that contract holders whose health has deteriorated significantly will be less inclined to terminate contracts insuring death benefits than those contract holders remaining in good health. This results in an increasing trend of expected mortality, as the portfolio of insurance contracts reduces due to voluntary terminations.

The actual mortality claim experience versus expected are shown below:

Year	**Actual no of death Claims**	**Actual Death Claim (Rs)**	**Expected Death Claim (Rs)**	**Actual Claim/ Expected Claim (%)**
2011	41	3,575,562	8,191,451	44
2012	31	3,848,552	10,868,957	35
2013	39	4,709,953	12,334,995	38
2014	29	4,784,529	15,479,908	31
2015	34	10,795,677	19,588,505	55
2016	38	4,625,979	23,432,984	20
2017	41	12,770,307	10,308,235	124
2018	40	6,600,452	10,060,485	66
2019	30	5,965,709	7,525,000	79
2020	42	8,307,955	6,500,000	128
2021	53	12,995,233	7,300,000	178
Overall	418	78,979,908	131,590,520	60

The LABS has factored the impact of contract holders behaviour into the assumptions used to measure these liabilities associated with long term insurance contracts.

Claim Frequency & Reinsurance Recoveries

The table below shows the number of death/morbidity claims and reinsurance recoveries.

No of death/morbidity claims	**2021**	2020
Individual Life*	**49**	41
Group	**4**	1

*Number of total permanent disability included above is (2021 - 2)

Reinsurance recoveries	**2021 Rs'000**	2020 Rs'000
Individual Life	**5,750**	1,025
Group	**-**	7,288

In relation to the portfolio at risk, the incidence of death/morbidity claims has been stable, as evidenced by the actuarial assumptions used for the year end valuation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

3 MANAGEMENT OF INSURANCE RISK (CONTINUED)

Long term insurance contracts (Continued)

(b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

The LABS uses appropriate base tables of South African mortality tables (SA 85/90). An investigation into the actual experience of the LABS over the last three years is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future.

Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not the case, the best estimate of future mortality is based on standard industry tables adjusted for the LABS overall experience.

For contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies. The impact of any historical evidence of selective termination behaviour will be reflected in this experience. The LABS maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

The LABS currently monitors default premiums by sending default reminder notices to clients requesting for payment of unpaid premium. Besides policyholders are also given the option to revive their policies for which certain conditions have to be met according to the revival policies and guidelines.

Pricing of all new products is determined by the actuary after thorough consideration of the mortality tables as per actuarial guides.

(c) Process used to decide on assumptions

Assumptions used to work out future liabilities under long-term insurance contracts are estimated by the LABS and its actuaries. Firstly, best estimate assumptions are worked out based on past experience and expectations of future developments. These are then adjusted with prescribed margins, as per the FSC solvency rules and actuarial guidance notes.

• Mortality

Estimates are made as to the expected number of deaths for each of the years in which the LABS is exposed to risk. These estimates are based on South African mortality tables (in the absence of local ones), adjusted where appropriate (e.g. for AIDS) to reflect the local experience. For contracts that insure the risk of longevity, prudent allowance is made for expected mortality improvements. Prescribed and additional margins are built into these estimates to allow for future uncertainty.

• Morbidity

Given the low financial significance of morbidity on the LABS and its predictability, morbidity tables are not used to model morbidity claims. A simpler approach used by the actuaries is to compare morbidity premiums against morbidity claims and work out any inadequacy in the premiums charged. For the last three years, this exercise has shown that the premiums are enough to cover expected claims. Any major change to morbidity experience in the industry will however be modeled differently.

Morbidity risk is managed by ensuring proper underwriting and ensuring that proper reinsurance treaties are in place that limit risk to what is acceptable according to the LABS's Risk Appetite Statement.

• Expenses

Expenses are estimated on a going concern basis. Per policy, expenses are split between acquisition and renewal expenses. Expenses incurred for the benefit of policies to be sold in the future are amortised over the relevant future period. Provision is made for the impact of future business volumes and inflation on expenses. The risk of expense overruns is managed by proper budgeting process, constant monitoring of expenses against budget throughout the year and by ensuring sufficient volumes are sold and/or acquired to support the expense base.

• Investment Income

Future investment return is estimated for each asset class and split between income return and capital gains. The starting point for this estimate is the risk free rate of return (government bonds), reflecting expectations of future economic and financial developments. The risk premium corresponding to the different asset types is then added based on the various risk profiles, asset term, capital growth and comparable yielding investments.

• Inflation

Investment income and inflation assumption are inter-twined. The gap between risk free returns and inflation over the last 20 years is worked out and projected into the future.

• Persistency

Policy lapse/surrenders are estimated from historical company and industry available data. These are adjusted to reflect changes in the legal, tax and business environment (e.g. removal of tax incentives or inability to surrender pension plans). Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long term changes in overall levels of mortality and the variability in contract holder's behaviour.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

3 MANAGEMENT OF INSURANCE RISK

Long term insurance contracts (Continued)

(c) Process used to decide on assumptions (Continued)

• Persistency (Continued)

The LABS uses South African mortality base tables (SA85/90) according to the type of contract being written. An investigation into the actual experience of the LABS is carried out, and the LABS's actuary use statistical methods to compare the fit of the mortality tables with the actual claims experience. Adjustments to the selected standard mortality table are then worked out to optimise the fit of the mortality model.

• Uncertainty in premium income

The LABS's actuary builds in provision for non-receipts of future premiums (arising from deaths, withdrawals, surrenders, defaults, etc.) due in his valuation basis. This basis is used to determine the position of the life fund every year. Further, cost of all new products is determined by the actuary after thorough consideration of the key assumptions.

Uncertainty in payment of benefits

Uncertainty in benefit payments arises from changes in underlying mortality trends (e.g. mortality improvement, increasing life expectancies) and the economic environment. The actuary builds in margins in his valuation assumptions that reflect mortality improvements/deterioration, as warranted by the particular policy being valued. For example, for endowment plans, higher deaths than expected will be a source of uncertainty in benefit payouts while for annuities; uncertainty arises from higher life expectancy. Bonus rates are used to reduce uncertainty in payouts due to changes in the economic environment. Bonus rates are not guaranteed and are reviewed in line with current and future market prospects.

(d) Sensitivity analysis

At 31 December 2021, the actuarial liability in respect of the business issued by the LABS amounted to **Rs 1,140,336,000** (2020 - Rs 1,152,591,000) as assessed by the LABS's actuary.

The following table presents the sensitivity of the value of insurance liabilities to movements in the assumptions used in the estimation of insurance liabilities.

Assumptions	Change in Variable	**Change in liability**	Change in liability
		2021	2020
		Rs'000	Rs'000
Worsening of mortality	+ 5% p.a.	**1,322**	(917)
Drop in interest rate on investments	- 2% p.a.	**169,658**	198,994
Worsening of renewal expense rate	+ 10% p.a.	**12,480**	11,444
Worsening of lapse rate	+ 10% p.a.	**(15,400)**	(14,891)

The LABS's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The LABS's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the LABS.

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Sale of services	**4,298,988**	4,336,065	**931**	232
Sale of goods	**508,516**	423,069	**-**	-
Rental income	**72,565**	60,384	**-**	-
	4,880,069	4,819,518	**931**	232
Timing of revenue recognition				
At a point in time	**713,617**	533,091	**-**	-
Over time	**4,166,452**	4,286,427	**931**	232
	4,880,069	4,819,518	**931**	232

5 OTHER OPERATING INCOME – NET

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Other operating income:				
Dividend income	**12,872**	12,863	**445,405**	283,034
Net fair value gains on investment properties (Note 11)	**14,397**	102,391	**417**	92
Management fee income	**1,515**	3,102	**40,115**	43,943
Rental income	**6,387**	9,114	**10,968**	13,082
Other fee income	**5,881**	5,726	**17,880**	17,067
Profit on disposal of property, plant and equipment	**8,040**	6,649	**637**	480
Profit on disposal of subsidiaries	**-**	251,001	**-**	1,129,750
Net foreign exchange gain – non-financing activities	**219**	-	**-**	-
Other operating income	**35,926**	34,896	**148**	-
Income from life assurance business	**252,854**	219,189	**-**	-
Transferred from life assurance fund (Note 23)	**9,537**	59,764	**-**	-
	347,628	704,695	**515,570**	1,487,448
Other operating expenses:				
Management fee expense	**(6,630)**	(4,801)	**(9,351)**	(7,584)
Rental expense	**(3,370)**	(3,412)	**-**	-
Other fee expenses	**(4,327)**	(3,286)	**(1,868)**	(675)
Net foreign exchange loss – non financing activities	**-**	(6,518)	**-**	-
Net fair value loss on investment properties (Note 11)	**-**	-	**-**	-
Total expenses of life assurance business	**(262,391)**	(278,953)	**-**	-
	(276,718)	(296,970)	**(11,219)**	(8,259)
Other operating income – net	**70,910**	407,725	**504,351**	1,479,189

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

6 OPERATING PROFIT

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
The following items have been charged/(credited) in arriving at operating profit:				
Profit on disposal of property, plant and equipment	**(8,040)**	(6,649)	**(637)**	(480)
Depreciation on property, plant and equipment (Note 10):				
- owned assets	**771,867**	684,576	**14,049**	11,822
- leased assets	**4,913**	4,422	**3,400**	2,911
Depreciation on right of use assets (Note 13)	**185,829**	163,952	**5,855**	5,940
Cost of inventories expensed	**458,397**	391,370	**-**	131
Staff costs (Note 7)	**872,396**	950,832	**133,731**	194,982
Fees paid to auditors:				
- audit services	**7,789**	8,484	**1,340**	1,399
- tax and advisory services	**3,382**	5,069	**1,286**	2,800
Amortisation of intangible assets (Note 12)	**55,604**	70,073	**3,882**	2,639
Provision for impairment of doubtful debts (Note 18)	**16,088**	58,456	**-**	-
Repairs and maintenance costs	**116,039**	104,321	**7,296**	5,765
Write offs of property, plant and equipment (Note 10)	**13,346**	4,191	**-**	-
Donations	**415**	6,529	**415**	6,529

7 STAFF COSTS

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Wages and salaries	**564,439**	629,571	**74,904**	84,362
Social security costs	**33,969**	27,699	**5,269**	3,324
Pensions cost - defined benefit plans (Note 25)	**57,531**	107,722	**24,173**	82,373
Other short term benefits	**216,457**	185,840	**29,385**	24,923
	872,396	950,832	**133,731**	194,982

	Number	Number	Number	Number
Number of employees at year end : Full time	**983**	1,005	**71**	77
Part-time	**-**	-	**-**	-

8 FINANCE COSTS – NET

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Finance costs:				
Interest expense on:				
Bank overdrafts	**12,826**	12,336	**6,358**	4,174
Bank borrowings	**210,648**	221,957	**122,513**	142,702
Debentures	**98,420**	71,246	**-**	-
Loans from subsidiaries (Note 33)	**-**	-	**4,187**	5,918
Loans from related parties (Note 33)	**15,710**	13,117	**14,046**	8,732
Shareholder's loan (Note 33)	**32**	3,414	**-**	3,414
Loan from directors (Note 33)	**805**	2,775	**805**	2,775
Import loans	**4,229**	4,713	**-**	-
Interest on lease liabilities from:				
Subsidiaries	**-**	-	**633**	710
Shareholders	**-**	92	**-**	-
Related parties	**2,655**	3,078	**1,731**	1,942
Third parties	**56,018**	55,634	**771**	1,039
Bank charges	**14,853**	13,264	**654**	514
Amortisation of bond issue transaction cost	**3,822**	3,428	**347**	-
Unwinding of asset retirement obiligations	**4,901**	-	**-**	-
Foreign exchange loss arising on financing activities	**20,396**	109,692	**-**	-
Others	**(8,658)**	1,462	**20**	24
	436,657	516,208	**152,065**	171,944
Finance income:				
Interest income on:				
Short term bank deposits	**(67)**	(346)	**-**	-
Loans to shareholders (Note 33)	**(16,095)**	(20,185)	**(16,095)**	(20,185)
Loans to subsidiaries (Note 33)	**-**	-	**(20,874)**	(1,603)
Loans to related parties	**(304)**	-	**(264)**	-
Unwinding of asset retirement obligations	**-**	(595)	**-**	-
Others	**(680)**	(291)	**-**	-
Foreign exchange gain arising on financing activities	**(4,646)**	(11,705)	**(778)**	(9,273)
	(21,792)	(33,122)	**(38,011)**	(31,061)
Finance costs – net	**414,865**	483,086	**114,054**	140,883

9 INCOME TAX EXPENSE

The Group is liable to income tax on its profits, as adjusted for income tax purposes at the average tax rate of 17% (2020 – 17%), of which 2% relates to Corporate Social Responsibility Fund. At 31 December 2021, the Group and Company had accumulated tax losses of Rs 784,411,000 (2020 – Rs 753,464,000) and Rs 605,817,000 (2020 – Rs 528,093,000) respectively.

Solidarity levy is calculated at the rate of 5 per cent of the "book profit" of Emtel Ltd and 1.5 per cent of its turnover and is payable in the following year.

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Charge for the year				
Based on the profit for the year, as adjusted for tax purposes	**83,750**	98,961	**-**	-
Over provision in previous year	**4,950**	(39,958)	**-**	-
Solidarity levy	**25,482**	29,854	**-**	-
Deferred income tax charge (Note 19)	**22,623**	21,595	**-**	-
	136,805	110,452	**-**	-

9 INCOME TAX EXPENSE (CONTINUED)

A reconciliation between the actual income tax charge and the theoretical amount that would arise using the applicable income tax rate for the Group and Company follows:

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Profit before taxation	**45,770**	310,837	**153,135**	988,991
Tax calculated at domestic tax rates applicable to profits in respective countries	**62,912**	229,321	**26,033**	168,128
Impact of:				
Dividend income	**-**	-	**(75,719)**	(48,116)
Other exempt income	**(27,697)**	(248,752)	**(11,484)**	(196,579)
Non-allowable expenses and impairment charge	**66,050**	88,481	**42,067**	45,370
Share of profits of associates	**(10,164)**	(879)	**-**	-
Under provision of income tax in previous year	**-**	255	**-**	-
Unrecognised deferred tax written off during the year	**15,717**	30,464	**15,717**	4,828
Deferred income tax not provided in current year	**3,849**	-	**3,386**	26,369
Under provision of deferred tax in previous year	**-**	26,635	**-**	
Utilisation of tax loss brought forward	**-**	(252)	**-**	-
Deemed foreign tax credit applicable to certain subsidiaries	**(1,435)**	(1,109)	**-**	-
Solidarity levy	**26,975**	(10,221)	**-**	-
Other permanent differences	**598**	(3,491)	**-**	-
	136,805	110,452	**-**	-

(a) i) Current income tax liability

	2021 Rs'000	2020 Rs'000
At 01 January	**77,948**	91,203
Transfer to current tax asset	**735**	(844)
Charge for the year	**109,232**	88,633
Adjustment prior year	**4,987**	-
Paid during the year	**(148,915)**	(101,044)
Exchange difference	**12**	-
At 31 December	**43,999**	77,948

ii) Current income tax asset

		Restated
	2021 Rs'000	2020 Rs'000
At 01 January	**(89,797)**	-
Transfer from current tax liability	**(735)**	844
Transfer from receivables	**-**	(80,382)
Charge for the year	**-**	225
Paid during the year	**-**	(10,484)
Refund received during the year	**9,415**	-
At 31 December	**(81,117)**	(89,797)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

9 INCOME TAX EXPENSE (CONTINUED)

(b) Expiry dates of tax losses

The tax losses are available for set off against future taxable profits as follows:

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Up to year ending:				
Prior years	**-**	913	**-**	-
31 December 2021	**-**	183,686	**-**	120,851
31 December 2022	**250,993**	129,672	**201,816**	80,966
31 December 2023	**124,416**	116,866	**100,972**	100,972
31 December 2024	**180,771**	180,665	**123,355**	123,355
31 December 2025	**25,800**	133,311	**(5,711)**	101,949
31 December 2026	**202,361**	8,351	**185,385**	-
31 December 2027	**70**	-	**-**	-
	784,411	753,464	**605,817**	528,093

(c) Tax on other comprehensive income

	Before tax	Tax credit	After tax
Group – 2021	**Rs'000**	**Rs'000**	**Rs'000**
Fair value gain on financial assets at fair value through OCI	**330,397**	-	**330,397**
Revaluation of property, plant and equipment	**281,694**	**(8,956)**	**272,738**
Remeasurement of post employment benefits	**140,667**	**(4,520)**	**136,147**
Currency translation differences	**68,999**	-	**68,999**
Group share on revaluation of property, plant and equipment in associates	**2,279**	-	**2,279**
Other comprehensive income	**824,036**	**(13,476)**	**810,560**
Current tax		-	
Deferred tax (Note 19(ii))		**(13,476)**	
		13,476	
Group – 2020			
Fair value loss on financial assets at fair value through OCI	(23)	-	(23)
Revaluation of property, plant and equipment	12,790	(1,688)	11,102
Remeasurement of post employment benefits	(208,391)	6,181	(202,210)
Currency translation differences	56,946	-	56,946
Group share on revaluation of property, plant and equipment in associates	13,241	-	13,241
Other comprehensive income	(125,437)	4,493	(120,944)
Current tax		-	
Deferred tax (Note 19(ii))		4,493	
		4,493	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

10 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings	Plant, equipment, and other assets	Motor vehicles	Furniture and fittings	Asset in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January 2021						
At Cost	-	7,892,208	102,520	408,896	715,273	9,118,897
At valuation	2,328,665	-	-	-	-	2,328,665
	2,328,665	7,892,208	102,520	408,896	715,273	11,447,562
Accumulated depreciation	(174,893)	(5,463,244)	(84,033)	(233,623)	-	(5,955,793)
Net book amount	2,153,772	2,428,964	18,487	175,273	715,273	5,491,769
Year ended 31 December 2021						
Additions	11,320	569,931	2,927	11,778	505,309	1,101,265
Disposals	-	(1,664)	(254)	(784)	-	(2,702)
Revaluation	281,694	-	-	-	-	281,694
Transfer to inventories	-	-	-	-	(2,171)	(2,171)
Transfer to intangible assets (Note 12)	-	-	-	-	(749)	(749)
Transfer to right of use assets (Note 13)	-	-	(700)	-	-	(700)
Transfer to asset held for sale (Note 21)	-	-	-	-	(317,460)	(317,460)
Reclassification	(58,369)	446,556	-	13,918	(402,105)	-
ARO adjustment	-	(12,026)	-	-	-	(12,026)
Write offs	(4,092)	(7,883)	-	251	(1,622)	(13,346)
Charge for the year	(39,345)	(696,422)	(6,951)	(34,062)	-	(776,780)
Closing net book amount	2,344,980	2,727,456	13,509	166,374	496,475	5,748,794
At 31 December 2021						
At cost	-	8,887,122	104,493	434,059	496,475	9,922,149
At valuation	2,559,218	-	-	-	-	2,559,218
	2,559,218	8,887,122	104,493	434,059	496,475	12,481,367
Accumulated depreciation	(214,238)	(6,159,666)	(90,984)	(267,685)	-	(6,732,573)
Net book amount	2,344,980	2,727,456	13,509	166,374	496,475	5,748,794

The revaluation surplus net of applicable deferred income taxes was credited to revaluation reserves.

No property, plant and equipment is pledged as security for borrowings. For security on borrowings, see note 24.

The write offs under asset in progress relate to assets which will not be available for use in the future due to obsolescence.

Asset in progress consists of project cost capitalised relating to technical equipment acquired by Emtel Limited and Emtel Technopolis Ltd which were not available for use at 31 December 2021.

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land and buildings	Plant, equipment, and other assets	Motor vehicles	Furniture and fittings	Asset in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January 2020						
At Cost	-	7,088,298	99,958	397,790	542,384	8,128,430
At valuation	2,326,292	-	-	-	-	2,326,292
	2,326,292	7,088,298	99,958	397,790	542,384	10,454,722
Accumulated depreciation	(136,946)	(4,858,155)	(74,557)	(197,137)	-	(5,266,795)
Net book amount	2,189,346	2,230,143	25,401	200,653	542,384	5,187,927
Year ended 31 December 2020						
Additions	2,699	606,350	2,653	12,296	365,097	989,095
Disposal of subsidiary	(9,355)	-	-	-	-	(9,355)
Disposals	(1,786)	(5,839)	(91)	(1,301)	-	(9,017)
Revaluation	9,932	-	-	-	2,858	12,790
Revaluation recognised in life assurance fund	883	-	-	-	-	883
Transfer to inventories	-	-	-	-	(5,647)	(5,647)
Transfer to intangible assets (Note 12)	-	-	-	-	(3,593)	(3,593)
Transfers	-	182,991	-	271	(183,262)	-
ARO adjustment	-	24,439	-	-	-	24,439
Other adjustments	-	-	-	-	(2,564)	(2,564)
Write offs	-	(4,031)	-	(160)	-	(4,191)
Charge for the year	(37,947)	(605,089)	(9,476)	(36,486)	-	(688,998)
Closing net book amount	2,153,772	2,428,964	18,487	175,273	715,273	5,491,769
At 31 December 2020						
At cost	-	7,892,208	102,520	408,896	715,273	9,118,897
	2,328,665	-	-	-	-	2,328,665
	2,328,665	7,892,208	102,520	408,896	715,273	11,447,562
Accumulated depreciation	(174,893)	(5,463,244)	(84,033)	(233,623)	-	(5,955,793)
Net book amount	2,153,772	2,428,964	18,487	175,273	715,273	5,491,769

The revaluation surplus net of applicable deferred income taxes was credited to revaluation reserves.

No property, plant and equipment is pledged as security for borrowings. For security on borrowings, see note 24.

The write offs under asset in progress relate to assets which will not be available for use in the future due to obsolescence.

Asset in progress consists of project cost capitalised relating to hotel construction in the books of IKO (Mauritius) Hotel Limited, construction of villas in the book of Eight IKO Villas Ltd and technical equipment acquired by Emtel Limited which was not available for use at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land and buildings	Plant, equipment, and other assets	Motor vehicles	Furniture and fittings	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January 2020					
At Cost	-	56,722	25,239	31,372	113,333
At valuation	8,545	-	-	-	8,545
	8,545	56,722	25,239	31,372	121,878
Accumulated depreciation	(401)	(28,258)	(16,191)	(11,196)	(56,046)
Net book amount	8,144	28,464	9,048	20,176	65,832
Year ended 31 December 2020					
Additions	-	24,634	2,424	5,830	32,888
Revaluation	-	-	-	-	-
Charge for the year	-	(9,146)	(3,166)	(2,421)	(14,733)
Closing net book amount	8,144	43,952	8,306	23,585	83,987
At 31 December 2020					
At Cost	-	81,356	27,663	37,202	146,221
At valuation	8,545	-	-	-	8,545
	8,545	81,356	27,663	37,202	154,766
Accumulated depreciation	(401)	(37,404)	(19,357)	(13,617)	(70,779)
Net book amount	8,144	43,952	8,306	23,585	83,987
Year ended 31 December 2021					
Additions	**-**	**3,872**	**2,928**	**134**	**6,934**
Disposals	**-**	**-**	**(254)**	**-**	**(254)**
Revaluation	**88**	**-**	**-**	**-**	**88**
Reclassification	**172**	**144**	**-**	**(316)**	**-**
Charge for the year	**-**	**(11,118)**	**(3,400)**	**(2,931)**	**(17,449)**
Closing net book amount	**8,404**	**36,850**	**7,580**	**20,472**	**73,306**
At 31 December 2021					
At Cost	**-**	**85,372**	**30,337**	**37,020**	**152,729**
At valuation	**8,805**	**-**	**-**	**-**	**8,805**
	8,805	**85,372**	**30,337**	**37,020**	**161,534**
Accumulated depreciation	**(401)**	**(48,522)**	**(22,757)**	**(16,548)**	**(88,228)**
Net book amount	**8,404**	**36,850**	**7,580**	**20,472**	**73,306**

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

If land and buildings were stated on historical cost basis, the amounts would be as follows:

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Cost	**454,735**	454,735	**5,181**	5,181
Accumulated depreciation	**(142,430)**	(129,201)	**(400)**	(400)
Net book value	**312,305**	325,534	**4,781**	4,781

Net book value of property, plant and equipment held under finance leases:

	Plant, equipment and other assets Rs'000	Motor vehicles Rs'000	Total Rs'000
Group			
At 31 December 2021	**322**	**8,080**	**8,402**
At 31 December 2020	7,759	11,959	19,718
Company			
At 31 December 2021	**-**	**7,580**	**7,580**
At 31 December 2020	5,962	8,305	14,267

Fair Values of land and buildings

The Group's land and buildings were revalued, based on fair value model, on 31 December 2021 by the directors and by an independent valuer, Noor Dilmohamed & Associates, Fellow of the Australian Property Institute. The valuation was arrived at taking into consideration recent sale for comparable properties in the region and with reference to open market values.

The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in revaluation reserves' in shareholders' equity.

2021	Significant other observable inputs (Level 2)	
Recurring fair value measurements	**Group**	**Company**
	Rs'000	**Rs'000**
Land	**105,064**	**4,349**
Buildings	**2,239,916**	**4,055**

2020	Significant other observable inputs (Level 2)	
Recurring fair value measurements	Group	Company
	Rs'000	Rs'000
Land	91,256	4,261
Buildings	2,062,516	3,883

Level 2 fair values of land and buildings have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

11 INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 January	**2,749,790**	2,488,351	**242,557**	241,757
Additions	**41,117**	164,923	**-**	708
Fair value gains/(loss) recognised in income statement (Note 5)	**14,397**	102,391	**417**	92
Fair value gains recognised in the income statement of Life Assurance Business	**12,731**	11,383	**-**	-
Impairment	**(7,438)**	(9,596)	**-**	-
Adjustments	**-**	(7,662)	**-**	-
At 31 December	**2,810,597**	2,749,790	**242,974**	242,557

The fair value of the investment properties at 31 December 2021 has been arrived at on the basis of a valuation carried out by Noor Dilmohamed & Associates, an independent valuer, not related to the Group, based on fair value model, taking into consideration recent sale for comparable properties in the region. Noor Dilmohamed & Associates hold recognised and relevant professional qualifications and has recent experience in the locations of properties valued.

	Significant other observable inputs (Level 2)			
Recurring fair value measurements	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Land	**2,187,932**	2,168,491	**162,140**	162,140
Buildings	**622,665**	581,299	**80,834**	80,417

The fair values of land and buildings have been derived from observable sales prices of comparable land and buildings in close proximity and are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

Investment properties value as at 31 December 2021 included project costs incurred by a subsidiary in prior years amounting to Rs 76,734,347 which were for the real estate development project. Due to delays in the start of the project, the project costs capitalised were reviewed at the end of the current year and management has carried out an impairment assessment. Based on a fair value less costs to sell computation, an impairment of **Rs 7,437,948** (2020 - Rs 9,595,645) was deemed appropriate and recognised for the year ended 31 December 2021. The total amount of impairment recognised as at 31 December 2021 amounts to Rs 68,897,801.

Rental income and operating expenses from investment properties were as follows:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Rental income	**6,387**	9,114	**10,968**	13,082
Direct operating expenses arising from investment properties that generated rental income	**21,397**	17,719	**3,650**	3,156
Direct operating expenses from investment properties that did not generate rental income	**7,161**	11,559	**-**	-

12 INTANGIBLE ASSETS

Group	**Patent rights and licences**	**Computer software**	**Indefeasible rights of use**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Cost:				
At 1 January 2020	78,027	102,291	660,156	840,474
Additions	1,944	9,216	271	11,431
Transfer from property, plant and equipment	-	3,593	-	3,593
Write offs	-	-	(5,497)	(5,497)
At 31 December 2020	79,971	115,100	654,930	850,001
Additions	**34,042**	**4,826**	-	**38,868**
Disposals	-	**(2,551)**	-	**(2,551)**
Transfer from property, plant and equipment	**-**	**749**	**-**	**749**
Write offs	**-**	**(4,831)**	-	**(4,831)**
At 31 December 2021	**114,013**	**113,293**	**654,930**	**882,236**
Amortisation:				
At 1 January 2020	51,026	86,987	299,891	437,904
Amortisation for the year	5,598	8,217	56,258	70,073
Write offs	-	-	(1,034)	(1,034)
At 31 December 2020	56,624	95,204	355,115	506,943
Amortisation for the year	**6,638**	**10,141**	**38,825**	**55,604**
Disposals	**-**	**(2,551)**	**-**	**(2,551)**
Write offs	**-**	**(4,831)**	-	**(4,831)**
Adjustments	**-**	**(233)**	**-**	**(233)**
At 31 December 2021	**63,262**	**97,730**	**393,940**	**554,932**
Net book value:				
At 31 December 2021	**50,751**	**15,563**	**260,990**	**327,304**
At 31 December 2020	23,347	19,896	299,815	343,058

12 INTANGIBLE ASSETS (CONTINUED)

Company	**Rs'000**
Cost:	
At 01 January 2020	27,297
Additions	2,225
At 31 December 2020	29,522
Additions	**1,643**
At 31 December 2021	**31,165**
Accumulated amortisation:	
At 01 January 2020	20,895
Amortisation for the year	2,641
At 31 December 2020	23,536
Amortisation for the year	**3,882**
At 31 December 2021	**27,418**
Net book value:	
At 31 December 2021	**3,747**
At 31 December 2020	5,986

The intangible asset above relates to computer software. The amortisation charge for the year is included in profit or loss within the 'administrative expenses' line.

13 LEASES

This note provide information where the Group and the Company are lessees.

(i) **Right of use assets**

	GROUP		**COMPANY**	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 January	**1,076,447**	1,161,731	**38,335**	44,275
Additions	**274,462**	89,367	**-**	-
Transfer from property, plant and equipment	**700**	-	**-**	-
Depreciation	**(185,829)**	(163,952)	**(5,855)**	(5,940)
Derecognition	**(28,249)**	(10,699)	**(588)**	-
Revaluation	**17,272**	-	**-**	-
At 31 December	**1,154,803**	1,076,447	**31,892**	38,335
Split by asset category				
Land	**850,190**	864,714	**-**	-
Building	**287,590**	198,735	**31,892**	38,335
Motor vehicle	**17,023**	12,998	**-**	-
	1,154,803	1,076,447	**38,335**	38,335

(ii) **Costs associated to lease**

Costs associated to lease

The costs associated to lease consist of expenses incurred by the Company to comply with Article 21 of the Industrial Site Lease Agreement with respect to relocation of National Coast Guard, construction of public access road, re-routing of existing services and upgrading of public beach. The costs incurred are amortised with effect from the date of handing over to the relevant authorities over the remaining life of the lease.

Prepaid operating lease

In 2004, a subsidiary (Emtel Ltd), entered into a land lease agreement with Business Parks of Mauritius Ltd for the lease of 2 acres of land at Ebene CyberCity for a period of 30 years, renewable at the lessee's option for two further consecutive periods of 30 years.

In 2010, a subsidiary (Le Chaland Hotel Limited), deposited Rs 25 million as contribution to the Tourism Fund in connection with the Group's hotel project at La Cambuse. During the year ended 31 December 2015, the Company deposited an additional Rs 23,690,060 to the Tourism Fund, as required by the revised State Land Act. The contribution acts as an up-front payment to the revised land lease agreement dated June 2015, starting as from January 2015. In previous years, the lease rental was being amortised based on the draft lease agreement dated 2010. Upon signature of the revised lease agreement in June 2015, the previous amortisation reserve has been written back and amortisation is being recorded as from January 2015, over a period of 60 years to 2074.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

13 LEASES (CONTINUED)

(iii) Lease Liabilities

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 January	**978,495**	1,044,267	**53,562**	62,428
Additions	**253,885**	63,925	**3,000**	2,115
Derecognition	**(29,535)**	-	**(715)**	-
Interest expense	**58,673**	58,804	**3,135**	3,691
Payments	**(170,284)**	(188,501)	**(15,062)**	(14,672)
At 31 December	**1,091,234**	978,495	**43,920**	53,562
Current	**165,430**	137,686	**9,162**	11,741
Non-current	**925,804**	840,809	**34,758**	41,821
At 31 December	**1,091,234**	978,495	**43,920**	53,562
The statement of comprehensive shows the following amount relating to leases:				
Depreciation charge of right of use assets	**185,829**	163,952	**5,855**	5,940
Interest expense (included in finance costs)	**58,673**	58,804	**3,135**	3,691
Expenses relating to leases of low value assets that are not shown as short term leases accounted in administrative expenses	**3,370**	3,412	**232**	205
Expense relating to variable lease payments not included in lease liabilities	**23,293**	33,967	**-**	-

The total cash outflow for the Group and Company leases in 2021 amount to **Rs 170,284,000** and **Rs 15,062,000** (2020 - Rs 188,501,000 and Rs 14,672,000) respectively.

14 INVESTMENTS IN SUBSIDIARIES

	2021	2020
	Rs'000	Rs'000
Company		
Cost:		
At 01 January	**5,031,638**	4,806,497
Additional equity injections into existing subsidiaries	**642,474**	245,391
Subordinated loan given to subsidiary	**70,000**	-
Disposals	**-**	(20,250)
At 31 December	**5,744,112**	5,031,638
Impairment charge/(write back)		
At 01 January	**349,666**	308,429
Charge for the year	**119,821**	84,918
Write back for the year	**(32,700)**	(43,681)
At 31 December	**436,787**	349,666
Net book amount:		
At 31 December	**5,307,325**	4,681,972

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

At 31 December 2021, the directors have reviewed the carrying amounts of investments in subsidiaries. An impairment loss is recognised for the amount by which the investments' carrying amount exceeds its recoverable amount. Recoverable amount is the higher of the fair value less cost to sell or value in use determined for each individual subsidiary.

Fair value less cost to sell

Fair value less cost to sell is the amount obtainable from sale in an arm's length transactions between knowledgeable willing parties, less cost to sell.

For Batimex Ltd, the fair value less cost to sell calculations use post-tax cash flow projections based on financial forecast approved by the directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates stated below. No impairment was recognised for year 2021.

The key assumptions used for the fair value less cost to sell in the year 2021 and 2020 for Batimex Ltd were as follows:

Gross margin – **38%** (2020 -39%)

Growth rate – **3%** (2020 -3%)

Discount rate – **13%** (2020 - 13%)

For Plaisance Aeroville Ltd, the investments in the holding Company exceeded the net assets of the subsidiaries due to a drop in performance and the excess amount was impaired. For Multi Channel Retail Limited, the net assets of the subsidiary exceeded the investment in the holding Company as a result of better performance and the excess amount was written back.

A subordinated loan of Rs 70M was given by the holding Company to Silver Wings Travel Ltd during the year ended 31 December 2021.

Details of the Group's direct subsidiary companies, which principal place of business and incorporation is Mauritius, are:

Name	Description of shares held	% holding		Principal activity
		2021	2020	
L'Avenir Precinct Ltd	Ordinary	**100**	-	Real estate activities with rental of own or leased property
Batimex Ltd	Ordinary	**100**	100	Trading in building materials and sanitary products
CH Management Ltd	Ordinary	**100**	100	Professional and Management Consultancy Services
CJ Investments Ltd	Ordinary	**100**	100	Dormant
Compagnie Immobilière Limitée	Ordinary	**66.81**	66.81	Renting of property
Currimjee Informatics Limited	Ordinary	**100**	100	Supply and installation of computer hardware and software
Currimjee Property Management & Development Ltd	Ordinary	**100**	100	Property development and management
Emtel Limited	Ordinary	**75**	75	Cellular phone operator
E-Skills Ltd	Ordinary	**100**	100	Provider of HRD services
Facilicare Ltd	Ordinary	**100**	100	Web portals (E-Commerce, on line sale, marketing, via mail or internet)
Island Life Assurance Co. Ltd	Ordinary	**100**	100	Long term insurance business
IKO (Mauritius) Resort Village Ltd	Ordinary	**100**	100	Land promoter and developer
Lux Appliances Ltd	Ordinary	**100**	100	Sale of vacuum cleaner
Mauritius Properties Ltd	Ordinary	**100**	100	Dormant
Multi Channel Retail Limited	Ordinary	**100**	100	Property development and management
Plaisance Aeroville Hotel Limited	Ordinary	**100**	100	Own and operate a hotel and all related facilities
Plaisance Aeroville Ltd	Ordinary	**100**	100	Land promoter and developer
Screenage Limited	Ordinary	**80**	80	Technology driven solutions and advisory services.
Seejay Cellular Limited	Ordinary	**100**	100	Investment holding
Silver Wings Travels Ltd	Ordinary	**100**	100	Travel agent and tour operator
Zac Investments Ltd	Ordinary	**50**	50	Investment in properties

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group, indirectly, holds investments in the following subsidiaries:

NAME

	Principal place of business	Description of shares held	Effective % Holding		Principal activity
			2021	2020	
Eight IKO Villas Ltd	Mauritius	Ordinary	**100**	100	Land promoter and developer
Emtel MFS Co Ltd	Mauritius	Ordinary	**75**	75	Mobile financial services
Emtel Technopolis Ltd	Mauritius	Ordinary	**75**	-	Land and infrastructure for satellite farming project
EM Vision Ltd	Mauritius	Ordinary	**67**	67	Investment holding
Island Investment Properties Limited	Mauritius	Ordinary	**100**	100	Investment in properties
IKO (Mauritius) Hotel Limited	Mauritius	Ordinary	**100**	100	To own and operate a hotel
IKO (Mauritius) Property Development Limited	Mauritius	Ordinary	**100**	100	Development of building projects for sale
MC Vision Ltd	Mauritius	Ordinary	**35.73**	35.73	Operator of Pay TV broadcasting
Multi Contact Ltd	Mauritius	Ordinary	**51**	51	Call centre and BPO services
Zac Properties Ltd	Mauritius	Ordinary	**50**	50	Investment in properties

All subsidiaries have year-end of 31st of December except for Mauritius Properties Ltd, which is 30th of June.

Summarised financial information on subsidiaries with material non-controlling interests

Summarised statement of financial position as at 31 December 2021 and 2020:

	Emtel Limited		MC Vision Ltd	
	2021	2020	**2021**	2020
	Rs'000	Rs'000 Restated	**Rs'000**	Rs'000
Current				
Assets	**801,152**	773,205	**160,798**	259,415
Liabilities	**(1,153,537)**	(1,689,165)	**(316,985)**	(409,935)
Total net current (liabilities)/assets	**(352,385)**	(915,960)	**(156,187)**	(150,520)
Non-Current				
Assets	**5,137,043**	4,714,016	**487,698**	449,659
Liabilities	**(3,400,284)**	(2,556,552)	**(247,820)**	(151,761)
Total non-current net assets	**1,736,759**	2,157,464	**239,878**	297,898
Net Assets	**1,384,374**	1,241,504	**83,691**	147,378
% ownership held by Non-controlling interest at 31 December	**25%**	25%	**64.27%**	64.27%
Non-controlling interest	**346,094**	310,376	**53,788**	94,720

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

SUMMARISED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Summarised income statement for the year ended 31 December 2021 and 2020:

	Emtel Limited		MC Vision Ltd	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue from contracts with customers	**3,128,630**	3,091,239	**1,277,689**	1,357,374
Profit before income tax	**509,310**	651,293	**32,250**	99,598
Income tax expense	**(128,970)**	(99,172)	**(5,385)**	(8,913)
Post tax profit from operations	**380,340**	552,121	**26,865**	90,685
Other comprehensive income	**278,650**	(13,722)	**9,448**	(17,219)
Total comprehensive income	**658,990**	538,399	**36,313**	73,466
Profit attributable to non-controlling interest	**95,085**	138,030	**17,266**	55,065
Total comprehensive income allocated to non-controlling interest	**164,748**	134,600	**23,338**	43,998
Dividend paid to non-controlling interest	**129,030**	91,080	**64,270**	96,405

Summarised statement of cash flows as at 31 December 2021 and 2020:

	Emtel Limited		MC Vision Ltd	
	2021	2020	**2021**	2020
	Rs'000	Rs'000 Restated	**Rs'000**	Rs'000
Cash flows from operating activities				
Cash generated from operations	**1,183,064**	1,333,507	**207,140**	261,572
Interest paid (net)	**(140,299)**	(115,711)	**(9,056)**	(3,675)
Income tax refund/(paid)	**(145,394)**	(92,936)	**8,170**	(15,209)
Contributions made for post-employment benefits	**(11,014)**	(4,368)	**(4,982)**	(6,814)
Net cash generated from operating activities	**886,357**	1,120,492	**201,272**	235,874
Net cash used in investing activities	**(996,814)**	(1,383,549)	**(188,346)**	(134,059)
Net cash used in financing activities	**(41,187)**	371,247	**(105,016)**	(43,969)
Net (decrease)/increase in cash and cash equivalents	**(151,644)**	108,190	**(92,090)**	57,846
Cash and cash equivalents at beginning of year	**183,635**	81,445	**191,252**	131,105
Effect of exchange rate changes	**(1,538)**	(6,000)	**(10,121)**	2,301
Cash and cash equivalents at end of year	**30,453**	183,635	**89,041**	191,252

The Group controls MC Vision Ltd by virtue of its shareholders agreement which allows Currimjee Jeewanjee and Company Limited to nominate the chairman of the board who has a casting vote.

15 INVESTMENTS IN ASSOCIATES

	2021	2020
	Rs'000	Rs'000
Group		
Equity accounting:		
At 01 January	**420,720**	387,440
Share of profit after tax for the year	**59,787**	5,170
Dividends paid	**(54,295)**	(9,613)
Additions	**95**	10,000
Share of loss recognised in revaluation reserves	**-**	13,241
Exchange difference	**2,279**	14,482
At 31 December	**428,586**	420,720
Company		
At 01 January	**41,872**	31,872
Additions	**95**	10,000
At 31 December	**41,967**	41,872

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

15 INVESTMENTS IN ASSOCIATES (CONTINUED)

Set out below are the associates of the Group as at 31 December 2021, which, in the opinion of the directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares which are held directly by the Group; the country of incorporation is Mauritius.

Nature of investment in associates 2021 and 2020:

Name	Place of business	Description of shares held	Proportion of ownership %	Principal activity
Ceejay Gas Ltd	Mayotte	Ordinary	33.33	Investment holding and trading in liquefied petroleum gas.
Total Mauritius Limited	Mauritius	Ordinary	24.98	Import and distribution of petroleum products, lubricants and liquefied petroleum gas.
Abana (Mauritius) Ltd	Mauritius	Ordinary	29.33	Online platform for buyers and sellers in the Textile & Apparel sector across Africa

Financial information of the Group's associates, all of which are unquoted, are set out below:

Summarised statement of financial position as at 31 December 2021 and 2020:

	Total (Mauritius) Ltd		Ceejay Gas Ltd	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current				
Cash and cash equivalents	**171,325**	56,863	**261,930**	265,625
Other current assets	**1,100,609**	999,599	**102,253**	75,211
Total current assets	**1,271,934**	1,056,462	**364,183**	340,836
Financial liabilities excluding trade payables	**320,444**	291,055	**13,418**	17,036
Other current liabilities including trade payables	**1,314,906**	1,202,847	**252,540**	233,019
Total current liabilities	**1,635,350**	1,493,902	**265,958**	250,055
Non-current				
Assets	**1,961,400**	2,026,582	**644,312**	639,431
Other liabilities	**260,309**	257,925	**478,952**	478,675
Net Assets	**1,337,675**	1,331,217	**263,585**	251,537

Summarised statement of comprehensive income for the year ended 31 December 2021 and 2020:

	Total (Mauritius) Ltd		Ceejay Gas Ltd	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue from contracts with customers	**6,169,668**	5,822,829	**510,934**	406,391
Cost of sales	**(5,321,155)**	(5,171,823)	**(193,138)**	(126,111)
Gross profit	**848,513**	651,006	**317,796**	280,280
Depreciation and amortisation	**7,914**	(209,899)	**(75,354)**	-
Other income	**10,928**	27,045	**23,893**	15,033
Interest expense	**(22,189)**	(35,028)	**(27,670)**	(22,686)
Other expenses	**(611,624)**	(391,626)	**(196,423)**	(262,517)
Profit before tax from continuing operations	**233,542**	41,498	**42,242**	10,110
Income tax expense	**(36,725)**	(10,747)	**(8,937)**	(2,032)
Profit after tax	**196,817**	30,751	**33,305**	8,078
Other comprehensive income	**-**	2,848	**-**	-
Total comprehensive income	**196,817**	33,599	**33,305**	8,078

15 INVESTMENTS IN ASSOCIATES (CONTINUED)

Reconciliation of summarised financial information

	Total (Mauritius) Ltd	Ceejay Gas Ltd
	Rs'000	**Rs'000**
Opening net assets 01.01.20	1,244,613	229,202
Profit for the period	30,751	8,078
Exchange difference	-	43,445
Increase in revaluation reserves	53,005	-
Remeasurement of post employment benefits	2,848	
Dividend paid	-	(29,188)
Closing net assets 31.12.20	1,331,217	251,537
Profit for the period	**196,817**	**33,305**
Exchange difference	**-**	**6,836**
Remeasurement of post employment benefits	**(10,991)**	**-**
Dividend paid	**(179,368)**	**(28,093)**
Closing net assets 31.12.21	**1,337,675**	**263,585**

	Total (Mauritius) Ltd	Ceejay Gas Ltd	Abana (Mauritius) Ltd	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Interest in associates (24.98%, 33.33% and 29.33%)				
2021	**337,111**	**87,853**	**3,622**	**428,586**
2020	331,672	83,846	5,202	420,720

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income are carried at fair value and can be analysed follows:

	2021	2020
Group	**Rs'000**	Rs'000
Non-current		
Current	**1,324,316**	986,760
	-	-
	1,324,316	986,760

Group	Quoted shares	Unquoted shares	Overseas bonds	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 01 January 2020	630,462	12,778	74,328	433,252
Additions	-	2,197	63,783	430,216
Net fair value gain transferred to equity	588	-	(611)	202,676
Net fair value gain transferred to life fund	-	-	62,558	1,663
Foreign currency translation adjustment	51,552	-	-	24,796
Disposals	(102,401)	-	(52,272)	(375,035)
Transfer from financial assets held at amortised cost (Note 18(iv))	-	-	243,798	243,798
At 31 December 2020	**580,201**	**14,975**	**391,584**	**986,760**
Additions	**24,200**	**3,000**	**18,331**	**45,531**
Net fair value gain/(loss) transferred to equity	**330,262**	**-**	**181**	**330,443**
Net fair value gain transferred to life fund	**-**	**-**	**(42,178)**	**(42,178)**
Foreign currency translation adjustment	**69,438**	**-**	**-**	**69,438**
Disposals	**-**	**-**	**(65,678)**	**(65,678)**
At 31 December 2021	**1,004,101**	**17,975**	**302,240**	**1,324,316**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (CONTINUED)

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

The bonds and securities attract interest at rates between **1.375%** and **6.8%** (2020 - 1.375% and 6.8%). These financial assets are denominated in the following currencies below:

	2021 Rs'000	2020 Rs'000
Indian rupees	**465,524**	300,011
Mauritius rupees	**311,645**	374,961
United States dollars	**8,571**	31,598
Great Britain pound	**538,576**	280,190
	1,324,316	986,760

	Quoted shares Rs'000	Unquoted shares Rs'000	Total Rs'000
Company			
Cost:			
At 01 January 2020	3	16,018	16,021
Additions	-	2,197	2,197
At 31 December 2020	**3**	**18,215**	**18,218**
Additions	**-**	**3,000**	**3,000**
At 31 December 2021	**3**	**21,215**	**21,218**
Impairment charge:			
At 01 January 2020 and 2021	-	(3,240)	(3,230)
Charge for the year	-	**-**	**-**
At 31 December 2020 and 2021	-	**(3,240)**	**(3,240)**
Net book amount			
At 31 December 2021	**3**	**17,975**	**17,978**
At 31 December 2020	3	14,975	14,978

All the financial assets at fair value through other comprehensive income of the Company are denominated in Mauritian rupees. The directors have reviewed the carrying amounts of these financial assets at 31 December 2021 and noted no additional impairment is required.

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets at fair value through other comprehensive income.

The directors assess the credit quality of each investment at a subsidiary level and ensure that appropriate procedures made to ensure credit quality.

None of these financial assets is either past due or impaired.

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Quoted shares	Unquoted shares	Total
	Rs'000	Rs'000	Rs'000
Group			
Domestic			
At 01 January 2020	230,226	111,401	341,627
Additions	24,679	27	24,706
Disposals	(22,568)	(1,800)	(24,368)
Net fair value loss	(56,282)	(14,967)	(71,249)
Net loss on disposal	(8,908)	(5,574)	(14,482)
At 31 December 2020	**167,147**	**89,087**	**256,234**
Additions	**2,043**	**8**	**2,051**
Disposals	**(13,237)**	**(17,927)**	**(31,164)**
Net fair value gain/(loss)	**46,103**	**(5,926)**	**40,177**
Net loss on disposal	**(1,330)**	**655**	**(675)**
At 31 December 2021	**200,726**	**65,897**	**266,623**
Foreign			
At 01 January 2020	60,735	-	60,735
Additions	32,962	-	32,962
Disposals	(20,098)	-	(20,098)
Net fair value gains	12,088	-	12,088
Net gain on disposal	64	-	64
At 31 December 2020	**85,751**	**-**	**85,751**
Additions	**206,854**	**45,272**	**252,126**
Disposals	**(111,773)**	-	**(111,773)**
Net fair value gains	**6,515**	**3,692**	**10,207**
Net gain on disposal	**24,312**	-	**24,312**
At 31 December 2021	**211,659**	**48,964**	**260,623**
Total			
At 31 December 2021	**412,385**	**114,861**	**527,246**
At 31 December 2020	252,898	89,087	341,985

All financial assets at fair value through profit or loss are included in non-current assets since the directors have no express intention of disposing of those investments within the next 12 months.

Included in quoted shares is an amount of **Rs 4,525,404** (2020 - Rs 4,669,458) in respect of investments in related companies.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

18 FINANCIAL ASSETS HELD AT AMORTISED COST

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000 Restated	**2021 Rs'000**	2020 Rs'000
Financial assets held at amortised cost:				
Not later than one year	**906,998**	458,978	**567,201**	968,950
Later than one year	**397,764**	347,190	**272,069**	249,526
	1,304,762	806,168	**839,270**	1,218,476

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000 Restated	**2021 Rs'000**	2020 Rs'000
Loans				
Loans receivable arising on life assurance business (Note (i))	**67,706**	52,424	**-**	-
Loans to subsidiaries (Note 33(iii)(c))	**-**	-	**64,638**	416,201
Loan to parent (Notes (ii) and 33(iii)(a))	**532,069**	249,526	**532,069**	249,526
Loans to directors (Note 33(iii)(b))	**347**	347	**347**	347
Loans to other related parties (Notes (ii) and 33(iii)(a))	**31,006**	1,006	**30,006**	6
Loans to third parties	**4,344**	4,344	**-**	-
	635,472	307,647	**627,060**	666,080
Trade and other receivables				
Trade receivables (Note (iii))	**265,179**	256,744	**51**	755
Receivable from:				
Subsidiaries (Note 33(iv)(e))	**-**	-	**179,613**	526,015
Associates (Note 33(iv) (a))	**5,022**	5,334	**4,473**	4,824
Shareholders (Note 33(iv) (b))	**1,785**	19	**1,633**	3
Directors (Note 33(iv) (c))	**390**	1,674	**390**	1,674
Other related parties (Note 33(iv) (d))	**10,444**	6,198	**6,691**	4,058
Deposits with financial institutions (Note (v))	**3,320**	7,802	**-**	-
Amount receivable from MRA *	**13,079**	13,079	**-**	-
Prepayments	**96,869**	65,406	**3,622**	2,753
Deposits	**75,758**	19,372	**-**	-
Other receivables	**197,444**	122,893	**15,737**	12,314
	669,290	498,521	**212,210**	552,396
	1,304,762	806,168	**839,270**	1,218,476

The loans to related parties bear interest at the rate of **3.25%** (2020 – 5.35%). The carrying values of the loans to related parties approximate their fair values. The fair values are within level 2 of the fair value hierarchy.

18 FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

* Emtel Ltd (a subsidiary) has objected against the Income Tax re-assessment by the MRA for the year of assessment 2006/2007 and 2007/2008 (based on the year 2005 and 2006 accounts respectively). The MRA pointed out that Emtel Ltd had wrongly applied the tax rate of 15% in the years 2005 and 2006 (instead of 25% for the year 2005 and 22.5% for the year 2006) as there has been amendment to the Income Tax Act 2001. The total amount claimed inclusive of penalties and interest was Rs 80.4 million of which Emtel Ltd has already paid Rs 36.5 million at the time of objection and Rs 43.9 million in October 2014 by virtue of section 21(3) of the MRA Act 2004 in accordance with the decision of the Committee. The ARC gave its decision on 14 November 2013 maintaining MRA's assessment and on 04 Dec 2013, Emtel Ltd has appealed to the Supreme Court against that decision. In parallel to those appeals, Emtel is contesting before the Supreme Court the MRA's refusal to allow it to join the VDIA Scheme for those same years. Pending the determination of those cases, the payments made to the MRA have been recorded as a receivable from the MRA as the Board of the Company is confident that the matter shall be resolved positively. Matter has been heard on 13 March 2018 and judgement is awaited.

(i) Loans receivable arising on life assurance business

	GROUP	
	2021	2020
	Rs'000	Rs'000
Secured loans (at amortised cost):		
At 01 January	**70,558**	99,069
Loans granted	**38,906**	29,780
Interest	**170**	-
Loans refunded	**(25,241)**	(58,291)
At 31 December	**84,393**	70,558
The movement in loss allowance is as follows:		
At 01 January	**(18,134)**	(18,134)
Reversal during the year	**1,447**	-
At 31 December	**(16,687)**	(18,134)
Carrying amount:		
At 31 December	**67,706**	52,424

The estimated fair values of the loans are the discounted amount of the estimated cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. The effective interest rates were in the range of **3%** to **14%** (2020 – 5% to 14%).

The fair values of the loans approximate their carrying amounts.

At 31 December 2021, loans amounting to **Rs 31,820,875** (2020 - Rs 26,276,331) were overdue which includes impaired and not impaired. These overdue loans receivables are secured by mortgaged properties.

Loans arising on life assurance business, **Rs 143,298,887** (2020 – Rs 111,387,198), are considered neither past due nor impaired when loan instalments are overdue for less than three months. When they are overdue for more than three months, they are tested for impairment individually and are considered impaired when the value of their mortgaged property is less than the carrying value of the loan receivable. The loans are secured against mortgaged properties.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

18 FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

(i) Loans receivable arising on life assurance business (Continued)

The ageing analysis of the loans arising on the life assurance business which are considered overdue and not impaired were as follows:

	GROUP	
	2021	2020
	Rs'000	Rs'000
Between 6 months to 1 year	**9,091**	3,025
Between 1 to 2 years	**1,399**	1,745
More than 2 years	**5,316**	6,806
Total overdue but not impaired originated loans	**15,806**	11,576

The amount of impaired loans amount to **Rs 16,687,030** (2020 – Rs 18,134,510). The other classes within loans and receivables do not contain impaired assets.

Included in the loans are **Rs 446,067** (2020 – Rs 537,687) in respect of loans made to directors and key management personnel.

(ii) Other loans

The loan to the parent, Currimjee Limited (ex Fakhary Ltd), is unsecured and bears interest at **4.25% to 6.5%** (2020 – 6.5%).

All the other loans bear interest between **3.25%** and **6.5%** (2020 – 5.35% to 6.5%)

There are no overdue or non-performing loans.

At 31 December 2021, the carrying values of all loans receivable approximate their fair value.

The directors assess the credit quality of each receivable at a subsidiary level and ensure that appropriate procedures made to ensure credit quality.

(iii) Trade receivables

At 31 December 2021, trade receivables include provision of impairment on receivables amounting to **Rs 156,516,917** (2020 – Rs 149,988,505):

	GROUP	
	2021	2020
	Rs'000	Rs'000
Trade receivables – net	**265,179**	256,744
Provision for impairment	**156,517**	149,989
Gross amount receivable	**421,696**	406,733
Neither past due nor impaired	**188,908**	203,418
Past due but not impaired	**76,271**	53,326
Past due and impaired	**156,517**	149,989
Total past due	**232,788**	203,315
Gross amount receivable	**421,696**	406,733

18 FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

(iii) Trade receivables (Continued)

The movement in provision for impairment of receivables is as follows:	2021 Rs'000	2020 Rs'000
At 01 January	**149,989**	146,499
Bad debts written off	**(1,804)**	(1,873)
Charge reversal for the year	**(17,473)**	(53,093)
Charge for the year	**25,805**	58,456
At 31 December	**156,517**	149,989

The Group and Company apply IFRS 9 simplified approach in measuring the expected credit losses which uses a lifetime expected loss allowance for all its trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are passed on the payment profiles of sales over a period of 36 months before 31 December 2021 or 31 December 2020 respectively and the corresponding historical credit losses experienced within this period. The Company has established a linear relationship of the bad debts with respect to its revenue per year based on historical data adjusted by the growth rate in the percentage of the bad debts on its revenue.

On that basis, the loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows for the trade receivables:

	Current	30 to 60 days	60 to 90 days	More than 90 days	Total
2021					
Expected loss rate	**0% to 22%**	**0% to 34%**	**0% to 45%**	**0% to 99%**	
Gross carrying value	**160,689**	**50,886**	**4,428**	**205,693**	**421,696**
Loss allowance	**3,294**	**2,804**	**1,162**	**149,257**	**156,517**
2020					
Expected loss rate	0% to 21%	0% to 39%	0% to 79%	3% to 100%	
Gross carrying value	178,460	53,126	12,446	162,701	406,733
Loss allowance	2,477	1,653	6,334	139,525	149,989

The Group assessed the recoverability of trade receivables based on the debtors capacity to repay their debts. Amount which are considered doubtful are specifically provided for. In addition, a provision under the expected credit loss model is recognised to account for the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the assets as at the reporting date with the risk of default at date of initial recognition. It considers available reasonable and supportive forward looking information. The Group defines the risk of default as being significant losses in the time value of money.

(iv) Debt securities

The debt securities may be analysed as follows:

	GROUP 2021 Rs'000	GROUP 2020 Rs'000
At 01 January	**-**	243,976
Interest accrued	**-**	(178)
Transfer to financial assets at fair value through other comprehensive income (Note 16)	**-**	(243,798)
At 31 December	**-**	-
Due within 1 year	**-**	-
Due after more than 1 year	**-**	-
	-	-

18 FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

(v) Deposits with financial institutions

Deposits placed with financial institutions have maturities ranging from 1 - 2 years and earn interest at the rate of **2.6%** (2020 – 2.6%) per annum for the year ended 31 December 2021. Placement is made through a fund manager who ensures the credit quality of these deposits.

At 31 December 2021, statutory deposits comprised of fixed deposit certificates of **Rs 10,000,000** (2020 – Rs 10,000,000).

(vi) The other classes of financial assets held at amortised cost do not contain impaired assets.

(vii) The maximum exposure to credit risk at reporting date is the carrying value of each class of loans and receivables mentioned above.

(viii) The Group does not hold any collateral as security other than already disclosed in note 18(i) and 18(iv).

(ix) Currency profile of financial assets held at amortised cost

The carrying amounts of the Group's and Company's loans and receivables are denominated in the following currencies:

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Mauritian Rupees	**1,041,474**	674,436	**835,648**	1,215,723
US Dollars	**28,585**	13,813	**-**	-
Euros	**38,515**	12,097	**-**	-
Great Britain Pounds	**7,162**	163	**-**	-
	1,115,736	700,509	**835,648**	1,215,723

Financial assets at amortised cost exclude deposits with financial institutions, amount receivable from MRA, prepayments and deposits.

19 DEFERRED INCOME TAX

(i) Assets

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 01 January	**-**	-	**-**	-
Income statement charge	**-**	-	**-**	-
At 31 December	**-**	-	**-**	-

19 DEFERRED INCOME TAX (CONTINUED)

(ii) Liabilities

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 01 January	**240,248**	223,146	**-**	-
Income statement charge/(credit)	**22,623**	21,595	**-**	-
(Credit)/charge to other comprehensive income (Note 9(c))	**13,476**	(4,493)	**-**	-
At 31 December	**276,347**	240,248	**-**	-

The movement in deferred income tax assets and liabilities is as follows:

Group - 2021

	At 01 January 2021	Charge/ (credit) to income statements	Charge to other comprehensive income	At 31 December 2021
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Deferred income tax liabilities:				
Accelerated capital allowances	**249,021**	**27,036**	-	**276,057**
Unrealised exchange gain	**77**	**(77)**	-	**-**
Revaluation of property, plant and equipment	**40,172**	-	**8,956**	**49,128**
	289,270	**26,959**	**8,956**	**325,185**
Deferred income tax assets:				
Provision for impairment of receivables	**(23,465)**	**(3,140)**	-	**(26,605)**
Allowance for tax losses	**(5,124)**	**2,099**	-	**(3,025)**
Retirement benefit obligations	**(13,286)**	**(167)**	**4,520**	**(8,933)**
Lease liabilities	**(7,147)**	**(3,128)**	**-**	**(10,275)**
	(49,022)	**(4,336)**	**4,520**	**(48,838)**
Net deferred income tax liabilities	**240,248**	**22,623**	**13,476**	**276,347**

19 DEFERRED INCOME TAX (CONTINUED)

(ii) ***Liabilities (Continued)***

Group - 2020

	At 01 January 2020 Rs'000	Charge/ (credit) to income statements Rs'000	Charge to other comprehensive income Rs'000	At 31 December 2020 Rs'000
Deferred income tax liabilities:				
Accelerated capital allowances	219,028	29,993	-	249,021
Unrealised exchange gain	(19)	96	-	77
Revaluation of property, plant and equipment	38,484	-	1,688	40,172
	257,493	30,089	1,688	289,270
Deferred income tax assets:				
Provision for impairment of receivables	(23,859)	394	-	(23,465)
Allowance for tax losses	-	(5,124)	-	(5,124)
Retirement benefit obligations	(6,857)	(248)	(6,181)	(13,286)
Lease liabilities	(3,631)	(3,516)	-	(7,147)
	(34,347)	(8,494)	(6,181)	(49,022)
Net deferred income tax liabilities	223,146	21,595	(4,493)	240,248

The directors have not recognised a deferred income tax asset attributable to the following as future taxable profits may not be available against which the temporary differences can be utilised:

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Tax losses carried forward	**138,049**	136,622	**102,989**	89,776
Accelerated capital allowances	**2,446**	19,030	**(5,483)**	6,366
Provision for retirement benefit obligations	**96,796**	121,044	**88,617**	107,805
Provision for bad and doubtful debts	**3,418**	4,612	**-**	-
Others	**2,010**	1,468	**456**	470
	242,719	282,776	**186,579**	204,417

20 INVENTORIES

	GROUP	
	2021 Rs'000	2020 Rs'000
At cost:		
Finished goods and goods for resale	**106,281**	62,121
Telephone sets, related spares and accessories	**36,484**	60,948
Spare parts and consumables	**1,570**	3,632
Goods in transit	**9,822**	13,710
Work in progress	**7,389**	146
	161,546	140,557
At net realisable value:		
Telephone sets, related spares and accessories	**528**	1,459
	162,074	142,016

21 ASSETS HELD FOR SALE

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Group				
At 01 January	**-**	-	**-**	-
Transfer from Work in progress (Note 10)	**317,460**	-	**-**	-
At 31 December	**317,460**	-	**-**	-

The asset held for sale relates to a subsidiary, Eight IKO Villas Ltd. The construction of the villas was completed by July 2021. They are being actively marketed and the sale of all villas is expected to be completed by the end of December 2022.

22 SHARE CAPITAL

Group and Company

	2021 Number	2020 Number	**2021 Rs'000**	2020 Rs'000
Authorised:				
Ordinary shares of Rs 100 each	**300,000**	300,000	**30,000**	30,000
Issued and fully paid:				
Ordinary shares of Rs 100 each	**297,000**	297,000	**29,700**	29,700

23 LIFE ASSURANCE FUNDS

	2021 Rs'000	2020 Rs'000
Group		
At 01 January	**940,099**	999,863
Transfer of (deficit to)/surplus from life assurance business revenue account (Note 5)	**(9,537)**	(59,764)
At 31 December	**930,562**	940,099
Non-current	**834,580**	857,351
Current	**95,982**	82,748
	930,562	940,099

23 LIFE ASSURANCE FUNDS (CONTINUED)

The Group's actuary for its life insurance business is QED Actuaries and Consultants (Pty) Ltd. The Group's actuary for pension business is Aon Hewitt Ltd.

The Group has provided the breakdown of life assurance fund due within 1 year and more than 1 year based on best estimates available.

At 31 December 2021, the adequacy of the life assurance fund has been assessed based on the following assumptions:

- Interest rate of **6.21%** (2020 - 5.39%);
- Assumed lapse rates of **20%, 10%, 7.5% and 7.5%** for years 1,2,3 and 4+ (2020 - 27%, 11%, 8% and 8%);
- Expense inflation rate of **2.68%** (2020 - 1.55%); and
- Mortality table **27% SA 85/90** (2020 - 27% SA 85/90)

24 BORROWINGS

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Non-current				
Bank loans – secured	**3,097,926**	2,965,231	**1,163,500**	1,439,038
Bonds	**4,350,000**	1,700,000	**2,200,000**	-
Unamortised transaction cost	**(14,696)**	(7,326)	**(9,470)**	-
	7,433,230	4,657,905	**3,354,030**	1,439,038
Current				
Bank overdrafts (Note 29)	**47,609**	349,501	**5,114**	172,516
Bank loans – secured	**467,497**	2,097,049	**-**	1,625,659
Unamortised transaction cost	**(3,282)**	(2,301)	**(1,183)**	-
Import loans	**34,724**	37,523	**24,981**	23,867
Accrued interest	**36,695**	8,766	**23,839**	-
Loans payable to subsidiaries (Note 33(v)(d))	**-**	-	**136,958**	52,458
Loans payable to related parties (Note 33(v) (a))	**267,269**	229,508	**256,483**	218,721
Loans payable to shareholders (Note 33(v) (b))	**-**	999	**-**	-
Loans payable to directors (Note 33(v) (c))	**17,000**	-	**17,000**	-
Other loans	**-**	9,596	**-**	-
	867,512	2,730,641	**463,192**	2,093,221
Total borrowings	**8,300,742**	7,388,546	**3,817,222**	3,532,259

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The borrowing rate is between **3.77%** and **6%** (2020 – 3% and 7%).

24 BORROWINGS (CONTINUED)

Bank overdrafts

The bank overdrafts and other banking facilities are secured by floating charges on all of the assets of the Company.

Bank loans

The bank loans are secured by floating charges on the assets of the Group and the Company and also by the pledge of shares and can be analysed as follows:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current				
Within one year	**467,497**	2,097,049	**-**	1,625,659
Non-current				
After one year and before two years	**597,822**	494,777	**-**	295,770
After two years and before five years	**1,833,654**	1,958,685	**1,163,500**	1,054,672
After five years	**666,450**	2,211,769	**-**	88,596
	3,097,926	4,665,231	**1,163,500**	1,439,038
Total bank loans	**3,565,423**	6,762,280	**1,163,500**	3,064,697

The denomination and effective interest rates of the bank loans are as follows:

	3.27% to 7.00%	**7.01% to 8.25%**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
Group - 2021			
Mauritian rupees	**3,047,472**	**-**	**3,047,472**
Euros	**517,951**	-	**517,951**
	3,565,423	-	**3,565,423**
Group - 2020			
Mauritian rupees	6,273,000	6,306	6,279,306
Euros	482,974	-	482,974
	6,755,974	6,306	6,762,280
Company – 2021			
Mauritian rupees	**1,163,500**	-	**1,163,500**
Company – 2020			
Mauritian rupees	3,064,697	-	3,064,697

24 BORROWINGS (CONTINUED)

Bank loans (Continued)

The bank loans are scheduled for payment as follows:

	2022	2023	2024	2025	2026	Later than 2026	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Group – 2021							
Mauritian rupees	**429,426**	**546,027**	**1,389,728**	**157,291**	**131,250**	**393,750**	**3,047,472**
Euros	**38,071**	**51,795**	**51,795**	**51,795**	**51,795**	**272,700**	**517,951**
	467,497	**597,822**	**1,441,523**	**209,086**	**183,045**	**666,450**	**3,565,423**
Company - 2021							
Mauritian rupees	**-**	**-**	**1,163,500**	**-**	**-**	**-**	**1,163,500**

	2021	2022	2023	2024	2025	Later than 2025	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Group – 2020							
Mauritian rupees	2,097,049	494,777	342,792	1,268,908	346,985	1,728,795	6,279,306
Euros	-	-	-	-	-	482,974	482,974
	2,097,049	494,777	342,792	1,268,908	346,985	2,211,769	6,762,280
Company - 2020							
Mauritian rupees	1,625,659	295,770	150,672	739,614	164,386	88,596	3,064,697

Bonds

The bank bonds facilities are secured by floating charges on the Company's assets and have been contracted at fixed interest rate which range between 2.20% and 5.15% for the Group and 2.20% and 4.05% for the Company.

	Group			Company		
	Current	Non-Current	Total	Current	Non-Current	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Bond	**-**	**4,350,000**	**4,350,000**	**-**	**2,200,000**	**2,200,000**
Unamortised transaction cost	**(3,282)**	**(14,696)**	**(17,978)**	**(1,183)**	**(9,470)**	**(10,653)**
Interest on bonds	**35,654**	**-**	**35,654**	**23,839**	**-**	**23,839**
	32,372	**4,335,304**	**4,367,676**	**22,656**	**2,190,530**	**2,213,186**

The transaction cost incurred on the issue of bonds and the amount recognised under borrowings are as follows:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**9,627**	5,332	**-**	-
Bond issue transaction costs incurred	**12,173**	7,723	**11,000**	-
Amortisation	**(3,822)**	(3,428)	**(347)**	-
At 31 December	**17,978**	9,627	**10,653**	-

The bonds are scheduled for payment as follows:

	2022	2023	2024	2025	2026	Later than 2026	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Group - 2021							
Mauritian rupees	**-**	**250,000**	**500,000**	**1,100,000**	**500,000**	**2,000,000**	**4,350,000**
Company - 2021							
Mauritian rupees	**-**	**-**	**-**	**800,000**	**-**	**1,400,000**	**2,200,000**

24 BORROWINGS (CONTINUED)

Net debt reconciliation

This section sets out an analysis of the net debt and the movements in net debt of each of the periods presented.

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash and cash equivalents including bank overdraft	**(395,598)**	(290,394)	**(54,468)**	168,425
Borrowings	**8,253,133**	7,039,045	**3,812,108**	3,359,743
Lease liabilities	**1,091,234**	978,495	**43,920**	53,562
Net debt	**8,948,769**	7,727,146	**3,801,560**	3,581,730
Cash and cash equivalents	**(443,207)**	(639,895)	**(59,582)**	(4,091)
Gross debt with fixed interest rates	**2,541,815**	2,098,112	**150,000**	150,000
Gross debt with variable interest rates	**6,850,161**	6,268,929	**3,711,142**	3,435,821
Net debt	**8,948,769**	7,727,146	**3,801,560**	3,581,730

	Group			Company		
	(Cash)/ bank overdraft	Borrowings	Lease liabilties	Cash/ bank overdraft	Borrowings	Lease liabilties
Net debt as at 01 January 2020	(297,414)	6,296,850	1,044,267	81,662	3,875,531	62,428
Recognition/acquisition	-	-	63,925	-	-	2,115
Cash flows	7,020	742,195	(129,697)	86,763	(515,788)	(10,981)
Net debt as at 31 December 2020	**(290,394)**	**7,039,045**	**978,495**	**168,425**	**3,359,743**	**53,562**
Acquisition	**-**	**-**	**253,893**	**-**	**-**	**3,000**
Cash flows	**(105,204)**	**1,214,088**	**(141,154)**	**(222,893)**	**452,365**	**(12,642)**
Net debt as at 31 December 2021	**(395,598)**	**8,253,133**	**1,091,234**	**(54,468)**	**3,812,108**	**43,920**

25 POST - EMPLOYMENT BENEFITS

Defined benefit pension plan

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Amounts recognised in the statement of financial position:				
Present value of funded obligations	**536,721**	609,317	**189,528**	231,205
Fair value of plan assets	**(317,064)**	(280,948)	**(103,782)**	(104,096)
Deficit of funded plans	**219,657**	328,369	**85,746**	127,109
Present value of unfunded obligations	**434,143**	506,865	**434,143**	506,865
Liability in the statement of financial position	**653,800**	835,234	**519,889**	633,974

25 POST - EMPLOYMENT BENEFITS (CONTINUED)

The Group operates defined benefit pension plans. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. Pensions in payment are generally updated in line with the inflation rate and benefit payments for funded obligations are from ILA managed Pension Fund.

The movement in the defined benefit obligation over the year is as follows:

Group

	Present Value of obligation	**Fair value of plan assets**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
At 01 January 2021	**1,116,182**	**(280,948)**	**835,234**
Current service cost	**36,653**	**-**	**36,653**
Interest cost	**29,009**	**(7,988)**	**21,021**
Past service cost	**(143)**	**-**	**(143)**
	1,181,701	**(288,936)**	**892,765**
Remeasurements:			
Return on plan assets excluding amount included in interest expense	**-**	**(19,702)**	**(19,702)**
Gain from change in financial assumptions	**(51,132)**	**-**	**(51,132)**
Experience gains	**(69,833)**	**-**	**(69,833)**
	(120,965)	**(19,702)**	**(140,667)**
Contribution -Employers	**-**	**(82,242)**	**(82,242)**
Payment from plans –Benefit payments	**(92,573)**	**76,517**	**(16,056)**
Other movements	**2,701**	**(2,701)**	**-**
	(89,872)	**(8,426)**	**(98,298)**
At 31 December 2021	**970,864**	**(317,064)**	**653,800**

The movement in the defined benefit obligation over the year 2020 is as follows:

Group

	Present Value of obligation	Fair value of plan assets	Total
	Rs'000	Rs'000	Rs'000
At 01 January 2020	850,561	(265,908)	584,653
Current service cost	30,806	-	30,806
Interest cost	40,107	(13,859)	26,248
Past service cost	50,796	(128)	50,668
	972,270	(279,895)	692,375
Remeasurements:			
Return on plan assets excluding amount included in interest expense	-	2,645	2,645
Gain from change in financial assumptions	137,401	-	137,401
Experience gains	68,345	-	68,345
	205,746	2,645	208,391
Contribution -Employers	-	(60,121)	(60,121)
Payment from plans –Benefit payments	(64,518)	60,751	(3,767)
Other movements	2,684	(4,328)	(1,644)
	(61,834)	(3,698)	(65,532)
At 31 December 2020	1,116,182	(280,948)	835,234

25 POST - EMPLOYMENT BENEFITS (CONTINUED)

Company

	Present Value of obligation	Fair value of plan assets	Total
	Rs'000	Rs'000	Rs'000
At 01 January 2021	**738,070**	**(104,096)**	**633,974**
Current service cost	**11,054**	**-**	**11,054**
Interest cost/ (Income)	**18,002**	**(2,490)**	**15,512**
Past service cost	**(2,393)**	**-**	**(2,393)**
	764,733	**(106,586)**	**658,147**
Remeasurements:			
Return on plan assets excluding amount included in interest expense	-	**(6,672)**	**(6,672)**
Gain from change in financial assumptions	**20,586**	-	**20,586**
Experience gains	**(91,966)**	-	**(91,966)**
	(71,380)	**(6,672)**	**(78,052)**
Contribution -Employer	-	**(55,879)**	**(55,879)**
Payment from plans –Benefit payments	**(69,682)**	**65,355**	**(4,327)**
	(69,682)	**9,476**	**(60,206)**
At 31 December 2021	**623,671**	**(103,782)**	**519,889**

The movement in the defined benefit obligation over the year 2020 is as follows:

	Present Value of obligation	Fair value of plan assets	Total
	Rs'000	Rs'000	Rs'000
At 01 January 2020	570,079	(100,232)	469,847
Current service cost	11,029	-	11,029
Interest cost/ (Income)	25,854	(4,582)	21,272
Past service cost	50,200	(128)	50,072
	657,162	(104,942)	552,220
Remeasurements:			
Return on plan assets excluding amount included in interest expense	-	4,306	4,306
Gain from change in financial assumptions	62,502	-	62,502
Experience gains	68,217	-	68,217
	130,719	4,306	135,025
Contribution -Employer	-	(48,999)	(48,999)
Payment from plans –Benefit payments	(49,811)	45,539	(4,272)
	(49,811)	(3,460)	(53,271)
At 31 December 2020	738,070	(104,096)	633,974

25 POST - EMPLOYMENT BENEFITS (CONTINUED)

The significant actuarial assumptions were as follows:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
Discount rate	**4.4% to 4.8%**	2.5% to 3.1%	**4.5% to 4.8%**	2.5% to 2.7%
Salary growth rate	**1.0% to 3.8%**	2.0%	**2.0% to 3.0%**	2.0%
Pension growth rate	**1.0%**	1.0%	**1.0%**	1.0%

Average life expectancy in years for a pensioner retiring at age 63 to 65

Retiring at the end of the reporting period

	GROUP		COMPANY	
	2021	2020	**2021**	2020
Male	**11.2 to 17.3**	12.3	**11.4 to 11.5**	12.3
Female	**12.9 to 21.7**	13.5	**13.2 to 13.3**	13.5

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Group - 2021			
Discount rate	**1%**	**118,700**	**153,323**
Salary growth rate	**1%**	**51,400**	**42,745**
Group - 2020			
Discount rate	1%	115,540	138,669
Salary growth rate	1%	60,527	51,251
Company - 2021			
Discount rate	**1%**	**56,727**	**71,476**
Salary growth rate	**1%**	**12,161**	**10,895**
Company - 2020			
Discount rate	1%	68,409	82,869
Salary growth rate	1%	18,785	16,826

25 POST - EMPLOYMENT BENEFITS (CONTINUED)

Plan assets are comprised as follows:

	Group			Company		
2021	**Quoted**	**Unquoted**	**Total**	**Quoted**	**Unquoted**	**Total**
	Rs'000	**Rs'000**	**Rs'0000**	**Rs'000**	**Rs'000**	**Rs'000**
Equities -Overseas	**19,024**	**-**	**19,024**	**6,227**	**-**	**6,227**
Equities -Local	**101,460**	**9,512**	**110,972**	**33,210**	**3,113**	**36,323**
Fixed interest securities- Local	**22,194**	**66,584**	**88,778**	**7,265**	**21,794**	**29,059**
Cash and others	**-**	**98,290**	**98,290**	**-**	**32,173**	**32,173**
	142,678	**174,386**	**317,064**	**46,702**	**57,080**	**103,782**

	Group			Company		
2020	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Equities -Overseas	33,714	-	33,714	12,491	-	12,491
Equities -Local	81,475	8,428	89,903	30,188	3,123	33,311
Fixed interest securities- Overseas	19,666	-	19,666	7,287	-	7,287
Fixed interest securities- Local	28,095	75,856	103,951	10,410	28,106	38,516
Cash and others	-	33,714	33,714	-	12,491	12,491
	162,950	117,998	280,948	60,376	43,720	104,096

The Group and Company operate a final salary defined benefit pension plan for its employees. The plan exposes the Group and Company to normal risks associated with defined benefit pension plans, such as investment, interest, longevity and salary risks.

Investment risk: The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk: The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

The Company's expected employer contribution for the next year is **Rs 54,860,000** and the weighted average duration of the defined benefit obligation is between 7 and 15 years.

26 PROVISION FOR ASSET RETIREMENT OBLIGATIONS

The provision is in respect of the dismantling and removal of equipment from leased cell sites for the period if the operating lease is not renewed.

	GROUP	
	2021	2020
	Rs'000	Rs'000
At 01 January	**73,799**	49,612
Additional provision during the year	**2,757**	1,108
Disposal adjustments	**(194)**	(758)
Impairment adjustments	**(12,026)**	24,432
Finance charge	**4,901**	(595)
At 31 December	**69,237**	73,799

The above has been calculated based on these assumptions:

Life of the assets – **5 to 24 years** (2020 - 5 to 25 years)

Interest rate – **4.04%** (2020 – 1.93%)

A change in the rate of interest of 1% higher/lower than the actual rate would have decreased/increased the finance charge by **Rs 692,375** (2020 – Rs 737,989).

27 TRADE AND OTHER PAYABLES, PROVISION FOR OTHER LIABILITIES AND CHARGES AND DEFERRED REVENUE

(i) TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000 Restated	**2021 Rs'000**	2020 Rs'000
Not later than one year	**1,273,181**	1,206,129	**51,690**	45,914
Later than one year	**6,438**	8,067	**-**	-
	1,279,619	1,214,196	**51,690**	45,914
Bills payable (secured)	**51,503**	51,544	**-**	-
Trade payables	**234,185**	251,317	**237**	243
Other payables and accruals	**714,546**	582,412	**40,354**	37,954
Subscription received in advance (pay TV subscribers)	**88,620**	90,621	**-**	-
Deposits	**84,121**	78,595	**-**	-
Amount due to subsidiaries (Note 33(vi)(e))	**-**	-	**7,207**	6,069
Amount due to other related parties (Note 33(vi)(c))	**36,429**	60,546	**2,824**	157
Amount due to associates (Note 33(vi)(a))	**131**	132	**98**	96
Amount payable to shareholder (Note 33(vi) (d))	**347**	-	**-**	-
Amount due to directors(Note 33(vi) (b))	**970**	1,395	**970**	1,395
Income received in advance	**30,996**	18,923	**-**	-
Dividends payable	**37,771**	78,711	**-**	-
	1,279,619	1,214,196	**51,690**	45,914

27 TRADE AND OTHER PAYABLES AND PROVISION FOR OTHER LIABILITIES AND CHARGES (CONTINUED)

(ii) PROVISION FOR OTHER LIABILITIES AND CHARGES

The Group provision for other liabilities and charges relates to solidarity levy charge on revenue. The movement in provision is shown below:

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 01 January	**46,552**	48,995	**-**	-
Charge for the year	**47,324**	46,552	**-**	-
Adjustment for prior year	**(183)**	-	**-**	-
Paid during the year	**(46,369)**	(48,995)	**-**	-
At 31December	**47,324**	46,552	**-**	-

(iii) DEFERRED REVENUE

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000 Restated	**2021 Rs'000**	2020 Rs'000
At 01 January	**118,103**	116,163	**-**	-
Net movement on services	**7,031**	1,940	**-**	-
At 31 December	**125,134**	118,103	**-**	-

This represents mainly airtime sold to distributors for which revenue will be recognised once it is purchased and consumed by the end customer.

28 CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000 Restated	**Rs'000**	Rs'000
Profit before taxation	**45,770**	310,837	**153,135**	988,991
Adjustments for:				
Depreciation on property, plant and equipment (Note 10)	**776,780**	688,998	**17,449**	14,733
Depreciation on right of use assets (Note 13(i))	**185,930**	163,952	**5,855**	5,940
Amortisation of intangible assets (Note 12)	**55,604**	70,073	**3,882**	2,641
Profit on disposal of property, plant and equipment (Note 5)	**(8,040)**	(6,649)	**(637)**	(480)
Write offs of property, plant and equipment (Note 10)	**13,346**	4,191	**-**	-
Write offs of intangible assets (Note 12)	**-**	4,463	**-**	-
Profit on disposal of subsidiaries (Note 5)	**-**	(251,001)	**-**	(1,129,750)
Net impairment charge on investment in subsidiaries (Note 14)	**-**	-	**(25,100)**	41,237
Fair value (gain)/loss on investment properties (Note 11)	**(14,397)**	(102,391)	**(417)**	(92)
Impairment on investment properties (Note 11)	**7,438**	9,596	**-**	-
Other adjustment on investment properties (Note 11)	**-**	7,662	**-**	-
Dereognition of lease liabilities (Note 13)	**(1,286)**	-	**(127)**	-
Unrealised foreign exchange differences	**(439)**	(9,088)	**-**	-
Unwinding of asset retirement obligation (Note 26)	**4,901**	(595)	**-**	-
Depreciation adjustment on ARO	**2,563**	350	**-**	-
Impairment charge on financial assets held at amortised cost	**16,088**	58,456	**-**	-
Share of profit of associated companies (Note 15)	**(59,787)**	(5,170)	**-**	-
Dividend income (Note 5)	**(12,872)**	(12,863)	**(445,405)**	(283,034)
Finance costs – net	**263,041**	366,945	**131,188**	149,005
Amortisation of bond issue transaction costs	**3,822**	-	**347**	-
Difference on exchange	**-**	-	**-**	(8,636)
	1,278,462	1,297,766	**(159,830)**	(219,445)
Working capital changes				
Decrease/(increase) in inventories	**(17,887)**	51,284	**-**	-
Decrease/(increase) in trade and other receivables	**(193,654)**	37,774	**376,481**	2,276
(Decrease)/increase in trade and other payables	**65,423**	(332,691)	**(8,475)**	(28,812)
(Decrease)/ increase in provision for other liabilities	**772**	(2,443)	**-**	-
Decrease in deferred revenue	**7,031**	1,940	**-**	-
Movement in retirement benefits obligations	**(40,767)**	42,190	**(36,034)**	29,103
(Decrease)/increase in life assurance funds and liabilities of life assurance company	**(54,111)**	(51,476)	**-**	-
	(233,193)	(253,422)	**331,972**	2,567
Cash generated from/(used in) operations	**1,045,269**	1,044,344	**172,142**	(216,878)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

29 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following amounts:

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000 Restated	**2021 Rs'000**	2020 Rs'000
Cash and cash equivalents	**443,207**	639,895	**59,582**	4,091
Bank overdrafts (Note 24)	**(47,609)**	(349,501)	**(5,114)**	(172,516)
	395,598	290,394	**54,468**	(168,425)

30 DIVIDENDS

	COMPANY	
	2021 Rs'000	2020 Rs'000
Proposed and paid		
Rs 378.79 per share (2020 – Rs 146.46)	**112,500**	43,500

31 CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	**2021** Rs'000	2020 Rs'000
Capital commitments for property, plant and equipment:				
Authorised and contracted for	**181,414**	396,379	**-**	-

32 (I) CONTINGENCIES

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Guarantees				
On loans and bank overdraft facilities of subsidiaries, associates and related companies	**1,084,727**	1,125,280	**1,084,727**	1,125,280
Bank guarantees	**82,267**	45,072	**2,361**	2,361

At 31 December 2021, the Group and Company had contingent liabilities in respect of bank guarantees in the ordinary course of business amounting to **Rs 82,267,000** (2020 – Rs 45,072,000) and **Rs 2,361,000** (2020 – Rs 2,361,000) respectively, from which it is anticipated that no material liabilities will arise.

32 (II) CONTINGENT ASSETS AND LIABILITIES

Emtel v/s ICTA, Mauritius Telecom (MT), Cellplus Mobile Communications and Ministry of Telecommunications

Emtel has lodged a claim for damages in excess of Rs 1 billion (plus interest and costs) against the ICTA, MT, Cellplus and the Ministry of Telecommunications for losses incurred as a result of inter alia failure by the authorities to ensure a level of playing field and unfair competitive practices. The matter was heard over the course of six weeks in May and June 2016. On 9 and 10 August 2017, the Supreme Court handed down its judgment in favour of Emtel awarding it a total amount of Rs 554,139,900 with interest at the legal rate and costs to be paid by all Defendants except the Ministry of Telecommunications. Each of the ICTA, MT and Cellplus have appealed against the judgment to the Court of Civil Appeal. Those three appeals were heard in November 2019, February 2020 and March 2020. On 17 November 2021, the Court of Civil Appeal reversed the judgment of the trial court and dismissed Emtel's claim for damages in two separate judgments. Emtel has appealed against those two appeal judgments to the Judicial Committee of the Privy Council.

Silver Wings Ltd was subject to a fraud by the previous accountant. The matter is being handled by Silver Wings's lawyers and a minimum re-imbursement of Rs 20M is expected from the previous accountant, out of which Rs 3M has already been re-imbursed.

Emtel v/s Data Communications Ltd (DCL)

Emtel has sued DCL for unpaid services supplied by Emtel. In the course of the case, DCL has counter claimed the sum of Euros 1.5 million from Emtel for allegedly failing to supply an uninterrupted data service in respect of an International Private Line leased from Emtel. The case is not yet in shape for trial as DCL was subject to both an insolvency process and a receivership. In February 2021, the Court was informed that DCL is no more in receivership. An extension of time was requested to obtain the permission of the Court to proceed against DCL which is in liquidation. The matter is therefore still at pleadings stage. At this point the Board of Directors does not believe that Emtel will be required by the Court to settle the amount claimed by DCL.

33 RELATED PARTY TRANSACTIONS

The Group is directly controlled by Currimjee Limited which owns 62.95% of the Company's shares.

The particulars of the significant transactions carried out with related parties are presented below.

The other receivables from related parties are receivable within 1 year. The terms of loans receivable from and loans payable to related parties are also disclosed below.

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
(i) Sales of goods and services				
Associates	**2,437**	2,643	**-**	-
Shareholders	**809**	125	**-**	-
	3,246	2,768	**-**	-
Rental income				
Subsidiaries	**-**	-	**6,272**	5,591
Management fee income				
Subsidiaries	**-**	-	**38,600**	43,017
Shareholders	**-**	1,529	**-**	104
Associates	**1,515**	823	**1,515**	822
Entity significantly influenced by the directors of the Company	**-**	750	**-**	-
	1,515	3,102	**40,115**	43,943
(ii) Purchases of goods and services				
Purchases of goods				
Associates	**5,601**	5,756	**-**	-
Entity significantly influenced by the directors of the Company	**754,141**	698,806	**-**	-
	759,742	704,562	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

33 RELATED PARTY TRANSACTIONS (CONTINUED)

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Management fee expense excluding Currimjee Limited				
Subsidiaires	**-**	-	**2,721**	2,783
Interest expense				
Subsidiaries	**-**	-	**7,844**	5,918
Related parties	**15,710**	13,117	**10,389**	8,732
Shareholders	**32**	3,414	**-**	3,414
Directors	**805**	2,775	**805**	2,775
	16,547	19,306	**19,038**	20,839
Interest income				
Subsidiaries	**-**	-	**20,874**	1,603
Related parties	**264**	-	**264**	-
Shareholders	**16,095**	20,185	**16,095**	20,185
	16,359	20,185	**37,233**	21,788
Currimjee Limited (common directorships)				
Management fees	**1,238**	1,313	**1,238**	1,313
	1,238	1,313	**1,238**	1,313
Key management compensation				
Salaries and other short term employee benefits	**159,360**	187,885	**81,553**	99,590
Post employment benefits	**7,185**	20,844	**-**	-
	166,545	208,729	**81,553**	99,590

Key management personnel of the Company refers to directors (executive and non-executive) and members of the senior management team of the Company as disclosed in the Corporate Governance report. Key management personnel of the Group refers to key management personnel of the Company and key management personnel of subsidiaries.

		GROUP		COMPANY	
		2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
(iii)	**Loans receivable (Note 18):**				
(a)	*Loans to related parties*				
	Parent company	**532,069**	249,526	**532,069**	249,526
	Subsidiaries of sister Company	**30,000**	-	**30,000**	-
	Entity significantly influenced by the directors of the Company	**1,006**	1,006	**6**	6
		563,075	250,532	**562,075**	249,532

The above loans to related parties are unsecured, repayable at call, bearing interest of **3.25%** to **6.5%** per annum (2020 – 5.35%).

33 RELATED PARTY TRANSACTIONS (CONTINUED)

		GROUP		COMPANY	
		2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
(iii)	**Loans receivable (Note 18) (Continued):**				
(b)	*Loan to directors*	**347**	347	**347**	347
	The above loan to directors are unsecured, interest free and repayable at call.				
(c)	*Loans to subsidiaries*	**-**	-	**134,638**	416,201
	The loans to subsidiaries are repayable at call and bears interest rates as follows:				
	Interest free loan	**-**	-	**-**	397,809
	Interest rate of **3.85% to 6.5%** (2020 - 6.1% to 6.5%)	**-**	-	**134,638**	18,392
		-	-	**134,638**	416,201
(iv)	**Amounts receivable from (Note 18):**				
(a)	*Associates*				
	At 01 January	**5,334**	5,099	**4,824**	4,114
	Movement during the year	**(312)**	235	**(351)**	710
	At 31 December	**5,022**	5,334	**4,473**	4,824
(b)	*Shareholders*				
	At 01 January	**19**	15,532	**3**	15,525
	Movement during the year	**1,766**	(15,513)	**1,630**	(15,522)
	At 31 December	**1,785**	19	**1,633**	3
(c)	*Directors*				
	Amount receivable from directors	**390**	1,674	**390**	1,674
(d)	*Other related parties*				
	Entities significantly influenced by the Group	**-**	-	**-**	-
	Other related parties	**10,444**	6,198	**6,691**	4,058
		10,444	6,198	**6,691**	4,058
(e)	*Subsidiaries*				
	Amounts receivable from subsidiaries	**-**	-	**179,613**	526,015

33 RELATED PARTY TRANSACTIONS (CONTINUED)

		GROUP		COMPANY	
		2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
(v)	**Loans payable to (Note 24):**				
(a)	*Related parties*				
	Entities significantly influenced by the Group	**7,500**	7,500	**-**	-
	Shareholders of the ultimate parent	**141,966**	116,408	**141,966**	116,408
	Close family members of shareholders of the ultimate parent	**117,803**	105,600	**114,517**	102,313
		267,269	229,508	**256,483**	218,721

- The loan payable to entities significantly influenced by the Group are unsecured, repayable within one year and interest payable at the rate of **6%** (2020 – 6% to 7%) per annum.

-The loan payable to the shareholders of the ultimate parent are unsecured, repayable at call and bear interest at the rate of **5.35%** (2020 – 4.85% to 5.35%) per annum.

-The loan payable to close family members of shareholders of the ultimate parent are unsecured, repayable at call and bear interest at the rate of **5.35%** (2020 – 4.85% to 5.35%) per annum.

		GROUP		COMPANY	
		2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
(b)	*Shareholders*				
	At 01 January	**999**	300,999	**-**	300,000
	Repaid during the year	**(999)**	(300,000)	**-**	(300,000)
	At 31 December	**-**	999	**-**	-
	-The loan payable to shareholders are unsecured, repayable at call and bear no interest (2020 – 6.35%) per annum.				
(c)	*Directors*				
	At 01 January	**-**	58,056	**-**	58,056
	Raised during the year	**17,000**	-	**17,000**	-
	Repaid during the year	**-**	(58,056)	**-**	(58,056)
	At 31 December	**17,000**	-	**17,000**	-
	-The loan payable to directors are unsecured, repayable at call and bear interest at the rate of 5.35% (2020 – 4.85% to 5.35%) per annum.				
(d)	*Subsidiaries*				
	Loan payable to subsidiaries	**-**	-	**136,958**	52,458

-The loan payable to subsidiaries are unsecured, repayable at call and bear interest at the rate of 6% to 7% (2020 – 6%) per annum.

33 RELATED PARTY TRANSACTIONS (CONTINUED)

		GROUP		COMPANY	
		2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
(vi)	**Amounts due to (Note 27):**				
(a)	*Associates*	**131**	132	**98**	96
(b)	*Directors*	**970**	1,395	**970**	1,395
(c)	*Other related parties*				
	Entities significantly influenced by the Group	**32,508**	58,918	**-**	-
	Other related entities	**3,921**	1,628	**2,824**	157
		36,429	60,546	**2,824**	157
(d)	*Shareholders*	**347**	-	**-**	-
(e)	*Subsidiaries*	**-**	-	**7,207**	6,069

34 CONVERTIBLE DEBENTURES

	GROUP		COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
At 01 January	**-**	-	**-**	-
Bonds issued during the year	**208,000**	-	**-**	-
Fees attributable to convertible bonds	**(2,060)**	-	**-**	-
At 31 December	**205,940**	-	**-**	-

During the financial year ended 30 June 2021, a subsidiary of the Group, IKO (Mauritius) Hotel Ltd (IHL), has signed a subscription agreement with the Mauritius Investment Corporation Ltd ("MIC"), a wholly owned subsidiary of the Bank of Mauritius to issue redeemable convertible bonds for a total amount of Rs 312 million comprising of 312 bonds of Rs 1 million each. One of the main objectives of the MIC is to provide financial support to companies impacted by the Covid-19 pandemic and in particular to the tourism sector which had the worst impact due to the full border closure. The MIC support is in the form of redeemable convertible bonds to companies which required urgent working capital to sustain its viability. IHL has issued 208 (in two equal tranches of 104 each) 3.5% redeemable convertible bonds in favour of MIC as at 31 December 2021. The last tranche of Rs 104m (104 convertible bonds) will be issued in April 2022. The maturity date is 9 years from first disbursement of the first tranche of the subscription proceeds.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (CONTINUED)

35 CORRECTION OF PRIOR PERIOD ERRORS

The accounts of one of the subsdiaries namely, Emtel Ltd, have been restated with regards to the following:

a) Emtel Ltd, previously reported current tax receivable as part of trade and other receivables. Under IAS 1 'Presentation of financial statements', current tax receivable should be disclosed as a separate line item on the face of the statement of financial position. Given the nature and magnitude of the amount, this error has been corrected. Refer to Note 17 for details on the nature of the balance.

b) Emtel Ltd disclosed cash outflows for solidarity levy on revenue as part of taxation cash flows. Solidarity levy on revenue does not fall in the scope of IAS 12 "Income taxes" and as such, any payment of solidarity levy on revenue does not form part of taxation cash flows. This has been corrected and the prior year restated accordingly to exclude solidarity levy on revenue from taxation cash flows.

c) Emtel Ltd previously reported restricted cash balance separatey from cash and cash equivalents on the face of the statement of financial position. The restricted cash meets the definition of "cash and cash equivalents" as defined in IAS 7 'Statement of cash flows' since the cash is available to settle short term liabilities arising from services obtained from a specific supplier. This error has been corrected by reclassifying restricted cash as part of cash and cash equivalents on the statement of financial position.

d) As per IAS 16, 'Property, plant and equipment', assets of a similar nature and use in an entity's operations are grouped into one class. Emtel Ltd previously grouped assets relating to technical equipment, office equipment and furniture and fittings under land and buildings. This has been corrected by reclassifying these assets from land & buildings amounting to Rs 96 million to their respective classes. The resulting impact on the depreciation were not material to restate the prior year and the adjustment on depreciation has been corrected in the current year.

e) Emtel Ltd previously reported deferred revenue under trade and other payables. Deferred revenue meets the definition of a contract liability in terms of IFRS 15, however does not need to be disclosed separately and a voluntary change in disclosure has been brought about to provide more insight and relevant information to the users of the financial statements. This has been corrected and the prior year restated accordingly to reclassify deferred revenue from trade and other payables and shown separately on the statement of financial position.

f) Emtel Ltd previously reported interest paid on leases under lease payment in the cash flow statement. As per IAS 7, the interest payment should be disclosed in the cash flow statement under net cash from operating activities. This has been corrected and the prior year restated accordingly to reclassify interest payment from financing activities and included in interest payment.

g) The tables below summarise the impact of the adjustments:

	01 January 2020		
	As previously stated	**Adjustments**	**As restated**
	Rs000	**Rs000**	**Rs000**
Statement of financial position (extract)			
Trade and other receivables (a)	675,886	(80,382)	595,504
Current tax asset (a)	-	80,382	80,382
Restricted cash (c)	138,226	(138,226)	-
Cash and cash equivalents (c)	463,621	138,226	601,847
Trade and other payables (e)	1,656,224	(116,163)	1,540,061
Deferred revenue (e)	-	116,163	116,163

35 CORRECTION OF PRIOR PERIOD ERRORS (CONTINUED)

	31 December 2020		
	As previously stated	Adjustments	As restated
	Rs000	Rs000	Rs000
Statement of financial position (extract)			
Trade and other receivables (a)	539,360	(80,382)	458,978
Current tax asset (a)	9,415	80,382	89,797
Restricted cash (c)	80,329	(80,329)	-
Cash and cash equivalents (c)	559,566	80,329	639,895
Trade and other payables (e)	1,324,232	(118,103)	1,206,129
Deferred revenue (e)	-	118,103	118,103

	31 December 2020		
	As previously stated	Adjustments	As restated
	Rs000	Rs000	Rs000
Statements of cash flows (extract)			
Decrease in provisions (b)	-	(2,443)	(2,443)
Increase/(Decrease) in trade and other payables (e)	(330,751)	(1,940)	(332,691)
Decrease in deferred revenue (e)	-	1,940	1,940
Taxation paid (b)	(111,528)	2,443	(109,085)
Interest paid (f)	(295,353)	(39,152)	(334,505)
Cash flow from financing activities			
Lease payment (f)	(144,440)	39,152	(105,288)

36 SUBSEQUENT EVENTS

There are no material events after the reporting period which should require disclosure of adjustments to the financial statements for the year ended 31 December 2021.

37 PARENT AND ULTIMATE PARENT

The directors regard Currimjee Limited (previously known as Fakhary Limited), a company incorporated in Mauritius, as the Company's parent and ultimate controlling party.

38 INCORPORATION AND REGISTERED OFFICE

The Company is a private limited company incorporated and domiciled in Mauritius. The registered office and place of business of the Company is at 38, Royal Street, Port Louis.

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