

Expert Leasing Ltd

Financial Statements

For the year ended

30 June 2022

EXPERT LEASING LTD
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for the year ended 30 June 2022

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Expert Leasing Ltd

Corporate Profile and Information as at 30 June 2022

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

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

Expert Leasing Ltd
Corporate governance report
For the year ended 30 June 2022 (Cont'd)

Introduction

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

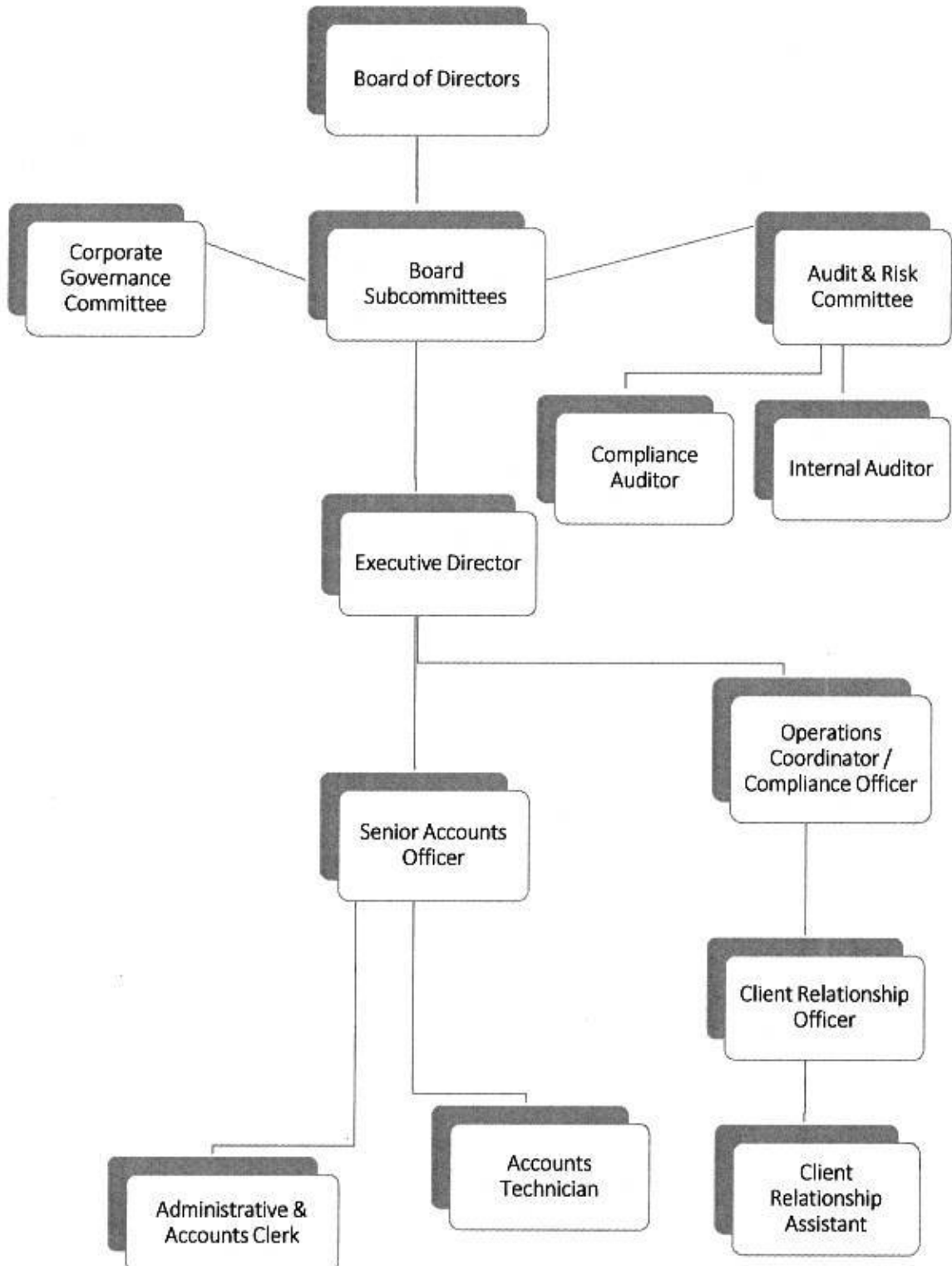
PRINCIPLE ONE - GOVERNANCE STRUCTURE

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

The Company does not have a Constitution and hence is governed by the Companies Act 2001. The Company has a Board Charter which is available upon request made to the Company Secretary. As for the Code of Business Conduct and Ethics, same is available on the Company’s website.

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Organisational Chart



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Key Governance Responsibilities

Board of Directors

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

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

Chairman of the Board

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

Executive Director

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

Non-Executive Directors and Independent Directors

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

Company Secretary

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

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

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

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

ABCPS is represented by Mrs. Cindy Larose, *ACIS*. Mrs. Larose has more than 13 years' experience in the corporate secretarial field and is an Associate of the Institute of Chartered Secretaries and Administrators (*ICSA*). She is also a member of the Mauritius Institute of Directors ("MIoD").

Board Committees

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

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

The Corporate Governance Committee has been set up in order to advise the Board on Corporate Governance matters and to ensure that the Company complies with the requirements of the National Code of Corporate Governance for Mauritius (2016) (the "Code").

More information on Board Committees are provided further below.

PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES

Board structure

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

Board Size

As at 30 June 2022, the Board was composed of five members consisting of one executive director, two non-executive directors and two independent directors. In view of the business scope and current activities of the Company, the Board is of opinion that one executive director being responsible for the day-to-day management of the Company, working in close collaboration with the Chairman, is sufficient. Consequently, no Chief Executive Officer ("CEO") has been appointed.

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

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Board Composition

As at 30 June 2022, the Board of Directors of the Company was composed as follows:

Name	Position
Mr. Joseph Anthony Tseung Sum Foi	Non-Executive Chairman
Mr. James Lim Teng Chong	Executive Director
Mrs. Valerie Ah-Chuen Juban	Non-Executive Director
Mr. Ah-Lan Lam Yan Foon	Independent Director
Mr. Pascal Lee Choong Tong	Independent Director <i>(as from 21 February 2022)</i>
Mr. Voon Yue Choon Wan Min Kee	Independent Director <i>(up to 28 February 2022)</i>

The Board was of the view that although Mr. Ah Lan Lam Yan Foon has served as an Independent Director of the Company for nine (9) years, his independence could not be undermined by his length of service as Director. The Board instead relied on his experience, expertise, integrity, objectivity and independent judgement and considered that Mr. Ah Lan has always acted in the best interest of the Company.

However, with a view to adhere to the best governance practices, the Board in conjunction with the Corporate Governance Committee has initiated the review of its composition by looking for a potential candidate to replace Mr. Ah Lan as Independent Director of the Company.

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

Board balance and diversity

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

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

Board Meetings

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

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

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Board Committees

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

Audit and Risk Committee

The Audit and Risk Committee has been established by the Board to assist it in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and control processes, the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

The Committee also provides a forum for discussing business risk and control issues and for developing relevant recommendations for consideration by the Board. It also monitors the role and scope of works of internal and compliance auditors and maintains an appropriate relationship with external auditors. The Committee has the authority to conduct investigations into any matter within its scope of responsibilities and to obtain such outside or other independent professional advice as it considers necessary to carry out its duties. The Committee normally meets on a quarterly basis and during the financial year under review, the Committee met five (5) times.

Members of the Audit and Risk Committee up to 28 February 2022 were:

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

Members of the Audit and Risk Committee as at 30 June 2022 are:

Chairman:	Mr. Ah-Lan Lam Yan Foon	Independent Director
Members:	Mrs. Valerie Ah-Chuen Juban	Non-Executive Director
	Mr. Pascal Lee Choong Tong	Independent Director

Corporate Governance Committee

The Corporate Governance Committee has been established by the Board to make recommendations to the Board on corporate governance provisions to be adopted so that the Company remains effective and complies with prevailing corporate governance principles.

The Committee also makes recommendations to the Board on the appointment of new executive, non-executive and independent directors as well as senior management and advises on the composition of the Board in general.

The Committee normally meets on a yearly basis and during the financial year under review, the Committee met once.

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Members of the Corporate Governance Committee up to 28 February 2022 were:

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

Members of the Corporate Governance Committee as at 30 June 2022 are:

Chairman:	Mr. Ah-Lan Lam Yan Foon	Independent Director
Members:	Mr. James Lim Teng Chong	Executive Director
	Mr. Pascal Lee Choong Tong	Independent Director

Directors' attendance at Board and Committees' meetings during the financial year ended 30 June 2022

Directors	Board	Audit and Risk Committee	Corporate Governance Committee
TSEUNG SUM FOI Joseph Anthony (Chairman)	4 out of 4	N/A	N/A
AH-CHUEN JUBAN Valerie	4 out of 4	5 out of 5	N/A
LAM YAN FOON Ah-Lan	4 out of 4	4 out of 5	1 out of 1
LEE CHOONG TONG Pascal (as from 21 February 2022)	1 out of 4	1 out of 5	N/A
LIM TENG CHONG James	4 out of 4	N/A	1 out of 1
WAN MIN KEE Voon Yue Choon (up to 28 February 2022)	3 out of 4	4 out of 5	1 out of 1

Internal Directorship

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

Directors	ABCAT	ABCCR	ABCM	ALT	CW	FLM	GHL
AH-CHUEN JUBAN Valerie		○	○	○	○	○	○
LAM YAN FOON Ah-Lan	●		●		●		
TSEUNG SUM FOI Joseph Anthony	○						
LEE CHOONG TONG Pascal Lee							
WAN MIN KEE Voon Yue Choon	●		●				

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Abbreviations:

ABCAT	ABC AUTOTECH LTD
ABCCR	ABC CAR RENTAL LIMITED
ABCM	ABC MOTORS COMPANY LIMITED
ALT	ALADDIN TOURS LTD
CW	CHUE WING & COMPANY LIMITED
FLM	Fleetleader (Mauritius) Ltd
GHL	GOOD HARVEST LIMITED
•	Director
◦	Alternate Director

PRINCIPLE THREE – DIRECTOR APPOINTMENT PROCEDURES

Appointment and Re-election of Directors

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

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

Induction and Orientation

On appointment, every new director benefits from a programme aimed at deepening the understanding of the business, its environment and the markets in which the Company operates. As part of the induction programme, the new director receives a comprehensive pack from the Company Secretary which contains the essential information about the Company, the composition of the Board and its sub committees as well as various other statutory documents.

Professional Development

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

Succession Planning

There is currently no formal succession plan in place considering the size and the scope of activities of the Company. However, the Board gives due consideration to recognise and nurture talents within executive and management level as succession planning is an important element to ensure business continuity and reduce the risk of operational disruptions. The Company ensures that ongoing trainings and development needs are conducted at regular intervals within Executive and Management levels to ensure that it creates opportunities to develop current and future leaders.

Profile of the Directors

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

Mr. Joseph Anthony Tseung Sum Foi is a Fellow member of the Association of Chartered Certified Accountants (ACCA) and the Chairman of the Company. He is actually the Strategic Business Development Advisor of Automobile Division, ABC Group and also, the Chief Operating Officer of ABC Properties Ltd, a subsidiary of ABC MOTORS COMPANY LIMITED. He previously

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occupied the posts of Audit and Systems Executive (1996-1998), Finance and Systems Executive (1998-2001), General Manager (2001-2017) and has also acted as Chief Operating Officer from October 2017 to June 2021 within the ABC Group.

His previous responsibilities were:

- Financial Controller of JM Goupille & Co. Ltd, Member of the Rogers Group
- Manager of C.I.M Limited, Member of the Rogers Group
- General Manager of C.I.M Limited and Galaxy Showroom

Mrs. Valerie Ah-Chuen Juban – Non-Executive Director

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

Mr. James Lim Teng Chong – Executive Director

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

Mr. Ah-Lan Lam Yan Foon – Independent Director

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

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

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

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

ABC AUTOTECH LTD, CHUE WING & COMPANY LIMITED, GinMori Auto Ltd, ORIENTAL FOODS LIMITED, SPEEDFREIGHT LTD and P.O.L.I.C.Y. Limited (a Company listed on the Official Market of the Stock Exchange of Mauritius).

Mr. Pascal Lee Choong Tong – Independent Director (as from 21 February 2022)

Mr. Pascal Lee Choong Tong holds a Bachelor of Science in Management Sciences from the University of Warwick, UK and is an associate member of the Chartered Institute of Management Accountants (CIMA).

He spent the last 15 years at Air-Tec Global, an aircraft leasing and aviation related group of companies, where he is the current Group Chief Financial Officer.

He previously worked at his family printing business, in hire purchase at CIM Finance Ltd and as an audit consultant at BDO.

Directorship in listed companies: Nil

Mr. Voon Yue Choon (Henri) Wan Min Kee – Independent Director (up to 28 February 2022)

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

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

PRINCIPLE FOUR – DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

Legal Duties

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

Code of Business Conduct and Ethics

Expert Leasing Ltd has adopted a Code of Business Conduct and Ethics which encompasses the core values of the Company and the standard of dealings that the public at large can uncompromisingly expect. The Code is designed to help employees at all levels to understand their responsibilities, carry out their duties with due diligence, honesty and integrity, which are fundamental to the reputation and success of the Company. The Company has also a whistleblowing policy to encourage employees to freely communicate concerns about illegal, unethical or

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questionable practices that they may come across to Senior Management or Internal Auditor without fear of reprisal.

Conflict of Interest

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

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

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

Information Technology and Information Security

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

During the year under review, much emphasis was put on business continuity. In that respect, the Company has successfully implemented a disaster recovery site which is fully operational as a hot site. Moreover, with the 'new normal' relating to COVID-19, IT has become one of the most vital tools to support the business; thus, we allowed employees to telecommute under very strict access control policies. We have also enhanced our security systems which now have capabilities of protecting our network with automated patch management against vulnerabilities, software auditing and security scanning.

IT Policies and Procedures

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

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

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

Board Information

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

Directors' and Officers' Indemnity and Insurance

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

Board Evaluation and Development

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

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

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

Statement of Remuneration Philosophy

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

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

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

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

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

Directors' Attendance Fees

For the financial year ended 30 June 2022, the Executive, Non-Executive and Independent Directors were entitled to attendance fees totalling **Rs.242,800/-** (2021: Rs.224,000).

Remuneration of directors has not been disclosed on an individual basis due to the commercial sensitivity of the information. We however wish to highlight that the individual remuneration of directors is however disclosed upon filing of the Annual Report on the XBRL platform, thus complying with the requirements of the Companies Act 2001.

Directors' interests and dealings in shares

The directors' interests in the capital of the Company as at 30 June 2022, were as follows:

Directors	Direct Shareholding	Indirect Shareholding
AH-CHUEN JUBAN Valeric	Nil	1.67%
LAM YAN FOON Ah-Lan	Nil	0.15%
LIM TENG CHONG James	Nil	0.28%
LEE CHOONG TONG Pascal (as from 21 February 2022)	Nil	Nil
TSEUNG SUM FOI Joseph Anthony	Nil	0.62%
WAN MIN KEE Voon Yue Choon (up to 28 February 2022)	Nil	Nil

PRINCIPLE FIVE – RISK GOVERNANCE AND INTERNAL CONTROL

Risk Management

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

Risks are managed within an established three lines of defence namely through:

- Management Control
- Internal Audit and Compliance Audit who independently review, monitor and appraise compliance with policies and procedures as well as with the industry's legal and regulatory requirements respectively
- The Audit and Risk Committee

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

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

CAYS Associates in its capacity as the Company's Internal Auditor, has the responsibility to constantly assess the quality of the business controls through the conduct of risk-based operational audits, inspection of financial reporting controls and compliance audits except for the following: HLB Risk & Compliance Consultancy Ltd, Compliance Auditor, conducts independent checks to ensure that the Company comply with AML/CFT Policy. The findings of the internal, compliance and external audits are reported at the Audit and Risk Committee, which is generally held on a quarterly basis. A representative of CAYS Associates and of HLB Risk & Compliance Consultancy Ltd are invited to attend meetings of the Audit and Committee as and when necessary.

Risk Management Framework

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

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

Management Control

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

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

The Company recognises different risk categories namely compliance, credit, interest rate, operational, information technology and reputational. The extent of their risk exposure and how they are treated are described as follows:

Risks	Exposure	Risk Management Policies	Residual Risk
Compliance Risk	Failure or inability to comply in accordance with appropriate laws, regulations and codes set by regulatory body and Company's internal control policies.	The Company recognises its responsibility to conduct business in accordance with the relevant laws and regulations. It also ensures that management and staffs compliance to Anti-Money Laundering and Counter Financing of Terrorism guidelines or any policies and regulations impacting on operations.	Medium

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Risks	Exposure	Risk Management Policies	Residual Risk
Credit Risk	Risk of loss resulting to the inability or unwillingness of customers to fulfil its financial obligations.	The Company recognizes the significant impact of such risks especially in the prevailing economic and market uncertainty and has accordingly put in place internal control policies as to manage such risks.	Medium
Interest Rate Risk	Risks relates to the fluctuations in interest rates which has a significant adverse effect on the financial condition of the company.	We are mostly dependent on borrowing from banks to provide leasing facilities, which are granted at a fixed rate of interest. However, any adverse fluctuation in the Repo Rate will have a subsequent impact in our profitability. In order to remain competitive in the leasing sector, the Company regularly revises the interest rate on lease application.	Medium
Operational risk	Failure to achieve improved and effective work systems and internal processes and service standard that may lead to financial losses and customer dis-satisfaction.	Organisational structures, policies and control procedures are regularly reviewed and updated as necessary to minimize the exposure to operational risks.	Medium
Information Technology ("IT") risk	IT Risks relate to the possibility that a particular threat will negatively impact on information system by exploiting a particular vulnerability. The threat can be in the form of hackers both internal and external or computer viruses. The vulnerabilities could be poor IT infrastructure including hardware, weak firewalls, a lack of redundant servers and data storage technologies.	The Company promotes a security-conscious culture and has implemented specific IT security policies and procedures which include IT threat and risk assessment and IT Access Control policies. The Company also regularly evaluates its IT systems and network for threats and vulnerabilities to protect its Information Technology assets and reduce the Company's risk.	Low
Reputational risk	Risk of loss arising from adverse perception of the corporate image by the customers, counterparties and stakeholders.	The operational systems and controls are put in place to mitigate this risk. The Company also invests significantly in customer care training at all levels of the organisation.	Low

Expert Leasing Ltd
Corporate governance report
For the year ended 30 June 2022 (Cont'd)

PRINCIPLE SIX – REPORTING WITH INTEGRITY

Financial Reporting

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

Environmental Issues

The Company is involved in the provision of services and its operations do not materially impact on the environment. Nevertheless, it aims at improving its ecological footprint through a more responsible use of resources and comply with the existing legislative and regulatory framework.

Health and Safety

The wellbeing of our employees is of great importance. The Financial Year 2021-2022 was a very challenging one, where the Company had to deal with an unprecedented workplace challenge brought along by the second wave of COVID-19. Protocols were enforced to implement all major decisions relating to employee safety and health. In that respect, pre-opening precautionary measures like fumigation of all our premises were implemented and a Safety Policy put in place to ensure a safe and smooth re-opening of our business operations.

All employees have been vaccinated against the COVID-19 to ensure the best level of service. Moreover, wearing of masks and social distancing are being maintained at all times in the office.

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

Social Reporting

A fair, equitable and transparent process is put in place so as to promote equal opportunities within the Company. Staff are encouraged to undertake further studies to continuously strengthen their skill level and early release from work, as applicable, are granted in this respect.

The Company also participates in Youth Employment Program where young graduates are recruited, trained and upon satisfactory completion may be offered permanent employment by the Company. Our work force currently comprises of 71% female staffs. Promotion is based on meritocracy and performance of each employee. An appraisal process is in place in that respect.

Corporate Social Responsibility

Created in 2013 and named after ABC Group of Companies' Founder, the Sir Jean Etienne Moilin Ah-Chuen Foundation (referred to as "the Foundation"), spearheads the ABC Group of Companies' Corporate Social Responsibility (CSR) programme, which focuses on four main areas of intervention, namely Community Empowerment, Education, Health & Sports and Environment.

Expert Leasing Ltd
Corporate governance report
For the year ended 30 June 2022 (Cont'd)

For the financial year 2021/22, the Foundation has provided CSR funding amounting to Rs.1.2M (2021: Rs.2M), primarily aimed at supporting NGOs and the community.

Community Empowerment

In line with United Nations' Global Goal 1, which aims at eradicating poverty in all its forms, the Foundation, with the collaboration of long-time partner NGOs, strives to assist vulnerable groups with the objective of facilitating their social integration.

Therefore, the Foundation has reiterated its commitment towards Caritas Ile Maurice for the *School Feeding Project*, Lovebridge to assist 388 families living below the poverty line and Mouvement Pour le Progrès de Roche Bois for the social and empowerment assistance of out-of-school children and their parents.

Other partner NGOs that received the Foundation's assistance include Couvent Mère Theresa, Tamarin Cheshire Home, SAFIRE, SOS Children's Village and A.P.P.E.L.

Furthermore, a gift and school stationeries distribution was organised in December 2021 for 350 needy children, in collaboration with long-standing partners of the Foundation, namely Caritas Roche Bois, Mouvement pour le Progrès de Roche Bois, Ki Fer Pa Mwa, First Act Is To Help and Foyer Père Laval. The event saw the active participation of staff who donated toys and stationeries and also participated in the distribution to NGOs.

Education

Inclusive and quality education is a powerful instrument of social integration and is another priority area for the Foundation. It is in this vein that the Foundation has given assistance to three needy students, allowing them to study technical courses at Collège Technique St Gabriel.

Besides, the Foundation has, over the past year, awarded scholarships to 13 deserving students, through the Sir Jean Etienne Moilin Ah-Chuen Foundation Scholarship Scheme, a programme that allows full-time students coming from disadvantaged backgrounds to pursue their tertiary education in Mauritius.

The Foundation also renewed its partnership with Terrain for Interactive Pedagogy Through Arts (TIPA) for its interactive pedagogy programme in ZEP schools and with APEIM, an association of parents with children and young adults bearing an intellectual deficiency.

Health & Sports

The values taught by sports are important for social integration and development. This is one of the reasons why the Foundation and ABC Group of Companies have joined hands with Mauritian athletes over the years, contributing to their success on the world stage.

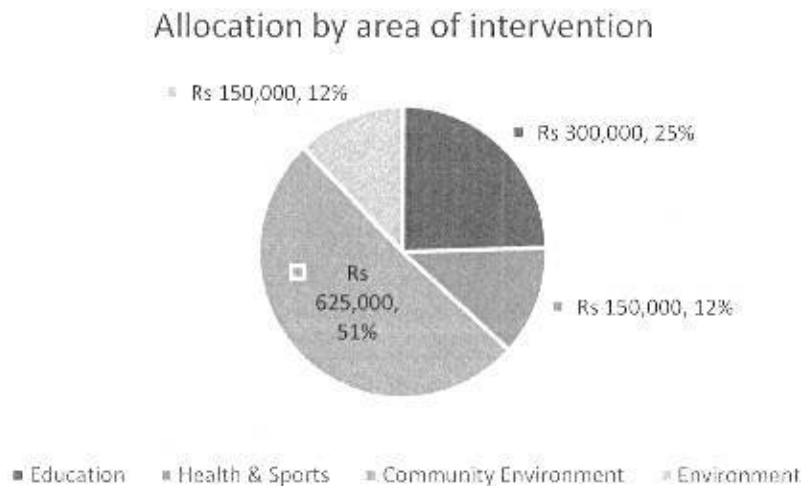
The Foundation has reiterated its commitment to the youth, and extended its support towards Magic Club Quatre Bornes with the objective of accompanying the para-athlete and gold medalist Noemi Alphonse, and to the Trust Fund for Excellence in Sports to support local athletes in a bid to contribute to their success in international competitions.

Expert Leasing Ltd
Corporate governance report
For the year ended 30 June 2022 (Cont'd)

Environment

A greener tomorrow depends on what actions we take today. The Mauritian Wildlife Foundation has been a long-time partner of the Foundation on the environmental front and especially for the preservation of the echo-parakeet over the last 7 years. This mission having been successfully completed, a new project was earmarked and CSR support towards the Rodrigues Conservation Project, an initiative that aims at preserving Rodrigues' endemic flora and fauna, was provided during this financial year. The Foundation also renewed its support towards We-Recycle, an NGO that collects and prepares PET plastic bottle waste for recycling.

Allocation by area of intervention



PRINCIPLE SEVEN – AUDIT

Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to evaluate the quality and effectiveness of internal controls over financial reporting. Audit and Risk Committee Members receive reports from the internal audit department on audit plans, methods, and results of auditing quarterly or whenever necessary.

To enhance the reliability of the financial reporting of Expert Leasing Ltd, the internal audit, and accounting audit by Independent External Auditors help in conducting an effective and efficient audit through meetings held periodically and as necessary to share information through discussion on audit plans and results.

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

Expert Leasing Ltd
Corporate governance report
For the year ended 30 June 2022 (Cont'd)

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

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

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

The audit plan covers the areas of risks that may arise in the business activities of the Company. However, as part of the company's response to the COVID-19 pandemic and the new emerging risks due to the Russian invasion of Ukraine, working sessions were set to develop a risk assessment of both crisis. The senior officers were required to identify and assess the significant risks to the Company with the support of the executive director and the internal auditor.

Internal Audit reports submitted by CAYS Associates are circulated to the management and to the members of the Audit and Risk Committee. During the year under review, the scope of work of the internal audit covered the following major risk areas:

- Debt Management
- Procedures adequacy in respect of payment regarding registration fees /transfer fees
- The compliance level pertaining to the accounting procedure manual
- Assessment of the effectiveness and adequacy of the data backup on premise File Server and replication to disaster recovery (DR) Site

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

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

Similarly, findings and follow up actions of Compliance Audits are normally presented on a quarterly basis to the Audit and Risk Committee.

Audit

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

External Audit

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

Deloitte also carries out the review of the tax computations for the Company.

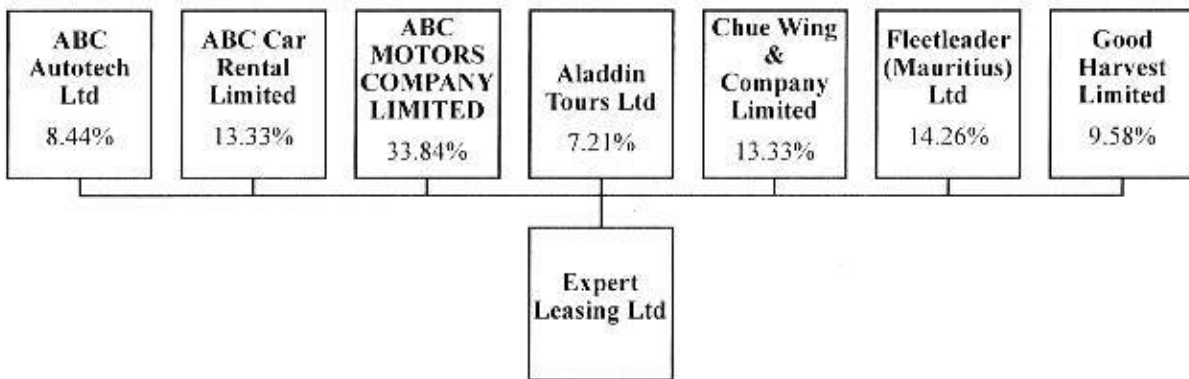
Expert Leasing Ltd
Corporate governance report
For the year ended 30 June 2022 (Cont'd)

PRINCIPLE EIGHT – RELATIONSHIP WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Shareholders

As at 30 June 2022, the stated capital of the Company was made of 70,160 ordinary shares of no par value each amounting to Rs.70,160,000 and the voting shareholding structure was as follows:

List of shareholders holding more than 5% in the voting share capital of the Company as at 30 June 2022



Communication with Shareholders and Stakeholders

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

Dividend Policy

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

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

No dividend was paid during the year under review (2021: Nil).

Share Option Plans

There are no share option plans.

Share Price Information

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

Management Agreement

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

Expert Leasing Ltd
Corporate governance report
For the year ended 30 June 2022 (Cont'd)

Related Party Transactions

For the related party transactions, please refer to Note 22 of the Financial Statements.

Website

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

Shareholders' Agreement

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


Calendar of Events

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

Approved by the Board of Directors on 11 November 2022 and signed on its behalf by



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



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

STATEMENT OF COMPLIANCE
(Section 75 (3) of the Financial Reporting Act)

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

Reporting Period: Year ended 30 June 2022

We, the directors of Expert Leasing Ltd, confirm that to the best of our knowledge, the Company has complied with all of its obligations and requirements under the National Code of Corporate Governance 2016 except for the following:

<u>Areas of Non-Application of the Code</u>	<u>Explanation for non-application</u>
<u>Principle 1</u> Board Composition	The Company has only one Executive Director
<u>Principle 4</u> Remuneration	Remuneration of directors has not been disclosed on an individual basis due to the commercial sensitivity of the information.

11 November 2022



.....
 Joseph Anthony Tseung Sum Foi
 Chairman



.....
 James Lim Teng Chong
 Executive Director

Other Statutory disclosures

Nature of business

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

Particulars of entries in the Interests register

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

Directors' Service Contracts

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

Directors' Remuneration

During the financial year ended 30 June 2022, the total emoluments paid to executive, non-executive and independent directors were Rs.2,519,400/- (2021: Rs.2,687,801).

Directors of the Company

The directors of the Company as at 30 June 2022 were as follow:


Mr. Joseph Anthony Tseung Sum Foi (*Chairman*)
 Mr. James Lim Teng Chong
 Mrs. Valerie Ah-Chuen Juban
 Mr. Ah-Lan Lam Yan Foon
 Mr. Pascal Lee Choong Tong (*as from 21 February 2022*)
 Mr. Voon Yue Choon Wan Min Kee (*up to 28 February 2022*)


External Audit Fees

Fees payable to Deloitte, External Auditor of the Company, for the financial year ended 30 June 2022 and 2021 were as follows:

	2022 Rs.	2021 Rs.
Audit Services	292,500	260,000
Other Services	19,500	18,500
Total	312,000	278,500

Approved by the Board of Directors on 11 November 2022 and signed on its behalf by:


 Joseph Anthony Tseung Sum Foi
 Chairman


 James Lim Teng Chong
 Executive Director

Secretary's Certificate

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

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, for the financial year ended 30 June 2022, all such returns as are required of the Company under Mauritius Companies Act 2001.



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

11 November 2022

Directors' Statement of Responsibilities

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

Company law requires the directors to prepare financial statements for the year ended 30 June 2022 which give a true and fair view of the financial position of the Company and the financial performance and cash flows of the Company for that year. In preparing the annual financial statements, the directors have:

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

Approved by the Board of Directors on 11 November 2022 and signed on its behalf by:



Joseph Anthony Tseung Sum Foi
Chairman



James Lim Teng Chong
Executive Director

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Expert Leasing Ltd** (the "Company") set out on pages 28 to 66, which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for opinion

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

Other information

The directors are responsible for the other information. The other information comprises the Directors' statement of responsibilities, the corporate governance report, statement of compliance, other statutory disclosures and the Secretary's Certificate, but does not include the financial statement and our auditor's report thereon.

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

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

Responsibilities of directors for the Financial Statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

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

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

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

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

Corporate Governance Report

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

Use of this report

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



Deloitte

Chartered Accountants



Rajeev Tatiah, FCCA

Licensed by FRC

24 NOV 2022

EXPERT LEASING LTD
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

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	Notes	2022 Rs	2021 Rs
Assets			
Plant and equipment	3(a)	31,719,507	37,957,281
Intangible assets	3(b)	86,155	144,949
Right-of-use assets	3(c)	532,228	482,322
Net finance lease receivables	4	126,366,963	113,973,820
Total non-current assets		158,704,853	152,558,372
Net finance lease receivables	4	54,951,400	50,750,113
Trade and other receivables	5	1,368,042	1,782,197
Cash and cash equivalents	6	1,859,811	444,387
Total current assets		58,179,253	52,976,697
Total assets		216,884,106	205,535,069
Capital and reserves			
Stated capital	7	70,160,000	70,160,000
Retained earnings		15,228,571	12,236,359
Total equity		85,388,571	82,396,359
Liabilities			
Borrowings	8	67,675,441	66,853,182
Deferred tax liabilities	9 (c)	940,270	1,162,628
Retirement benefit obligations	10	385,421	318,633
Lease liabilities	12	295,831	296,516
Total non-current liabilities		69,296,963	68,630,959
Bank overdraft	6	16,378,283	9,163,890
Lease liabilities	12	265,310	256,966
Trade and other liabilities	11	20,339,786	25,755,071
Borrowings	8	24,408,848	18,761,084
Tax liability	9 (d)	806,345	570,740
Total current liabilities		62,198,572	54,507,751
Total liabilities		131,495,535	123,138,710
Total equity and liabilities		216,884,106	205,535,069


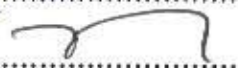
These financial statements have been approved and authorised for issue by the Board of Directors on
1.1 NOV 2022

Name

James Lina Teng Chong

Joseph Anthony Tsung Sun foi

Signature

The notes set out on pages 32 to 66 form part of these financial statements.
Auditor's report is on pages 27(a) and 27(b).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2022

	Notes	2022 Rs	2021 Rs
Interest income	14(a)	13,857,673	14,725,408
Interest expense	13	(4,064,739)	(4,615,274)
		9,792,934	10,110,134
Lease income on operating leases		9,512,755	12,841,210
Operating income		19,305,689	22,951,344
Other operating income	14(b)	1,818,341	1,416,331
Net operating income		21,124,030	24,367,675
Net allowance on financial assets	4, 5	358,916	142,366
Personnel expenses	15	(5,397,323)	(5,321,386)
Depreciation and amortisation	3	(7,989,105)	(10,411,364)
Other operating expenses	16	(4,182,385)	(4,521,941)
Net loss arising on finance lease receivable derecognised	17	-	(338,458)
		(17,209,897)	(20,450,783)
Profit before taxation		3,914,133	3,916,892
Taxation	9(a)	(909,638)	(955,743)
Profit for the year		3,004,495	2,961,149
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of retirement benefit obligations	10(b)	(12,283)	124,077
Income tax relating to items that will not be reclassified subsequently to profit or loss	9(a)	-	(21,093)
Other comprehensive (loss)/ income for the year		(12,283)	102,984
Total comprehensive income for the year		2,992,212	3,064,133

The notes set out on pages 32 to 66 form part of these financial statements.
Auditor's report is on pages 27(a) and 27(b).

EXPERT LEASING LTD
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2022

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	Stated capital Rs	Retained earnings Rs	Total Rs
At 1 July 2020	70,160,000	9,172,226	79,332,226
Profit for the year	-	2,961,149	2,961,149
Other comprehensive income for the year	-	102,984	102,984
Total comprehensive income for the year	-	3,064,133	3,064,133
At 30 June 2021	<u>70,160,000</u>	<u>12,236,359</u>	<u>82,396,359</u>
At 1 July 2021	70,160,000	12,236,359	82,396,359
Profit for the year	-	3,004,495	3,004,495
Other comprehensive loss for the year	-	(12,283)	(12,283)
Total comprehensive income for the year	-	2,992,212	2,992,212
At 30 June 2022	<u>70,160,000</u>	<u>15,228,571</u>	<u>85,388,571</u>

The notes set out on pages 32 to 66 form part of these financial statements.
Auditor's report is on pages 27(a) and 27(b).

EXPERT LEASING LTD
STATEMENT OF CASH FLOWS
for the year ended 30 June 2022

31

	Notes	2022 Rs	2021 Rs
Cash flows from operating activities			
Profit before taxation		3,914,133	3,916,892
<i>Adjustments for:</i>			
Depreciation and amortisation	3	7,989,105	10,411,364
Loss allowance	4,5	(358,916)	(142,365)
Interest expense	13	4,064,739	4,615,274
Interest income	14(a)	(13,857,673)	(14,725,408)
Net loss arising on finance lease receivable derecognised	17	-	338,458
Profit on disposal of plant and equipment	14(b)	(343,310)	(323,586)
Retirement benefit obligations	10(b)	54,505	84,728
Cash generated from operating activities		1,462,583	4,175,357
Movements in working capital:			
Decrease/(increase) in trade and other receivables		1,154,969	(1,124,859)
(Decrease)/increase in trade and other liabilities		(5,415,285)	14,046,009
Cash (used in)/generated from operations		(2,797,733)	17,096,507
Interest paid	13	(4,064,739)	(4,615,274)
Interest received	14 (a)	13,857,673	14,725,408
Income tax and CSR paid		(896,391)	(1,117,562)
Net cash generated from operating activities		6,098,810	26,089,079
Cash flows from investing activities			
Purchase of plant and equipment and intangible asset		(7,819,453)	(14,088,590)
Investment in finance leases		(80,055,200)	(83,425,790)
Proceeds from disposal of plant and equipment		6,756,044	13,283,069
Lease repayments received from finance leases		63,078,872	64,965,523
Net cash used in investing activities		(18,039,737)	(19,265,788)
Cash flows from financing activities			
Proceeds from borrowings	8	91,394,366	966,115
Repayment of borrowed funds	8	(84,924,343)	(15,007,961)
Repayment of lease liability		(328,065)	(221,482)
Net cash generated from/(used in) financing activities		6,141,958	(14,263,328)
Net decrease in cash and cash equivalents		(5,798,969)	(7,440,037)
Bank Overdraft at beginning of year	6	(9,163,890)	(4,999,235)
Cash and cash equivalents at beginning of year	6	444,387	3,719,769
Bank Overdraft at end of year	6	(14,518,472)	(8,719,503)

The notes set out on pages 32 to 66 form part of these financial statements.
Auditor's report is on pages 27(a) and 27(b).

1. General information

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

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

2.1 Basis of preparation

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

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

2.2 Significant accounting policies**(a) Leases***The Company as lessee*

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

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

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

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

2.2 Significant accounting policies (Continued)

(a) Leases (Continued)

The Company as lessee (continued)

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

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

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

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

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

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

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

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

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

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

The Company as lessor

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

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

Notes to and forming part of the financial statements*for the year ended 30 June 2022*

2.2 Significant accounting policies (Continued)**(a) Leases (Continued)***The Company as lessor (continued)*

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

(b) (i) Plant and equipment

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

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

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

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

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

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

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

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

(b) (ii) Intangible assets

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

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

Software licences 33%

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

2.2 Significant accounting policies (Continued)

(c) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Classification of financial assets

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

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

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

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

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

Amortised cost and effective interest method

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

Notes to and forming part of the financial statements*for the year ended 30 June 2022*

2.2 Significant accounting policies (Continued)**(c) Financial instruments (continued)***Financial assets (continued)**Amortised cost and effective interest method (continued)*

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

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

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

Impairment of financial assets

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

The Company always recognises lifetime ECL for lease receivables and trade receivables. The expected credit losses on these financial assets are based on the Company's historical credit loss experience, adjusted for the existence of collateral and other general economic conditions.

(i) Definition of default

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

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

Notes to and forming part of the financial statements*for the year ended 30 June 2022*

2.2 Significant accounting policies (Continued)**(c) Financial instruments (continued)*****Financial assets (continued)******Impairment of financial assets (continued)******(i) Definition of default (continued)***

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

(ii) Credit impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

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

(iii) Write-off policy

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

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Measurement and recognition of expected credit losses

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

2.2 Significant accounting policies (Continued)

(c) Financial instruments (continued)

Financial assets (continued)

Measurement and recognition of expected credit losses (continued)

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

The Probability of Default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

The Exposure at Default (EAD)

The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

The Loss Given Default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Overview of the ECL principles

Forward looking information In its ECL models, the Company relies on forward looking information as economic inputs which are GDP growth, inflation rate and unemployment rate. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible, in terms of the repossession of the car. Collateral, unless repossessed, is not recorded on the Company's statement of financial position. However, the fair value of collateral affects the calculation of ECLs.

To the extent possible, the Company uses active market data for valuing financial assets held as collateral.

The Company applied a simplified approach in calculating ECLs on its net finance lease receivables and trade receivables in terms of operating leases. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2.2 Significant accounting policies (Continued)

(c) Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not:

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

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

2.2 Significant accounting policies (Continued)

(d) Impairment of non-financial assets

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

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

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

(e) Provisions

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

(f) Taxation

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

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

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

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

2.2 Significant accounting policies (Continued)

(f) Taxation (continued)

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

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

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

Value Added Tax

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

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

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

Corporate Social Responsibility (CSR)

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

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

(g) Retirement benefit obligations

Retirement benefit

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

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

2.2 Significant accounting policies (Continued)

(g) Retirement benefit obligations (continued)

State pension plan

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

(h) Revenue recognition

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

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

Other income

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

(i) Related parties

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

(j) Expenses

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

(k) Functional currency

Functional and presentation currency

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

Transactions and balances

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

(l) Government grants

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

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

2.2 Significant accounting policies (Continued)

(l) Government grants (continued)

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

(m) Covid-19 levy

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

2.3 Critical accounting judgements and key sources of estimation uncertainty

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

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

2.3.1 Critical judgements in applying the Company's accounting policies

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

Useful lives of plant and equipment

Plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

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

2.3.2 Key sources of estimation uncertainty

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

Calculation of loss allowance

The Company recognises a loss allowance for expected credit losses on net finance lease receivables and trade receivables. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

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

The determination of the Company's defined benefit obligation depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to the mid rates of the Mauritian government bond market proposed by Mauritius Commercial Bank Ltd as at 30 June 2022. The sensitivity of those amounts to changes in discount rate is disclosed in note 10.

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

In the current year, the Company have applied all of the relevant new and revised standard and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 July 2021.

2.4.1 New and revised IFRSs that are effective but with no material effect on the financial statements

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

- | | |
|--------|--|
| IAS 16 | Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 1 January 2022) |
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022) |
| IAS 39 | Financial Instruments: Recognition and Measurement- Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021) |
| IFRS 7 | Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021) |
| IFRS 9 | Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022) |
| IFRS 9 | Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021) |

2.4 Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)**2.4.2 New and revised IFRSs and IFRICs in issue but not yet effective**

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

IAS 1	Presentation of Financial Statements - Amendments regarding the reclassification of liabilities (effective 1 January 2023)
IAS 1	Presentation of Financial Statements - Amendment regarding the disclosure of accounting policies (effective 1 January 2023)
IAS 1	Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments (effective 1 January 2023)
IAS 8	Accounting policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective 1 January 2023)
IAS 12	Income Taxes - Amendments regarding deferred taxes on leases and decommissioning obligations (effective 1 January 2023)
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)

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

3 (a) Plant and equipment

	Computer Equipment Rs	Office Furniture Rs	Motor Vehicles Rs	Total Rs
COST				
At 1 July 2020	812,896	588,598	81,150,513	82,552,007
Additions	77,400	67,347	13,797,683	13,942,430
Disposals	-	-	(30,129,822)	(30,129,822)
At 30 June 2021	890,296	655,945	64,818,374	66,364,615
Additions	115,676	12,000	7,691,777	7,819,453
Disposals	-	-	(18,331,322)	(18,331,322)
At 30 June 2022	1,005,972	667,945	54,178,829	55,852,746
ACCUMULATED DEPRECIATION				
At 1 July 2020	663,206	208,905	34,593,502	35,465,613
Charge for the year	144,574	62,620	9,904,866	10,112,060
Disposals	-	-	(17,170,339)	(17,170,339)
At 30 June 2021	807,780	271,525	27,328,029	28,407,334
Charge for the year	72,074	65,275	7,507,144	7,644,493
Disposals	-	-	(11,918,588)	(11,918,588)
At 30 June 2022	879,854	336,800	22,916,585	24,133,239
NET BOOK VALUES				
At 30 June 2022	126,118	331,145	31,262,244	31,719,507
At 30 June 2021	82,516	384,420	37,490,345	37,957,281

Notes to and forming part of the financial statements

for the year ended 30 June 2022

3 (a) Plant and equipment (Continued)

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

	<u>Cost</u> Rs	<u>Accumulated depreciation</u> Rs	<u>2022 Net book value</u> Rs	<u>2021 Net book value</u> Rs
Motor vehicles under operating lease	53,146,348	22,847,565	30,298,783	37,490,345
Motor vehicles owned	<u>1,032,481</u>	<u>69,020</u>	<u>963,461</u>	-
	<u>54,178,829</u>	<u>22,916,585</u>	<u>31,262,244</u>	<u>37,490,345</u>

Lease income earned by the Company from motor vehicles under operating leases is Rs 9,512,755 (2021: Rs 12,841,210). There were no expenses attributable directly to motor vehicles under operating leases. The breakdown of lease payments is as follows;

	<u>2022</u> Rs	<u>2021</u> Rs
Fixed payments	9,512,755	12,841,210
Total payments	<u>9,512,755</u>	<u>12,841,210</u>

Maturity analysis of operating lease payments receivable:

	<u>2022</u> Rs	<u>2021</u> Rs
Year 1	8,450,050	9,995,452
Year 2	6,503,025	7,844,468
Year 3	4,021,271	5,824,205
Year 4	3,007,720	3,057,050
Year 5	837,693	1,829,887
Year 6 and onwards	<u>152,973</u>	<u>287,082</u>
	<u>22,972,732</u>	<u>28,838,144</u>

A review of the carrying amount of plant and equipment has been carried out by the directors. In their opinion, there is no objective evidence of impairment. There was no pledge during the financial year (2021: Nil).

Notes to and forming part of the financial statements
for the year ended 30 June 2022

3 (b) Intangible assets

	Software Rs
COST	
At 30 June 2021	1,189,700
Additions	-
At 30 June 2022	1,189,700
ACCUMULATED AMORTISATION	
At 30 June 2021	1,044,751
Charge for the year	58,794
At 30 June 2022	1,103,545
NET BOOK VALUE	
At 30 June 2022	86,155
At 30 June 2021	144,949

The directors are of the opinion that there is no indication of impairment.

3 (c) Right-of-use assets

	Building Rs
COST	
As at 01 July 2021	964,644
Derecognition of right of use asset	(462,618)
Additions	798,342
At 30 June 2022	1,300,368
ACCUMULATED DEPRECIATION	
As at 01 July 2021	482,322
Charge for the year	266,114
Derecognition of right of use asset	19,704
At 30 June 2022	768,140
NET BOOK VALUE	
At 30 June 2022	532,228
At 30 June 2021	482,322

The Company leases building with average lease term of 3 years with extension options.

The maturity analysis of the lease liability is included in Note 12.

Notes to and forming part of the financial statements

for the year ended 30 June 2022

4 Net finance lease receivables

	2022	2021
	Rs	Rs
Undiscounted lease payments analysed as:		
Recoverable after 12 months	55,430,825	51,460,955
Recoverable within 12 months	127,522,663	114,852,900
	182,953,488	166,313,855
Net investment in the lease analysed as:		
Recoverable after 12 months	54,951,400	50,750,113
Recoverable within 12 months	126,366,963	113,973,820
	181,318,363	164,723,933

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

The average lease term is 5 years and the interest rate ranges between 2.90% - 9% (2021: 3.90% - 9 %) per annum on finance leases and is fixed at the contract date for the entire lease term.

Disclosure required by IFRS 16

	2022	2021
	Rs	Rs
Amounts receivable under finance leases:		
Year 1	8,838,248	6,871,186
Year 2	9,163,662	8,584,636
Year 3	13,130,145	12,707,895
Year 4	24,295,241	23,927,304
Year 5	43,690,702	42,395,994
Onwards	83,833,728	72,456,904
Present value of lease payments receivable	182,951,725	166,943,919
Finance Lease derecognised during the year	-	(968,522)
	182,951,725	165,975,397
Impairment loss allowance	(1,633,362)	(1,251,464)
Net investment in the lease	181,318,363	164,723,933

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

	2022	2021
	Rs	Rs
Finance income on the net investment in finance leases	13,857,509	14,725,394

(a) Movement during the year

	2022	2021
	Rs	Rs
At 1 July	165,975,397	147,853,588
Leases granted	80,055,200	83,425,790
Finance lease derecognised during the year	-	(968,522)
Proceeds from finance lease derecognised	-	630,064
Capital repayments	(63,078,872)	(64,965,523)
	182,951,725	165,975,397
Less: Loss allowance	(1,633,362)	(1,251,464)
At 30 June	181,318,363	164,723,933

Notes to and forming part of the financial statements
for the year ended 30 June 2022

4 Net finance lease receivables (Continued)

(a) Movement during the year (continued)

The unguaranteed residual values of assets under finance leases at the end of the reporting period are estimated at Rs 4,194,324 (2021: Rs 3,755,864).

(b) Impairment of finance lease receivables

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

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

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

	2022	2021
	Rs	Rs
At 1 July	1,251,464	1,556,054
Amount recovered	(1,239,632)	(1,490,713)
Increase in loss allowance recognised in profit or loss during the year	1,621,531	1,186,123
At 30 June	<u>1,633,363</u>	<u>1,251,464</u>

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

30 June 2022	Not past due	<30 days	31-60 days	61-90 days	>90 days	Total
		Rs	Rs	Rs	Rs	Rs
Carrying amount	129,126,771	41,023,832	7,948,200	2,726,628	2,128,286	182,953,717
Expected credit loss rate	0.75%	0.75%	1.50%	2.10%	8.72%	
Lifetime ECL	964,988	306,579	118,867	57,292	185,637	<u>1,633,363</u>
30 June 2021	Not past due	<30 days	31-60 days	61-90 days	>90 days	Total
		Rs	Rs	Rs	Rs	Rs
Carrying amount	164,723,933	276,983	247,816	222,326	504,339	165,975,397
Expected credit loss rate	*	100%	100%	100%	100%	
Lifetime ECL	-	276,983	247,816	222,326	504,339	<u>1,251,464</u>

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

5 Trade and other receivables

	2022	2021
	Rs	Rs
Trade receivables	853,144	2,140,374
Loss allowance	(166,576)	(907,391)
	<u>686,568</u>	1,232,983
Other receivables	60,496	21,378
Prepayments	620,978	527,836
	<u>1,368,042</u>	<u>1,782,197</u>

Notes to and forming part of the financial statements
for the year ended 30 June 2022

5 Trade and other receivables (Continued)

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

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

The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors.

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

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

Related parties balance are included in trade and other receivables amounting Rs Nil (2021: Rs 1,035,850).

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

30 June 2022	Not past due	<30 days	31-60 days	61-90 days	>90 days	Total
		Rs	Rs	Rs	Rs	Rs
Carrying amount	259,236	131,137	94,618	69,603	197,306	751,900
Expected credit loss rate	4.27%	8.54%	12.00%	49.81%	49.81%	
Lifetime ECL	11,064	11,200	11,354	34,672	98,285	166,576
30 June 2021	Not past due	<30 days	31-60 days	61-90 days	>90 days	Total
		Rs	Rs	Rs	Rs	Rs
Carrying amount	1,232,982	82,614	104,817	104,817	615,144	2,140,374
Expected credit loss rate	*	100%	100%	100%	100%	
Lifetime ECL	-	82,614	104,817	104,817	615,144	907,391

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

Movement in loss allowance

	2022	2021
	Rs	Rs
At 1 July	907,391	745,166
Net remeasurement of loss allowance	6,119	882,246
Amounts recovered	(746,934)	(720,021)
	166,576	907,391

Notes to and forming part of the financial statements
for the year ended 30 June 2022

6 Cash and cash equivalents

	2022	2021
	Rs	Rs
Cash in hand and at banks	1,859,811	444,387
Bank overdraft	(16,378,283)	(9,163,890)
	<u>(14,518,472)</u>	<u>(8,719,503)</u>

The Company earns interest on its cash at banks at fluctuating rates based on daily bank deposit rates. The bank overdraft facility is secured by floating charges over the assets of the Company. The Company deem that cash and cash equivalents are not exposed to credit risk given the track-record of and the ongoing business relations with the counterparties as the Company banks with reputable financial institutions.

7 Stated capital

	2022	2021
	Rs	Rs
<u>Issued and fully paid</u>		
At 30 June	<u>70,160,000</u>	<u>70,160,000</u>
	Number of shares	
	2022	2021
<u>Reconciliation of number of shares</u>		
As at 01 July 2021 and 30 June 2022	<u>70,160</u>	<u>70,160</u>

70,160 fully paid ordinary shares of Rs 1,000 each. The ordinary shares have voting rights and have equal share in dividends and distribution of surplus assets of the Company.

8 Borrowings

	2022	2021
	Rs	Rs
At 1 July	85,614,266	99,656,112
Additions during the year	91,394,366	966,115
Repayment during the year	(84,924,343)	(15,007,961)
	<u>92,084,289</u>	<u>85,614,266</u>

- (a) Secured by a floating charge over the Company's assets and Corporate Guarantee provided by ABC Motors Company Limited. The loans bear interest amounting Rs 150,460 (2021: Nil) accrued at MCB PLR plus 0.5% and 0.3% and are repayable by monthly instalment up to May 2025 and July 2027 respectively.

	2022	2021
	Rs	Rs
Current liabilities	24,408,848	18,761,084
Non-current liabilities	67,675,441	66,853,182
	<u>92,084,289</u>	<u>85,614,266</u>

Notes to and forming part of the financial statements

for the year ended 30 June 2022

9 Taxation**(a) Income tax**

Income tax is calculated at the rate of 15% (2021: 15%) on the profit as adjusted for tax purposes and CSR charge which is calculated at the rate of 2% (2021: 2%) on the chargeable income of the preceding year.

	2022 Rs	2021 Rs
Tax expense		
Income tax charge	1,139,107	978,861
Covid 19 levy	(137,625)	137,625
CSR contribution	130,514	121,414
Deferred tax movement during the year	(222,358)	(282,157)
Income tax expense charged to profit or loss	909,638	955,743
Deferred tax recognised in other comprehensive income	-	21,093

(b) Reconciliation of the total tax charge

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

	2022 Rs	2021 Rs
Profit before taxation	3,914,133	3,916,892
At effective income tax rate of 17% (2021: 17%)	665,403	665,872
<i>Tax effects of:</i>		
Disallowed expenses	148,102	209,327
Non-taxable income	(49,429)	(47,980)
Deferred tax rate differential on CSR	152,673	(130,515)
COVID 19 levy	(137,625)	137,625
CSR contribution	130,514	121,414
Tax expense	909,638	955,743

Notes to and forming part of the financial statements
for the year ended 30 June 2022

9 Taxation (Continued)

(c) Deferred tax liabilities

	2022	2021
	Rs	Rs
At 1 July	1,162,628	1,423,692
Movement during the year (note 9(a))	(222,358)	(282,157)
Deferred tax recognised in other comprehensive income	-	21,093
At 30 June	<u>940,270</u>	<u>1,162,628</u>

Deferred tax liabilities are analysed as follows:

Accelerated capital allowance	1,311,782	1,583,800
Retirement benefit obligations	(65,522)	(54,167)
Loss allowance on finance lease receivables and trade receivables	(305,990)	(367,005)
	<u>940,270</u>	<u>1,162,628</u>

(d) Current tax liability:

	2022	2021
	Rs	Rs
At 1 July	570,740	450,402
Government Wage Assistance Scheme	-	137,625
Current tax expense	1,139,107	978,861
CSR contribution	130,514	121,415
Tax paid in respect of CSR contribution	(114,071)	(98,649)
Tax paid in respect to last year corporate tax	(570,740)	(450,402)
Tax paid under APS	(349,205)	(568,511)
At 30 June	<u>806,345</u>	<u>570,740</u>

(e) Corporate Social Responsibility Fund

	2022	2021
	Rs	Rs
At 1 July	22,766	20,887
Charge for the year	130,516	121,415
Paid during the year	(136,839)	(119,536)
At 30 June	<u>16,443</u>	<u>22,766</u>

10 Retirement benefit obligations

The Company's retirement benefit obligations relate to gratuities on retirement payable under the Workers Rights Act 2019. The figures are based on the report submitted by Feber Associates for the year ended 30 June 2022.

(a) Amount recognised in the statement of financial position

	2022	2021
	Rs	Rs
Present value of obligations	<u>385,421</u>	<u>318,633</u>

Notes to and forming part of the financial statements

for the year ended 30 June 2022

10 Retirement benefit obligations (Continued)

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

	2022	2021
	Rs	Rs
Current service cost	67,167	73,865
Net interest cost	13,720	10,863
Curtailment/Settlement (gain) loss	(26,382)	-
Net cost for the year recognised in profit or loss	54,505	84,728
Remeasurement recognised in OCI	12,283	(124,077)
Net cost for period	<u>66,788</u>	<u>(39,349)</u>

(c) Net interest cost for the year:

	2022	2021
	Rs	Rs
Interest on obligations	<u>13,720</u>	<u>10,863</u>
Remeasurement recognised in Other Comprehensive Income for the year:		
Actuarial (losses) /gains on the obligations	<u>(12,283)</u>	<u>124,077</u>

(d) Changes in the present value of the obligation

	2022	2021
	Rs	Rs
At 1 July	318,633	357,982
Interest cost	13,720	10,863
Current service cost	67,167	73,865
Curtailment /Settlement (gain) loss on obligation	(26,382)	-
Expected obligation at end of the year	373,138	442,710
Present value of obligation at end of the year	<u>385,421</u>	<u>(318,633)</u>
Remeasurement recognised in other comprehensive income	<u>(12,283)</u>	<u>124,077</u>

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

	2022	2021
Normal Retirement Age	65	65
Discount rate	3.26%-5.13%	3.15%-5.05%
Expected rate of return on plan assets	0.00%	0.00%
Future salary increases	5.00%	5.00%
Future pension increases	0.00%	0.00%
Future NPF salary increases	0.00%	0.00%
Deferred pension increases	0.00%	0.00%
Annual proportion of employees leaving service	5% up to age 40, decreasing to 0% at 45 and nil	
Actuarial table for employee mortality	PMA92_PFA92	

Notes to and forming part of the financial statements

for the year ended 30 June 2022

10 Retirement benefit obligations (Continued)

(f) Experience adjustments on:

	2022	2021
	Rs	Rs
Plan liabilities	<u>(20,714)</u>	<u>(31,775)</u>

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

	2022	2021
	Rs	Rs
Net liability at start of period	318,633	357,982
Net expenses recognised in profit or loss	54,505	84,728
Net actuarial losses / (gains) recognised in OCI	<u>12,283</u>	<u>(124,077)</u>
	<u>385,421</u>	<u>318,633</u>

(h) Sensitivity

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

	Effect on present value of obligations	
	2022	2021
	Rs	Rs
Decrease due to 1% increase in discount rate	262,803	206,834
Increase due to 1% decrease in discount rate	536,538	463,691
Increase due to 1% increase in salary increase assumption	496,467	429,472
Decrease due to 1% decrease in salary increase assumption	298,585	235,346
Effect of changing longevity - rate up	370,597	307,067
Effect of changing longevity - rate down	<u>399,348</u>	<u>329,504</u>

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

The average duration of the retirement benefits at 30 June 2022 is 5.4 years (2021: 4.5 years).

This can be analysed as follows:

- Members: 39.5 years (2021: 33.6 years)
- Non-members: Nil (2021 :Nil years)

11 Trade and other liabilities

	2022	2021
	Rs	Rs
Trade creditors	15,156,500	21,823,450
Other payables	<u>5,183,286</u>	<u>3,931,621</u>
	<u>20,339,786</u>	<u>25,755,071</u>

Notes to and forming part of the financial statements
for the year ended 30 June 2022

11 Trade and other liabilities (Continued)

Terms and conditions of the above financial liabilities:

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

Included in trade and other liabilities are balances amounting to Rs15,379,288 (2021: Rs 22,012,552) payable to related parties (note 22).

12 Lease Liabilities

	2022	2021
	Rs	Rs
<i>Maturity analysis:</i>		
Year 1	237,200	221,483
Year 2	265,310	256,966
Year 3	295,831	296,516
	<u>798,341</u>	<u>774,965</u>

The lease liabilities as at 30 June 2022 amounts to Rs561,141 (2021: Rs 553,482) and future finance charges amounts to Rs 237,200 (2021: Rs 221,483)

	2022	2021
	Rs	Rs
Analysed as:		
Non-current	295,831	296,516
Current	265,310	256,966
	<u>561,141</u>	<u>553,482</u>
<i>Amounts recognised in the statement of profit or loss</i>		
Interest expense on lease liability	<u>(37,302)</u>	<u>60,757</u>

13 Interest expense

	2022	2021
	Rs	Rs
Interest charge on:		
Lease liabilities	(37,302)	60,757
Borrowings	4,102,041	4,554,517
	<u>4,064,739</u>	<u>4,615,274</u>

14 Interest income and other operating income

	2022	2021
	Rs	Rs
(a) <i>Interest Income</i>		
Finance leases	13,857,509	14,725,394
Bank balance	164	14
	<u>13,857,673</u>	<u>14,725,408</u>

Notes to and forming part of the financial statements
for the year ended 30 June 2022

14 Interest income and other operating income (Continued)

	2022	2021
	Rs	Rs
(b) <i>Other operating income</i>		
Transfer fee	435,515	146,836
Management fees and other income received from loss on financial asset	1,039,516	945,909
Profit on disposal of motor vehicles	343,310	323,586
	<u>1,818,341</u>	<u>1,416,331</u>

15 Personnel expenses

	2022	2021
	Rs	Rs
Wages and salaries	4,972,502	4,898,163
Movement in employee benefits	370,316	84,728
Others	54,505	338,495
	<u>5,397,323</u>	<u>5,321,386</u>

16 Other operating expenses

	2022	2021
	Rs	Rs
Legal and professional fees	1,064,625	1,124,028
Motor vehicle expenses and insurance	657,942	746,509
Licences	147,000	156,053
General insurance	115,474	121,721
Security Expenses	42,000	42,000
IT and Computer Expenses	312,122	304,075
HR Costs	357,000	312,000
Solis Software Maintenance	156,160	161,112
General Expenses	89,951	15,200
Communication Fee	72,000	54,000
Repairs & Maintenance	42,296	1,079
Others	1,125,816	1,484,164
	<u>4,182,385</u>	<u>4,521,941</u>

17 Other gains and losses

	2022	2021
	Rs	Rs
Net loss arising on financial assets derecognised	-	338,458

During the financial year 2021, the finance lease was terminated by the lessee and the motor vehicle was sold to an external party by the lessee. The loss represents the derecognition of finance lease receivable at the disposal date as its carrying value is offset minus the consideration paid, a one-time payment of the finance lease receivable amount due at the date of disposal.

18 Dividend

No dividend has been declared for the financial year ended 30 June 2022 (2021: Nil).

Notes to and forming part of the financial statements
for the year ended 30 June 2022

19 Reconciliation of liabilities arising from financing activities

	Opening balance	Financing cash flows	Other non- cash movements	Closing balance
2022				
Borrowings	85,614,266	6,470,023	-	92,084,289
Lease liability	553,482	(328,065)	335,724	561,141
	86,167,748	6,141,958	335,724	92,645,430
2021				
Borrowings	99,656,112	(14,041,846)	-	85,614,266
Lease liability	774,964	(221,482)	-	553,482
	100,431,076	(14,263,328)	-	86,167,748

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

20 Categories of financial instruments

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

	2022		2021	
	Financial Assets Rs	Financial Liabilities Rs	Financial Assets Rs	Financial Liabilities Rs
Carrying Amount				
At amortised cost				
Cash and cash equivalents	1,859,811	-	444,387	-
Net finance lease receivables	181,318,363	-	164,723,933	-
Trade and other receivables	706,462	-	1,254,361	-
Trade and other liabilities	-	20,294,322	-	25,501,082
Bank overdraft	-	16,378,283	-	9,163,890
Lease liabilities	-	561,141	-	553,482
Borrowings	-	92,084,289	-	85,614,266
	183,884,636	129,318,035	166,422,681	120,832,720

Financial assets and financial liabilities excludes the following:

Prepayments	620,978	-	527,836	-
Value Added Tax	40,602	-	-	130,416
NPF and PAYE	-	44,913	-	115,980
Tax deducted at source	-	551	-	7,593
	661,580	45,464	527,836	253,989

21 Financial risk management objectives and policies

Introduction

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

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

Risk management structure

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

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

Management

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

(a) Interest rate risk

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

Interest rate profile

		2022	2021
		Rs	Rs
Borrowings	MCB PLR plus 0.3%	92,084,289	85,614,266
Cash and cash equivalent	Fluctuating rate 2% and 3%	1,859,811	444,387
Finance lease receivables	Fixed rate 2.9% - 9%	181,318,363	164,723,933

Interest rate sensitivity analysis

At 30 June 2022, if the prime lending rate had been 0.5% higher/lower, profit after tax would have been Rs 385,338 (2021: Rs 423,474) lower/higher, mainly because of higher or lower interest expense.

21 Financial risk management objectives and policies (Continued)**(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at 30 June 2022, the Company's maximum exposure to credit risk without taking into account any collateral held which will cause a financial loss to the Company due to failure to discharge an obligation by counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

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

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

As at 30 June 2022, an amount of Rs 1,799,939 (2021: Rs 2,158,855) has been estimated as a loss allowance in accordance with IFRS 9. A reversal of provision for impairment on financial assets of Rs 358,916 (2021: Rs 142,366) has been recognised in profit or loss, see note 4 and 5.

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

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

	Past due but not impaired			Past due and impaired	Total
	Less than 30 days	30-60 days	60-90 days		
	Rs	Rs	Rs	Rs	Rs
Trade and other receivables	875,379	131,136	528,103	(166,576)	1,368,042
Net finance lease receivables	182,951,725	-	-	(1,633,362)	181,318,363
Cash and cash equivalents	1,859,811	-	-	-	1,859,811
At 30 June 2022	185,686,915	131,136	528,103	(1,799,938)	184,546,216
Trade and other receivables	737,994	429,060	1,522,534	(907,391)	1,782,197
Net finance lease receivables	165,975,397	-	-	(1,251,464)	164,723,933
Cash and cash equivalents	444,387	-	-	-	444,387
At 30 June 2021	167,157,778	429,060	1,522,534	(2,158,855)	166,950,517

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

21 Financial risk management objectives and policies (Continued)**(c) Liquidity risk**

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

The table below summarises the maturity profile of the Company's financial liabilities at 30 June 2022 and 30 June 2021 based on contractual undiscounted payments.

	At 30 June 2022						Total Rs
	On demand Rs	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total Rs	
		Rs	Rs	Rs	Rs		
Trade and other liabilities	-	15,306,960	5,032,826	-	-	20,339,786	
Borrowings	-	2,918,500	21,490,346	53,232,852	14,442,591	92,084,289	
Total Undiscounted financial liabilities	-	18,225,460	26,523,172	53,232,852	14,442,591	112,424,075	
	At 30 June 2021						Total Rs
	On demand Rs	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total Rs	
		Rs	Rs	Rs	Rs		
Trade and other liabilities	-	21,823,450	3,931,621	-	-	25,755,071	
Borrowings	-	3,067,851	15,693,233	63,342,384	3,510,798	85,614,266	
Total Undiscounted financial liabilities	-	24,891,301	19,624,854	63,342,384	3,510,798	111,369,337	

21 Financial risk management objectives and policies (Continued)**(d) Fair values**

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

(i) Short-term maturity financial instruments

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

(ii) Fixed rate financial instruments

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

(e) Capital risk management

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

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

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

The gearing ratios at 30 June 2022 and 2021 were as follows:

	2022 Rs	2021 Rs
Total borrowings	92,084,289	85,614,266
Less cash and cash equivalents	<u>(1,859,811)</u>	<u>(444,387)</u>
Net debt	90,224,478	85,169,879
Total equity	<u>85,388,571</u>	<u>82,396,359</u>
Total capital	<u>175,613,049</u>	<u>167,566,238</u>
Gearing ratio	51%	51%

Notes to and forming part of the financial statements
for the year ended 30 June 2022

21 Financial risk management objectives and policies (Continued)

(f) Foreign currency risk

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

22 Related party disclosures

The following table provides the total amount of transactions, which have been entered into with related parties for the year ended 30 June 2022 and 2021.

	2022		2021	
	Corporate shareholders with significant influence Rs	Enterprise with common control Rs	Corporate shareholders with significant influence Rs	Enterprise with common control Rs
<u>Outstanding balances</u>				
<u>Assets</u>				
Net finance lease receivables	-	362,441	59,418	848,159
Trade and other receivables				
- Interest receivable on finance lease	-	153	195	204
- Amount owed by related party	-	-	1,035,850	-
Cash and cash equivalents				
- Bank balance	1,870,089	-	439,387	-
<u>Liabilities</u>				
Trade and other liabilities				
- Amount owed to related party	12,237,176	2,991,652	21,551,298	461,254
- Penalty payable	150,460	-	731,766	-
- Interest payable	-	-	-	-
<u>Transactions during the year</u>				
Income				
Rental income	-	83,832	-	167,664
Front end fees	-	417	3,699	2,825
Interest on Finance Lease	1,061	34,458	19,514	76,969
Other income	-	987,000	-	959,000
Expense				
Secretarial fees	-	180,000	-	192,000
Penalty expense	449,589	-	731,766	-
Pension/Insurance contribution	-	600,847	-	559,670
CSR contribution	65,129	-	30,354	-
Rent expenses	242,300	-	282,240	-
Electricity charges	15,699	68,659	14,561	72,030
HR fees	-	357,000	-	312,000

22 Related party disclosures (Continued)

	2022		2021	
	Corporate shareholders with significant influence Rs	Enterprise with common control Rs	Corporate shareholders with significant influence Rs	Enterprise with common control Rs
<i>Transactions during the year (continued)</i>				
Communication fees	-	72,000	-	54,000
Security expenses	42,000	-	42,000	-
IT expenses	199,530	725	222,350	-
Bank charges/fees	-	3,491	-	3,200
Motor vehicle running expenses	473,515	9,368	564,401	21,518
Acquisition of office equipment	44,540	18,087	-	-
Acquisition of motor vehicles	6,594,080	-	10,085,299	3,086,296
Loan receipt and repayment	12,500,000	-	-	-
			2022	2021
			Rs	Rs
Key management personnel remuneration			2,804,057	2,653,389

Terms and conditions of transactions with related parties

Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2022, the Company has not recorded any impairment of receivables relating to amounts owed by the related parties (2021: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

23 COVID 19

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

24 Ukraine Russia War

On 24 February 2022, Russian troops started invading Ukraine. The impacts of the war in Ukraine and related events are expected to have an impact on the global economy and are generally considered to be non-adjusting events. The impact does not affect the financial position as at 30 June 2022 and financial performance for the year ended 30 June 2022 of the Company.

24 Ukraine Russia War (Continued)

In response to the Russian invasion, multiple jurisdictions have imposed economic sanctions on Russia and Belarus. In addition, a growing number of public and private companies have announced voluntary actions to curtail business activities with Russia and Belarus. Though the true impact of war is unclear, businesses worldwide can feel its financial effects. In addition to the impact of the war on entities that have operations in Russia, Ukraine, or neighboring countries (e.g., Belarus) or that conduct business with their counterparties, the war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption.

These events has triggered volatility and abnormally large changes in equity or debt security prices, commodity prices, foreign currency exchange rates, and interest rates after 30 June 2022. The Euro zone growth is expected to decline in the current year, with higher energy and commodity prices leading to increased inflation rates and in Sub-Saharan Africa, expect sharp rise in prices for natural resources and agricultural commodities. This will impact Government's subsidy programmes and fiscal budgets globally.

The degree to which the Company may be affected depends largely on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The global economic uncertainty is expected to adversely affect commodity prices, key assumptions and judgements made by management on forecasting cash flows, amongst others.

The Board has determined that it may be too early to assess the war's broad implications and will be monitoring the developments and the likely impacts on operations closely.

25 Going Concern

At 30 June 2022, the Company is in a net current liability position of Rs 4,019,319 (2021: Net current liability: Rs 1,531,054). The financial statements have been prepared on a going concern basis as the Company will continue in operational existence for the foreseeable future as the directors have assessed that the Company has the adequate resources to continue in operational existence for the foreseeable future.