

**ANGLO AFRICAN  
INVESTMENTS LTD**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 2019**

**ANGLO AFRICAN INVESTMENTS LTD  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**ANGLO AFRICAN INVESTMENTS LTD****STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

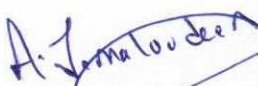
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

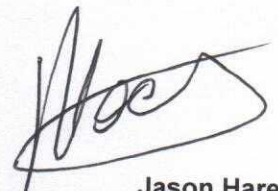
The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment of the Company's ability to continue as going concern and have no reason to believe that the Company will not be a going concern in the year ahead.

**On Behalf of the Board**

  
**Ali M. Jamalooden**  
Director

  
**Jason Harel**  
Director (Chairman, Audit Committee)

Date: 04 October 2019



**ANGLO AFRICAN INVESTMENTS LTD****CERTIFICATE BY COMPANY SECRETARY****UNDER SECTION (166(d) OF THE COMPANIES ACT 2001**

In our capacity as Company Secretary, we hereby confirm that, to the best of our knowledge and belief, the Company has lodged with the Registrar of Companies, for the year ended 30 June 2019, all such returns as are required for a company under the Companies Act 2001.

**Mahendraduth SEECHURN****For and on behalf of****Financial Consulting Associates Ltd**

Company secretary

Date: 04 October 2019



## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF ANGLO AFRICAN INVESTMENTS LTD

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### Report on the Audit of the Consolidated and Separate Financial Statements

#### Opinion

In our opinion, the consolidated and separate financial statements on pages 5 to 37 give a true and fair view of the financial position of **Anglo African Investments Ltd**, (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2019 and of its financial performance and its 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.

#### What we have audited

The financial statements of **Anglo African Investments Ltd** set out on pages 5 to 37 comprise:

- the consolidated and separate statements of financial position as at 30 June 2019;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to consolidated and separate financial statements comprising significant accounting policies and other explanatory information.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). 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.

#### Directors' Responsibilities for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001. They are also responsible for such internal control as they 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 consolidated and separate financial statements, they are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

#### Auditors' Responsibilities for the Audit of the Consolidated and Separate 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 auditors' 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 AUDITORS' REPORT TO THE SHAREHOLDER OF  
ANGLO AFRICAN INVESTMENTS LTD (CONTINUED)**

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**Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)**

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report. However, future events or conditions may cause the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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**


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

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

**Other matter**

This report is made solely to the Group's shareholder in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Group's shareholder, as a body, those matters we are required to state to them in an auditors' 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 Group and the Group's shareholder, as a body, for audit work, for this report, or for the opinions we have formed.

  
Kemp Chatteris  
Chartered Accountants

  
Martine Ip Min Wan, FCA  
Licensed by FRC

04 OCT 2019



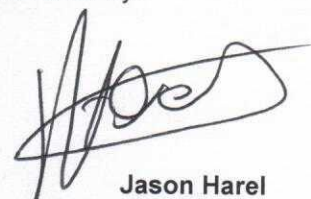
**ANGLO AFRICAN INVESTMENTS LTD**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Notes	<u>The Group</u>		<u>The Company</u>	
		2019 Rs	2018 Rs	2019 Rs	2018 Rs
<b>ASSETS</b>					
<b>Non-current assets</b>					
Plant and equipment	5	4,934,368	4,990,755	-	-
Intangible assets	6	13,076,906	8,616,871	-	-
Deferred tax assets	7	4,182,610	1,642,627	143,524	31,154
Investments in subsidiaries	8	-	-	18,607,575	18,607,575
Investment in associate	9	-	3,005,707	-	-
Other financial assets	10	5,602,077	5,610,775	20,798,150	9,620,857
		<u>27,795,961</u>	<u>23,866,735</u>	<u>39,549,249</u>	<u>28,259,586</u>
<b>Current assets</b>					
Inventories	11	2,983,924	5,786,478	-	-
Trade and other receivables	12	93,573,673	99,360,399	10,064,000	147,408
Other financial assets	10	16,525,660	34,862,788	16,525,660	34,862,788
Cash and cash equivalents		36,779,829	36,960,895	7,045,119	7,275,561
		<u>149,863,086</u>	<u>176,970,560</u>	<u>33,634,779</u>	<u>42,285,757</u>
<b>TOTAL ASSETS</b>		<u>177,659,047</u>	<u>200,837,295</u>	<u>73,184,028</u>	<u>70,545,343</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Stated capital	13	100,000	100,000	100,000	100,000
Retained earnings		104,336,566	112,470,456	71,681,868	69,689,341
Translation reserves		516,034	886,907	-	-
Equity attributable to the owner of the parent		104,952,600	113,457,363	71,781,868	69,789,341
Non-controlling interest		2,352,885	(48)	-	-
<b>TOTAL EQUITY</b>		<u>107,305,485</u>	<u>113,457,315</u>	<u>71,781,868</u>	<u>69,789,341</u>
<b>Non-current liabilities</b>					
Borrowings	14	1,194,719	402,029	-	-
Deferred tax liabilities	7	-	1,359	-	-
Retirement benefit obligations	15	5,567,013	5,422,881	901,867	207,692
		<u>6,761,732</u>	<u>5,826,269</u>	<u>901,867</u>	<u>207,692</u>
<b>Current liabilities</b>					
Trade and other payables	16	60,243,590	77,284,740	319,114	479,408
Borrowings	14	512,346	437,480	-	-
Current tax liabilities	20	2,835,894	3,831,491	181,179	68,902
		<u>63,591,830</u>	<u>81,553,711</u>	<u>500,293</u>	<u>548,310</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>177,659,047</u>	<u>200,837,295</u>	<u>73,184,028</u>	<u>70,545,343</u>

Approved and authorised for issue by Board of Directors on 04 October 2019 and signed on its behalf by:



**Ali M. Jamalooddeen**  
**Director**



**Jason Harel**  
**Director (Chairman, Audit Committee)**

The notes on pages 9 to 37 form an integral part of these financial statements.  
Auditors' report on pages 3 to 4.



**ANGLO AFRICAN INVESTMENTS LTD**  
**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	The Group		The Company	
		2019 Rs	2018 Rs	2019 Rs	2018 Rs
<b>Continuing operations</b>					
Revenue		258,890,146	324,013,280	-	-
Cost of sales		(195,331,009)	(232,683,016)	-	-
Gross profit		63,559,137	91,330,264	-	-
Other income	17	2,263,204	1,747,105	12,378,354	21,007,252
		65,822,341	93,077,369	12,378,354	21,007,252
Administrative and other expenses	18	(58,301,480)	(61,575,174)	(5,187,061)	(2,447,672)
Net foreign exchange (losses)/gains		(2,298,924)	(2,036,652)	20,659	1,804
Finance costs	19	(124,577)	(123,627)	(158)	(198)
Share of loss of associate	9	(3,005,707)	(658,469)	-	-
<b>Net profit before taxation for the year</b>		2,091,653	28,683,447	7,211,794	18,561,186
Taxation	20(b)	(417,976)	(6,095,912)	(121,581)	(121,834)
<b>NET PROFIT FOR THE YEAR</b>		1,673,677	22,587,535	7,090,213	18,439,352
Attributable to:					
Owner of the parent		1,739,939	22,587,535	7,090,213	18,439,352
Non-controlling interests		(66,262)	-	-	-
		1,673,677	22,587,535	7,090,213	18,439,352
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Exchange differences on translating foreign operations		(364,835)	(774,844)	-	-
Reclassification adjustment on winding up of subsidiary		-	(199,040)	-	-
<b>Total other comprehensive loss for the year</b>		(364,835)	(973,884)	-	-
Attributable to:					
Owner of the parent		(382,379)	(973,884)	-	-
Non-controlling interests		17,544	-	-	-
		(364,835)	(973,884)	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		1,308,842	21,613,651	7,090,213	18,439,352
<b>Total comprehensive income attributable to:</b>					
Owner of the Company		1,357,560	21,613,651	7,090,213	18,439,352
Non-controlling interests		(48,718)	-	-	-
		1,308,842	21,613,651	7,090,213	18,439,352

The notes on pages 9 to 37 form an integral part of these financial statements.  
Auditors' report on pages 3 to 4.



**ANGLO AFRICAN INVESTMENTS LTD**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**The Group**

	Stated capital Rs	Retained earnings Rs	Translation reserves Rs	Attributable to owners of the parent Total Rs	Non- controlling interest Rs	Total Rs
At 1 July 2017	100,000	94,382,921	1,860,791	96,343,712	(48)	96,343,664
Net profit for the year	-	22,587,535	-	22,587,535	-	22,587,535
Other comprehensive loss for the year	-	-	(973,884)	(973,884)	-	(973,884)
Total comprehensive income for the year	-	22,587,535	(973,884)	21,613,651	-	21,613,651
Transactions with owners of the parent:						
Dividend paid	-	(4,500,000)	-	(4,500,000)	-	(4,500,000)
At 30 June 2018	100,000	112,470,456	886,907	113,457,363	(48)	113,457,315
At 1 July 2018	100,000	112,470,456	886,907	113,457,363	(48)	113,457,315
Adoption of IFRS 9	-	(4,238,887)	-	(4,238,887)	-	(4,238,887)
Net profit for the year	-	1,739,939	-	1,739,939	(66,262)	1,673,677
Other comprehensive income for the year	-	-	(382,379)	(382,379)	17,544	(364,835)
Total comprehensive income for the year	-	1,739,939	(382,379)	1,357,560	(48,718)	1,308,842
Transactions with owners:						
Issue of shares to non-controlling interest	-	-	-	-	1,778,215	1,778,215
Adjustment to carrying amount of non-controlling interests	-	(634,942)	11,506	(623,436)	623,436	-
Dividend paid	-	(5,000,000)	-	(5,000,000)	-	(5,000,000)
At 30 June 2019	100,000	104,336,566	516,034	104,952,600	2,352,885	107,305,485

**The Company**

	Stated capital Rs	Retained Earnings Rs	Total Rs
At 1 July 2017	100,000	55,749,989	55,849,989
Net profit for the year	-	18,439,352	18,439,352
Total comprehensive income for the year	-	18,439,352	18,439,352
Transactions with owners of the parent:			
Dividend paid	-	(4,500,000)	-4,500,000
At 30 June 2018	100,000	69,689,341	69,789,341
At 1 July 2018	100,000	69,689,341	69,789,341
Adoption of IFRS 9	-	(97,686)	(97,686)
Net profit for the year	-	7,090,213	7,090,213
Total comprehensive income for the year	-	7,090,213	7,090,213
Transactions with owners of the parent:			
Dividend paid	-	(5,000,000)	(5,000,000)
At 30 June 2019	100,000	71,681,868	71,781,868

The notes on pages 9 to 37 form an integral part of these financial statements.  
Auditors' report on pages 3 to 4.



**ANGLO AFRICAN INVESTMENTS LTD**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Note	The Group		The Company	
		2019 Rs	2018 Rs	2019 Rs	2018 Rs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash generated from operations	21	847,681	27,372,696	(13,981,799)	9,224,339
Interest received		1,097,993	154,655	1,713,354	174,007
Interest paid		(124,577)	(6,039)	(158)	(198)
Income tax paid		(3,803,239)	(4,801,414)	(121,674)	(21,261)
<b>Net cash (used in)/generated from operating activities</b>		<b>(1,982,142)</b>	<b>22,719,898</b>	<b>(12,390,277)</b>	<b>9,376,887</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of plant and equipment		(4,470,024)	(3,262,870)	-	-
Purchase of intangible assets		(8,427,749)	(10,339,808)	-	-
Proceeds from disposal of equipment and software		485,467	3,093,270	-	-
Issue of shares by associates		-	(1,259,260)	-	-
Loan to related parties		(9,589,508)	(500,000)	(20,775,499)	(4,500,000)
Investment in other financial assets		-	(54,589,750)	-	(49,608,400)
Proceeds on maturity of financial assets		27,935,334	21,514,743	27,935,334	15,222,054
Dividend received		-	-	10,000,000	20,000,000
<b>Net cash (used in)/generated from investing activities</b>		<b>5,933,520</b>	<b>(45,343,675)</b>	<b>17,159,835</b>	<b>(18,886,346)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings		867,556	500,000	-	-
Borrowings repaid		-	(1,836,616)	-	-
Dividend paid to shareholder		(5,000,000)	(4,500,000)	(5,000,000)	(4,500,000)
<b>Net cash used in financing activities</b>		<b>(4,132,444)</b>	<b>(5,836,616)</b>	<b>(5,000,000)</b>	<b>(4,500,000)</b>
<b>Decrease in cash and cash equivalents</b>		<b>(181,066)</b>	<b>(28,460,393)</b>	<b>(230,442)</b>	<b>(14,009,459)</b>
Cash and cash equivalents at 1 July		36,960,895	65,421,288	7,275,561	21,285,020
<b>Cash and cash equivalents at 30 June</b>		<b>36,779,829</b>	<b>36,960,895</b>	<b>7,045,119</b>	<b>7,275,561</b>

The notes on pages 9 to 37 form an integral part of these financial statements.  
Auditors' report on pages 3 to 4.



**ANGLO AFRICAN INVESTMENTS LTD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**1. GENERAL INFORMATION**

Anglo African Investments Ltd, (the "Company"), was incorporated in the Republic of Mauritius on 25 July 2012 as a private company limited by shares. Its main activity is that of investment holding. The Company's registered office is St Jean Road, Quatre Bornes, Mauritius.

**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**

In the current year, the Group and the Company have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee of the IASB that are relevant to its operations and effective for accounting years beginning on 1 July 2018.

**(a) New and revised standards applied which affect amount reported and disclosed in the financial statements**

The Group and the Company have adopted the following standards which are effective 1 July 2018:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income with no recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The only area of significance to the Group and the Company relates to the new expected credit loss model. The Group and the Company have assessed the requirements of the new standard through the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Group and the Company have assessed the implications of the new standard and concluded that the accounting treatment is the same under both IAS 18 and IFRS 15.



**ANGLO AFRICAN INVESTMENTS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)**

**(b) New and revised IFRSs applied with no material effect on financial statements**

The following interpretation has been applied in these financial statements. The application of this interpretation has not had any material impact on the amounts reported and/or disclosed for the current year but may affect the accounting for future transactions or arrangements.

IFRIC 22 Foreign Currency Transactions and Advance Considerations.

**(c) New and revised IFRSs in issue but not yet effective**

At the date of authorisation of these financial statements, the following relevant IFRSs were in issue but effective on annual periods beginning on or after the respective dates as indicated.

IAS 1	Presentation of Financial Statements – Amendments regarding the definition of material (effective 1 January 2020)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – Amendments regarding the definition of material (effective 1 January 2020)
IAS 12	Income Taxes – Amendments resulting from Annual Improvements 2015-2017 Cycle (income tax consequences of dividends) (effective 1 January 2019)
IAS 19	Employee Benefits – Amendments regarding plan amendments, curtailments or settlements (effective 1 January 2019)
IAS 23	Borrowing Costs – Amendments resulting from Annual Improvements 2015-2017 Cycle (borrowing costs eligible for capitalisation) (effective 1 January 2019)
IAS 28	Investments in Associates and Joint Ventures – Amendments regarding long-term interests in associates and joint ventures (effective 1 January 2019)
IFRS 3	Business Combinations – Amendments resulting from Annual Improvements 2015-2017 Cycle (remeasurement of previously held interest) (effective 1 January 2019)
IFRS 3	Business Combinations – Amendments to clarify the definition of a business (effective 1 January 2020)
IFRS 9	Financial Instruments – Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective 1 January 2019)
IFRS 11	Joint Arrangements – Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest) (effective 1 January 2019)
IFRS 16	Leases – Original issue (effective 1 January 2019)
IFRS 17	Insurance Contracts – Original issue (effective 1 January 2021)
IFRIC 23	Uncertainty over Income Tax Treatments (effective 1 January 2019).

The directors anticipate that these IFRSs will be applied on their effective dates in future years. The directors have not yet had an opportunity to consider the potential impact of the application of these amendments.



**ANGLO AFRICAN INVESTMENTS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of preparation

The financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") and under the historical cost convention.

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

(b) Basis of consolidation

The consolidated financial statements include the Company, its subsidiaries and associated companies.

The Company controls an entity when it has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its power to affect those returns. The Company reassesses whether or not it still controls the investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries.



**ANGLO AFRICAN INVESTMENTS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(b) Basis of consolidation (continued)

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

(c) Business combinations

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the profit or loss as incurred.

Where applicable, the consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

(d) Investment in subsidiaries

In the Company's financial statements, investment in subsidiaries is measured at cost less impairment. Where there has been a permanent diminution in the value of an investment, it is recognised as an expense in the year in which the diminution is identified.

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

(e) Investment in associates

*Financial statements of the Company*

Associates are all entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not have control over those policies. In the Company's financial statements, investments in associates are accounted for at cost net of any accumulated impairment losses.



**ANGLO AFRICAN INVESTMENTS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(e) Investment in associates (continued)

*Consolidated financial statements*

In the consolidated financial statements, the results and assets and liabilities of associates are accounted using the equity method of accounting. Under this method, investments in associates are carried at cost and adjusted for post-acquisition changes in the Group's share of the profit or loss and other comprehensive income of the associate, less any impairment. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

(f) Foreign currencies

(i) Functional and presentation currencies

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates ("the functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Mauritian rupees ('Rs'), which is the functional and presentation currency for the Company and for the consolidated financial statements.

(ii) Transactions and balances

In the financial statements of the individual entities, foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities outstanding at end of reporting year are recognised in the statement of profit or loss and other comprehensive income. Monetary assets and liabilities expressed in foreign currencies at the end of the reporting year are translated into Mauritian Rupees ('Rs') at the closing rate prevailing at that date.

(iii) Group companies

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Mauritian rupees ('Rs') using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The exchange differences arising from translation of the foreign operations are recognised in other comprehensive income and accumulated in equity (translation reserve), and attributed to non-controlling interests as appropriate.

On disposal of the Group's interest in a foreign operation, the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.



ANGLO AFRICAN INVESTMENTS LTD  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue recognition

Revenue is measured based on the consideration received or receivable to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer. Revenue is net of value added tax, discounts and excludes inter-company charges and dividends.

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

Interest income on financial instruments is recognised as it accrues using the effective interest method while interest income on cash at bank is recognised when the interest is actually credited to the bank accounts.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts, including fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts, through the expected life of the financial assets.

(h) Expenses

Expenses are accounted for in the statement of profit or loss and other comprehensive income on the accrual basis.

(i) Finance costs

Finance costs comprise of interest expenses on finance lease, bank overdraft and advances from related parties. Interest expenses are recognised in the statement of profit or loss and other comprehensive income using the effective interest method.

(j) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) *Current tax*

The tax currently payable is based on taxable profit for the year and calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

(ii) *Deferred tax*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.



**ANGLO AFRICAN INVESTMENTS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*(ii) Deferred tax (continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

*(iii) Current and deferred tax for the year*

Current and deferred taxes are recognised as an expense or income in the statement of profit or loss and other comprehensive income.

**(k) Financial instruments**

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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.

**Financial assets**

*(i) Current and deferred tax for the year*

Cash and cash equivalents are measured at fair value based on the relevant exchange rates at reporting date.

*(ii) Loans receivable*

Loans receivable relate to term notes issued by the Company. Term notes are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

*(iii) Other receivable*

Other receivable is stated at its nominal amount



**ANGLO AFRICAN INVESTMENTS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(k) Financial instruments (continued)

(iv) *Amortised cost and effective interest method*

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

(v) *Derecognition of financial assets*

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

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

**Financial liabilities and equity**

(i) *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.

(ii) *Equity instruments*

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

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.



**ANGLO AFRICAN INVESTMENTS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(l) Impairment of assets

At the end of each reporting year, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment losses. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amounts of the asset are reduced to its recoverable amount.

A loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI is recognised in profit or loss. 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 expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

(m) Plant and equipment

(i) *Recognition and measurement*

Items of plant and equipment are measured at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised in the statement of profit or loss and other comprehensive income.

(ii) *Subsequent costs*

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in the statement of profit or loss and other comprehensive income as incurred.

(iii) *Depreciation*

Depreciation is recognised on a straight-line method to write off the cost of assets to their estimated residual values over their estimated useful life. Leased assets are depreciated over the shorter of the lease term and their expected useful lives on the same terms as owned assets.



**ANGLO AFRICAN INVESTMENTS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(m) Plant and equipment (continued)

(iii) *Depreciation (continued)*

The estimated useful lives for the current and comparative periods are as follows:

Motor vehicles	- 5 years
Computer equipment	- 2 to 5 years
Plant and machinery	- 2 to 5 years
Furniture and fittings	- 2 to 10 years

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

(n) Intangible assets

Intangible assets consisting of acquired software are carried at cost less accumulated amortisation and impairment. They are amortised on a straight line basis over their estimated useful life of 3 to 5 years.

Software development costs are recognised as intangible assets when the following has been demonstrated:

- the technical feasibility and availability of resources to complete the intangible asset so that it will be available for sale;
- the intention to complete the asset and ability to sell it;
- how the intangible asset will generate probable future economic benefits;
- the ability to measure reliably the expenditure attributable to the intangible asset.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meet the recognition criteria listed above. Subsequent to initial recognition, software development costs are recognised at cost less accumulated amortisation and impairment losses, on the same basis as intangible assets that are acquired separately.

(o) Leases

Finance leases are recorded both as assets and obligations to pay future principals net of finance charge. The amount capitalised is the estimated present value of the minimum lease payments.

Leased assets are depreciated in accordance with the policy for the category of asset concerned. The interest is charged to the statement of profit or loss and other comprehensive income over the period of the lease.

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term of the lease.

(p) Borrowings

Borrowings are initially recognised at fair value, being the consideration received net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.



**ANGLO AFRICAN INVESTMENTS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(q) Cash and cash equivalents

Cash comprises of cash at bank and in hand and deposits with an original maturity of three months or less. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purpose of the statement of cash flows, bank overdraft is considered as part of cash and cash equivalents.

(r) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out (FIFO) basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less selling expense. Where necessary, a write-off is made for obsolete and slow moving inventory items.

(s) Impairment of non-financial assets

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount which should not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(t) Retirement benefit obligations

(i) *Defined contribution schemes*

Payments to defined contribution schemes retirement plans are charged as an expense when employees have rendered service entitling them to the contributions.

(ii) *Other retirement benefits*

Retirement benefits as provided under the Employment Rights Act 2008 are recognised in the statement of financial position as non-current liabilities and are not funded.

(iii) *State pension plan*

Contributions to the National Pension Scheme are expensed to the statement of profit or loss and other comprehensive income in the period in which they fall due.

(u) Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at the end of the reporting date and adjusted to reflect the current best estimate. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditure required to settle the obligation.



**ANGLO AFRICAN INVESTMENTS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(v) Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(w) Related parties

Related parties include individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions.

(x) Dividend

Dividend on ordinary shares are recognised in equity in the period in which they are authorised by the directors. Dividends that are declared after the reporting date are dealt with in the notes to the financial statements.

(y) Comparative figures

Comparative figures have been regrouped and/or restated where necessary to conform with the current year's presentation.

**4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements.

Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

Impairment of assets

Impairment of assets requires significant judgement and assumptions as this exercise involves the determination of recoverable amount of asset values. In making the judgement and assumptions, the directors consider and evaluate, among other factors changes in technology, industry and sector economic indicators.

Useful lives of plant and equipment

When determining the carrying amounts of plant and equipment, management is required to estimate the useful lives and residual values of these assets. Estimates of useful lives and residual values carry a degree of uncertainty due to technical changes. The directors have used current information relating to the expected use of the assets.



**ANGLO AFRICAN INVESTMENTS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Impairment of trade receivables

Management reviews the debtors portfolio on a regular basis and make provisions for impairment losses based on its estimates on the recoverable amounts of each debt, considering several factors such as the ageing of the receivables, an evaluation of the customer's financial conditions, information about the potential inability of a customer to meet its financial obligations or the customer being placed under administration or receivership.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised based on the likely timing and level of future taxable profits.

Inventory provisions

Inventory provisions are made to write down inventories to net realisable value based on management's estimate of the realisability of inventories, considering factors such as estimates of future demand, changes in market prices, obsolescence. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of estimates.

Limitations of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors.

Business model assessment

Classification and measurement of financial assets depends on the results of the sole payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the management of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the years presented.



**ANGLO AFRICAN INVESTMENTS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**5. PLANT AND EQUIPMENT**

**The Group**

	<b><u>Computer equipment</u></b>	<b><u>Office &amp; other equipment</u></b>	<b><u>Furniture &amp; fittings</u></b>	<b><u>Motor vehicles</u></b>	<b><u>Total</u></b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
<b>COST</b>					
At 1 July 2017	7,880,313	2,312,195	3,181,640	11,193,463	24,567,611
Translation	(3,969)	-	-	(18,200)	(22,169)
Additions	2,578,614	-	44,256	640,000	3,262,870
Disposals	(3,310,608)	(148,615)	(127,004)	(8,020,047)	(11,606,274)
At 30 June 2018	<u>7,144,350</u>	<u>2,163,580</u>	<u>3,098,892</u>	<u>3,795,216</u>	<u>16,202,038</u>
At 1 July 2018	7,144,350	2,163,580	3,098,892	3,795,216	16,202,038
Translation	(13,543)	-	(8,306)	(48,425)	(70,274)
Additions	2,039,344	-	479,480	1,951,200	4,470,024
Disposals	(1,252,675)	(339,908)	(3,221,466)	(475,000)	(5,289,049)
<b>At 30 June 2019</b>	<b><u>7,917,476</u></b>	<b><u>1,823,672</u></b>	<b><u>348,600</u></b>	<b><u>5,222,991</u></b>	<b><u>15,312,739</u></b>
<b>DEPRECIATION</b>					
At 1 July 2017	4,630,171	1,401,369	1,999,635	8,189,898	16,221,073
Translation	(789)	-	-	(4,850)	(5,639)
Charge for the year	1,827,759	375,025	742,265	1,106,858	4,051,907
Disposals	(2,147,552)	(116,966)	(69,852)	(6,721,688)	(9,056,058)
At 30 June 2018	<u>4,309,589</u>	<u>1,659,428</u>	<u>2,672,048</u>	<u>2,570,218</u>	<u>11,211,283</u>
At 1 July 2018	4,309,589	1,659,428	2,672,048	2,570,218	11,211,283
Translation	(5,381)	-	(1,199)	(22,599)	(29,179)
Charge for the year	2,102,522	281,478	795,856	949,535	4,129,391
Disposals	(909,245)	(339,908)	(3,208,971)	(475,000)	(4,933,124)
<b>At 30 June 2019</b>	<b><u>5,497,485</u></b>	<b><u>1,600,998</u></b>	<b><u>257,734</u></b>	<b><u>3,022,154</u></b>	<b><u>10,378,371</u></b>
<b>NET BOOK VALUE</b>					
<b>At 30 June 2019</b>	<b><u>2,419,991</u></b>	<b><u>222,674</u></b>	<b><u>90,866</u></b>	<b><u>2,200,837</u></b>	<b><u>4,934,368</u></b>
At 30 June 2018	<u>2,834,761</u>	<u>504,152</u>	<u>426,844</u>	<u>1,224,998</u>	<u>4,990,755</u>

Plant and equipment includes motor vehicles with a net book value of Rs 49,866 (2018: Rs 288,757) held under finance lease.



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6. INTANGIBLE ASSETS

The Group

	Acquired Software Rs	Software Development Cost Rs	Total Rs
<b>COST</b>			
At 1 July 2017	1,107,989	-	1,107,989
Additions	101,500	10,238,308	10,339,808
Disposals	(791,027)	-	(791,027)
At 30 June 2018	<u>418,462</u>	<u>10,238,308</u>	<u>10,656,770</u>
At 1 July 2018	418,462	10,238,308	10,656,770
Additions	-	8,427,749	8,427,749
Disposals	(14,777)	-	(14,777)
At 30 June 2019	<u>403,685</u>	<u>18,666,057</u>	<u>19,069,742</u>
<b>AMORTISATION</b>			
At 1 July 2017	690,516	-	690,516
Charge for the year	208,792	1,789,027	1,997,819
Disposals	(648,436)	-	(648,436)
At 30 June 2018	<u>250,872</u>	<u>1,789,027</u>	<u>2,039,899</u>
At 1 July 2018	250,872	1,789,027	2,039,899
Charge for the year	61,203	3,906,511	3,967,714
Disposals	(14,777)	-	(14,777)
At 30 June 2019	<u>297,298</u>	<u>5,695,538</u>	<u>5,992,836</u>
<b>NET BOOK VALUE</b>			
At 30 June 2019	<u>106,387</u>	<u>12,970,519</u>	<u>13,076,906</u>
At 30 June 2018	<u>167,590</u>	<u>8,449,281</u>	<u>8,616,871</u>



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**7. DEFERRED TAX**

Deferred taxes are calculated on all temporary differences on the liability method at 15% (2018:15%). The following amounts are shown in the statement of financial position:

	<u>The Group</u>		<u>The Company</u>	
	2019	2018	2018	2018
	Rs	Rs	Rs	Rs
Deferred tax assets	4,182,610	1,642,627	143,524	31,154
Deferred tax liabilities	-	(1,359)	-	-
	<u>4,182,610</u>	<u>1,641,268</u>	<u>143,524</u>	<u>31,154</u>

Movement on the deferred tax account:

	<u>The Group</u>		<u>The Company</u>	
	2019	2018	2019	2018
	Rs	Rs	Rs	Rs
At 1 July	1,641,268	813,995	31,154	-
Translation	(136,720)	3,213	-	-
Charge for the year	2,678,062	824,060	112,370	31,154
At 30 June	<u>4,182,610</u>	<u>1,641,268</u>	<u>143,524</u>	<u>31,154</u>

Analysed as follows:

- Accelerated capital allowances	(1,354,014)	(560,655)	-	-
- Retirement benefit obligations	835,052	813,433	135,280	31,154
- Allowance for doubtful debts	717,239	8,250	8,244	-
- Unrealised foreign exchange gain	565,226	676,315	-	-
- Other provisions	147,066	165,133	-	-
- Tax losses	3,272,041	538,792	-	-
	<u>4,182,610</u>	<u>1,641,268</u>	<u>143,524</u>	<u>31,154</u>

**8. INVESTMENTS IN SUBSIDIARIES**

	<u>The Company</u>	
	2019	2018
	Rs	Rs
At 1 July and 30 June	<u>18,607,575</u>	<u>18,607,575</u>



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**8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

(a) Details of subsidiaries included in the consolidated financial statements are as follows:

Name of company	Class of shares held	Country of incorporation and operation	2019 Stated Capital	2018 Stated Capital	2019 Effective Holding (%)	2018 Effective Holding (%)
<u>Held directly by the Company:</u>						
Infosystems AA Ltd	Ordinary	Mauritius	100	100	100	100
Digiconsult AA Ltd	Ordinary	Mauritius	100	100	100	100
Ventures AA Ltd	Ordinary	Mauritius	100	100	100	100
Anglo African International Ltd	Ordinary	Mauritius	300	300	100	100
Anglo African Ltd	Ordinary	Mauritius	100	100	100	100
Anglo AI Ltd	Ordinary	Mauritius	1	1	100	100
Anglo NanoBNK Ltd	Ordinary	Mauritius	7500	7500	100	100
<u>Held through the subsidiaries of the Company:</u>						
Anglo African Madagascar SARL <sup>1</sup>	Ordinary	Madagascar	2000	2000	99	99
Anglo African Zimbabwe (Private)	Ordinary	Zimbabwe	2	2	100	100
Anglo African Zambia Limited	Ordinary	Zambia	300	300	100	100
NanoSAIO Ltd	Ordinary	Mauritius	3200	600	100	100
NanoAFRI AA Ltd	Ordinary	Mauritius	250	3	80	100
NanoBNK Private Limited <sup>2</sup>	Ordinary	India	2000	2000	100	100
Anglo NanoTECH Ltd <sup>2</sup>	Ordinary	Mauritius	100	100	100	100

(<sup>1</sup>) Anglo African Madagascar SARL and Anglo African Zimbabwe Ltd are no longer in operations.

(<sup>2</sup>) NanoBNK Private Limited was incorporated on 9th October 2017 while Anglo NanoTECH Ltd was incorporated on 22 May 2018.



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**9. INVESTMENT IN ASSOCIATE**

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>Rs</b>	<b>Rs</b>
At 1 July	<b>3,005,707</b>	2,404,916
Additions during the year	-	1,259,260
Share of post acquisition loss	<b>(1,569,011)</b>	(658,469)
Investment written off	<b>(1,436,696)</b>	-
At 30 June	<b>-</b>	<b>3,005,707</b>

Details of the Group's material associate at 30 June 2019 and 30 June 2018 are as follows:

<u>Name of associate</u>	<u>Principal activity</u>	<u>Place of incorporation and operations</u>	<u>% holding</u>	<u>% holding</u>
			<b>2019</b>	<b>2018</b>
Indian Ocean Network News Ltd	Online publishing	Mauritius	<b>72.90%</b>	45.9%

The investee is treated as an associate since the Company does not have control over its operations. The financial year end date of the associate is 31 December. For the purpose of applying the equity method of accounting, the financial statements of Indian Ocean Network News Ltd for the year ended 31 December 2018 have been used and appropriate adjustments have been made for the effect for material transactions between that date and 30 June 2019.

Summarised financial information in respect of the associate is set out below:

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>Rs</b>	<b>Rs</b>
Non current assets	<b>845,314</b>	1,062,429
Current assets	<b>487,037</b>	1,374,345
Non current liabilities	<b>767,682</b>	334,648
Current liabilities	<b>4,055,020</b>	2,079,312
Revenue	<b>3,435,450</b>	4,330,517
Loss for the year	<b>(3,513,158)</b>	(1,434,769)
Group's share of post acquisition loss of the associate	<b>(1,569,011)</b>	(658,469)

Reconciliation of the above summarised information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>Rs</b>	<b>Rs</b>
Net liabilities of the associate	<b>(3,490,351)</b>	22,814
% shareholding held by the Group	<b>72.9%</b>	45.9%
Share of net (liabilities)/assets	<b>(2,544,466)</b>	10,472
Carrying amount of the Group's interest in ION	<b>-</b>	<b>3,005,707</b>



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**10. OTHER FINANCIAL ASSETS**

	<u>The Group</u>		<u>The Company</u>	
	2019	2018	2019	2018
	Rs	Rs	Rs	Rs
Deposit with financial institutions	<b>5,101,098</b>	5,101,098	<b>5,101,098</b>	5,101,098
Investment in Government securities	<b>6,927,454</b>	34,862,788	<b>6,927,454</b>	34,862,788
Loans to related parties	<b>10,099,185</b>	509,677	<b>25,295,258</b>	4,519,759
	<b>22,127,737</b>	40,473,563	<b>37,323,810</b>	44,483,645
Remaining term to maturity:				
- Up to 1 year	<b>16,525,660</b>	34,862,788	<b>16,525,660</b>	34,862,788
- Over 1 year and up to 5 years	<b>5,602,077</b>	5,610,775	<b>20,798,150</b>	9,620,857
	<b>22,127,737</b>	40,473,563	<b>37,323,810</b>	44,483,645

Other financial assets are classified as loans and receivables and measured at amortised cost. The amounts stated represented the Group's and the Company's maximum exposure to credit risk.

The loans to related parties are unsecured and carry floating interest rate in the range of 4.5% to 8.75% per annum in year 2019.

**11. INVENTORIES**

	<u>The Group</u>	
	2019	2018
	Rs	Rs
ICT equipment and work in progress	<b>3,262,316</b>	6,068,450
Less provision for write down of inventories	<b>(278,392)</b>	(281,972)
	<b>2,983,924</b>	5,786,478

Inventories are stated at cost. Provision has been made for slow moving inventories.



**ANGLO AFRICAN INVESTMENTS LTD**  
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**12. TRADE AND OTHER RECEIVABLES**

	<u>The Group</u>		<u>The Company</u>	
	2019	2018	2019	2018
	Rs	Rs	Rs	Rs
Trade receivables	<b>80,940,302</b>	81,024,162	-	-
Allowance for doubtful debts	<b>(5,352,460)</b>	(2,649,434)	-	-
	<b>75,587,842</b>	78,374,728	-	-
Tax receivable (Note 20(a))	<b>237,975</b>	169,742	-	-
Other receivables and prepayments	<b>17,747,856</b>	20,815,929	<b>4,000</b>	2,000
Amounts due from related parties	-	-	<b>10,060,000</b>	145,408
	<b>93,573,673</b>	99,360,399	<b>10,064,000</b>	147,408

The average credit period on sales is 2 months. No interest is charged on trade receivables. The carrying amounts of trade and other receivables approximate their fair value and represent the Group and Company's maximum exposure to credit risk. No collateral security is held on those receivables.

Amounts due from related parties bear interest at the rates varying between 5.50% and 8.75% p.a (2018:2.3% p.a), are secured by guarantee from Anglo African Property (Moka) Ltd and are receivable 30 June 2020.

	<u>The Group</u>	
	2019	2018
	Rs	Rs
<u>Ageing of past due but not impaired trade receivables</u>		
Up to 60 days	<b>22,635,295</b>	39,254,937
61 to 120 days	<b>1,311,427</b>	1,452,269
121 to 180 days	-	588,773
Over 180 days	<b>4,492,694</b>	1,040,380
	<b>28,439,416</b>	42,336,359
<u>Ageing of impaired trade receivables</u>		
Up to 60 days	-	-
61 to 120 days	-	-
121 to 180 days	-	-
Over 180 days	<b>1,921,016</b>	2,649,036
	<b>1,921,016</b>	2,649,036
<u>Movement in the allowance for doubtful debts</u>		
At 1 July	<b>2,649,434</b>	914,552
Adoption of IFRS 9	<b>4,238,889</b>	-
Translation	<b>(294,392)</b>	-
Provision for the year	<b>(545,058)</b>	1,734,882
Amounts written off	<b>(696,413)</b>	-
At 30 June	<b>5,352,460</b>	2,649,434

Management considered the change in credit quality of the trade receivables from the date the credit was granted to the reporting date to determine the allowance for doubtful debts.



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**13. STATED CAPITAL**

	<u>The Group &amp; The Company</u>	
	2019	2018
	Rs	Rs
Issued and fully paid 1,000 Ordinary shares	<u>100,000</u>	<u>100,000</u>

**14. BORROWINGS**

	<u>The Group</u>	
	2019	2018
	Rs	Rs
Bank borrowings	1,636,016	487,393
Obligations under finance lease	<u>71,049</u>	<u>352,116</u>
	<u>1,707,065</u>	<u>839,509</u>

**Bank borrowings**

The bank borrowing is secured by a lien on motor vehicle. Floating interest rate is payable on the loan and the average interest applicable in 2019 was 6.75% per annum (2018:6.75% per annum).

	<u>The Group</u>	
	2019	2018
	Rs	Rs
The loan is repayable:		
Within one year	441,297	156,413
After one year but before three years	<u>1,194,719</u>	<u>330,980</u>
	<u>1,636,016</u>	<u>487,393</u>

**Obligations under finance lease**

The Group enters into finance lease arrangements for some of its motor vehicles. The Group has options to purchase the vehicles for a nominal amount at the conclusion of the lease agreements. The fixed rate of interest on finance leases was 7.5% (2018:7.5%). The Group's obligations under finance leases are secured by the lessors title to the leased assets.

Maturity analysis:

<u>The Group</u>	Due in less than 1 year	Due between 1 and 5 years	Due in less than 1 year	Due between 1 and 5 years
	2019 Rs	2019 Rs	2018 Rs	2018 Rs
Minimum lease payments	72,387	-	296,422	72,387
Less: Interest	<u>(1,338)</u>	-	<u>(15,355)</u>	<u>(1,338)</u>
Principal (borrowings)	<u>71,049</u>	-	<u>281,067</u>	<u>71,049</u>

The borrowings are denominated in Mauritian Rupees.

The carrying amounts of borrowings approximate their fair value.

**15. RETIREMENT BENEFIT OBLIGATIONS**

Retirement benefit obligations comprise mainly of benefits payable under the Employment Rights Act 2008, which provides for a lump sum to be payable at retirement based on final salary and years of service.

The movement in liability recognised in the statement of financial position is as follows:

	<u>The Group</u>		<u>The Company</u>	
	2019	2018	2019	2018
	Rs	Rs	Rs	Rs
At 1 July	5,422,881	5,351,792	207,692	-
Provision for the year	<u>144,132</u>	<u>71,089</u>	<u>694,175</u>	<u>207,692</u>
At 30 June	<u>5,567,013</u>	<u>5,422,881</u>	<u>901,867</u>	<u>207,692</u>



**ANGLO AFRICAN INVESTMENTS LTD**  
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**16. TRADE AND OTHER PAYABLES**

	<u>The Group</u>		<u>The Company</u>	
	2019	2018	2019	2018
	Rs	Rs	Rs	Rs
Trade payables	36,283,201	36,908,211	-	-
Other payables	13,258,762	15,823,631	319,114	479,408
Deferred income	10,701,627	24,552,898		
	<u>60,243,590</u>	<u>77,284,740</u>	<u>319,114</u>	<u>479,408</u>

The carrying amounts of trade and other payables approximate their fair values.

**17. OTHER INCOME**

	<u>The Group</u>		<u>The Company</u>	
	2019	2018	2019	2018
	Rs	Rs	Rs	Rs
Sundry revenues	1,035,670	452,497	665,000	350,000.00
Dividend income	-	-	10,000,000	20,000,000
Profit on disposal of plant and equipment	129,541	400,463	-	-
Gain on winding up of subsidiaries	-	198,896	-	-
Interest income	1,097,993	695,249	1,713,354	657,252
	<u>2,263,204</u>	<u>1,747,105</u>	<u>12,378,354</u>	<u>21,007,252</u>

**18. ADMINISTRATIVE AND OTHER EXPENSES**

	<u>The Group</u>		<u>The Company</u>	
	2019	2018	2019	2018
	Rs	Rs	Rs	Rs
Depreciation and amortisation	8,097,113	4,260,699	-	-
Staff costs	35,309,853	40,265,032	3,480,017	1,538,922
Impairment loss on trade receivables	(545,058)	1,734,882	54,960	-
Others	15,439,572	15,314,561	1,652,084	908,750
	<u>58,301,480</u>	<u>61,575,174</u>	<u>5,187,061</u>	<u>2,447,672</u>

**19. FINANCE COSTS**

	<u>The Group</u>		<u>The Company</u>	
	2019	2018	2019	2018
	Rs	Rs	Rs	Rs
Interest on bank overdraft	8,772	6,039	158	198
Interest on loan	27,861	4,161	-	-
Interest on finance leases	87,944	113,427	-	-
	<u>124,577</u>	<u>123,627</u>	<u>158</u>	<u>198</u>



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**20. CURRENT TAX LIABILITIES**

	<u>The Group</u>		<u>The Company</u>	
	2019	2018	2019	2018
	Rs	Rs	Rs	Rs
<b>(a) Statement of financial position</b>				
At 1 July, tax liabilities	3,831,491	3,250,706	68,902	-
At 1 July, tax receivable	(169,742)	(1,712,679)	-	(62,824)
Translation	(356,629)	5,165	-	-
(Over)/under provision in prior years	(101,182)	666,007	(28,061)	-
Income tax provision for the year	3,197,220	6,253,964	262,012	152,987
Net tax paid	(3,803,239)	(4,801,414)	(121,674)	(21,261)
Transfer to tax receivable (Note 12)	237,975	169,742	-	-
At 30 June	<u>2,835,894</u>	<u>3,831,491</u>	<u>181,179</u>	<u>68,902</u>
<b>(b) Statement of profit or loss</b>				
Income tax provision for the year	3,197,220	6,253,964	262,012	152,987
(Over)/under provision in prior years	(101,182)	666,007	(28,061)	-
Deferred tax (Note 7)	(2,678,062)	(824,060)	(112,370)	(31,154)
	<u>417,976</u>	<u>6,095,911</u>	<u>121,581</u>	<u>121,834</u>
<b>(c) Reconciliation between tax on accounting profit and income tax</b>				
Profit before tax and loss of associate	<u>5,097,360</u>	<u>29,341,916</u>	<u>7,211,794</u>	<u>18,561,186</u>
Tax at the rate of 15% (2018:15% / 3%)	764,604	6,284,157	1,081,769	2,784,178
Effect of different tax rates	(433,857)	1,170,410	-	-
Foreign tax charge paid	-	-	-	-
Corporate social responsibility contribution	354,701	373,658	30,825	17,999
Expenses not deductible for tax purpose	592,788	653,647	537,048	319,657
Under/(over) provision in prior years	(101,182)	623,168	(28,061)	-
Income not subject to tax	(730,453)	(3,000,394)	(1,500,000)	(3,000,000)
Tax losses brought forward	(12,197)	(8,735)	-	-
Tax losses not recognised	(16,428)	-	-	-
Income tax expense	<u>417,976</u>	<u>6,095,911</u>	<u>121,581</u>	<u>121,834</u>

The tax rate is 15% (2018:15%) for domestic companies in Mauritius while the effective rate for companies holding a Global Business Licence 1 is 3% (2018:3%) after deducting foreign tax credit.



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**21. NOTES TO THE STATEMENTS OF CASH FLOWS**

	<u>The Group</u>		<u>The Company</u>	
	2019	2018	2019	2018
	Rs	Rs	Rs	Rs
<b>Cash flow from operating activities</b>				
Profit before tax from continuing operations	<b>2,091,653</b>	28,683,447	<b>7,211,794</b>	18,561,186
Profit before tax from discontinued operations	-	-	-	-
<i>Adjustments for:</i>				
Depreciation of plant and equipment	<b>4,129,391</b>	4,051,907	-	-
Amortisation of intangible assets	<b>3,967,714</b>	1,997,819	-	-
Dividend income	-	-	<b>(10,000,000)</b>	(20,000,000)
Interest income	<b>(1,097,993)</b>	(695,249)	<b>(1,713,354)</b>	(657,252)
Interest expense	<b>124,577</b>	123,627	<b>158</b>	198
Exchange differences	<b>317,922</b>	(756,506)	-	-
Movement in retirement benefit obligations	<b>144,132</b>	71,089	<b>694,175</b>	207,692
Profit on disposal of plant and equipment	<b>(129,541)</b>	(400,463)	-	-
Gain on winding up of subsidiaries	-	(198,896)	-	-
Share of loss from associate	<b>3,005,707</b>	658,469	-	-
Impact of adoption of IFRS9 on retained earnings	-	-	<b>(97,686)</b>	-
Impairment of trade receivables	<b>(545,058)</b>	1,809,042	-	-
Movement in inventory provision	<b>(3,580)</b>	(117,027)	-	-
	<b>12,004,924</b>	35,227,259	<b>(3,904,913)</b>	(1,888,176)
<i>Changes in working capital:</i>				
Movement in inventories	<b>2,806,134</b>	(957,280)	-	-
Movement in trade and other receivables	<b>3,077,773</b>	(24,020,144)	<b>(9,916,592)</b>	10,862,130
Movement in trade and other payables	<b>(17,041,150)</b>	17,122,861	<b>(160,294)</b>	250,385
<b>Cash (used in)/generated from operations</b>	<b>847,681</b>	27,372,696	<b>(13,981,799)</b>	9,224,339



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**22. RELATED PARTY TRANSACTIONS**

Transactions between the Company and its subsidiaries, which are related parties of the Company have been eliminated on consolidation and are not disclosed in this note.

Details of transactions between the Group and other related parties and outstanding balances due from/to related parties are disclosed below:

	<u>The Group</u>		<u>The Company</u>	
	2019	2018	2019	2018
	Rs	Rs	Rs	Rs
Amount receivable from /(due to) shareholder	(19,352)	(25,605)	(19,352)	(25,605)
Loan to entity under common control	10,099,185	509,677	10,099,185	509,677
Loan to subsidiary	-	-	15,348,716	4,010,082
Amount receivable from subsidiaries	-	-	10,060,000	145,407
Amount due to subsidiaries	-	-	-	-
Investment in subsidiaries	-	-	18,607,575	18,607,575
Investment in associate	-	3,005,707	-	-
Remuneration of directors and key management personnel	9,607,675	9,570,817	3,641,471	1,597,300
Dividend and interest income from subsidiaries	-	-	10,683,440	20,183,957
Other revenue from subsidiaries	-	-	625,000	350,000

Outstanding balances at year end are unsecured and repayable within 6 months. Amounts due from related parties bear interest at the rates varying from 5.50% to 8.75% p.a (2018:2.3% p.a), are secured by guarantee from Anglo African Property (Moka) Ltd and are receivable 30 June 2020.

**23. CONTINGENT LIABILITY**

The Group has no litigation claims outstanding, pending or threatened against it which could have a material adverse effect on its financial position or results. It gives bank guarantees in the ordinary course of business to third parties but do not expect these liabilities to crystallise. The amount outstanding at 30 June 2019 amounted to Rs 21,621,587 (2018: Rs 4,729,758).

**24. CAPITAL COMMITMENTS**

At 30 June 2019, the Group had no capital commitments (2018: Nil).



## 25. FINANCIAL RISK MANAGEMENT

### 25.1 Overview

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's activities expose it to a variety of financial risks relating to its operations. The Company's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Company. The Group is exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk (which includes interest rate risk and foreign currency risk);

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group centralised finance function manages the Group's exposure to credit risk, market risk and liquidity risk.

### 25.2 Significant accounting policies

Details of the significant accounting policies in respect of financial asset, financial liability and equity instrument as well as the basis on which income and expenses are recognised, are disclosed in note 2 to the financial statements.

### 25.3 Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders. There were no changes in the Group's approach to capital management during the year.

The Group's and the Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group and the Company set the amount of capital in proportion to risk. The Group and the Company manage the capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The capital structure of the Group and the Company consist of debt and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statements of changes in equity.

The Group's net debt at 30 June 2019 and 2018 is nil considering the strong cash reserves held and hence is not exposed to risk relating to high gearing.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**25. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**25.4 Categories of financial instruments**

	<u>The Group</u>		<u>The Company</u>	
	2019	2018	2019	2018
	Rs	Rs	Rs	Rs
<b>Financial assets at amortised cost</b>				
Trade and other receivables	116,994,191	137,521,224	47,540,453	44,631,053
Cash and cash equivalents	36,779,829	36,960,895	7,045,119	7,275,561
	<u>153,774,020</u>	<u>174,482,119</u>	<u>54,585,572</u>	<u>51,906,614</u>
<b>Financial liabilities</b>				
Trade and other payables				
At amortised cost	<u>51,249,028</u>	<u>53,571,351</u>	<u>319,114</u>	<u>479,408</u>

*Fair value estimations*

For financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The carrying amounts of the financial assets and liabilities approximate their fair values due to the short term nature of the balances involved.

The Group's and Company's financial assets and liabilities are classified into the level 3 of the fair value hierarchy.

**25.5 Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and Company.

The Group's credit risk is primarily attributable to their trade receivables. The amounts presented in the statement of financial position are net of allowance for credit losses, estimated by the management based on prior experience. The Group have policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

The amount and ageing of impaired advances is disclosed in note 12 to the accounts. Provision has been made for any losses estimated from non-performance by these counterparties.

**25.6 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**25. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**25.6 Market risk (continued)**

**25.6 (a) Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's and Company's borrowings relate mainly to finance lease obligations at fixed rate interest as tabled below.

	<u>2019</u>	<u>2018</u>
Obligations under finance lease	7.50%	7.50%

**25.6 (b) Foreign exchange risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's reporting currency.

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollars ('USD'). The Group's dealings in foreign currency purchases is managed by seeking the best rates. Fluctuations arising on purchase transactions are partly offset by sales transactions, effected in USD as a natural hedge. The Group also has positions in Malagasy Ariary(MGA), and Zambian Kwacha (ZMW), which are the local currencies of its subsidiaries.

The currency profile of the financial assets and financial liabilities is summarised below.

	<u>The Group</u>		<u>The Company</u>	
	Financial assets Rs	Financial liabilities Rs	Financial assets Rs	Financial liabilities Rs
<b>2019</b>				
<b>Currency</b>				
Mauritian Rupee ('Rs')	88,169,703	43,279,861	54,572,097	319,114
United States Dollars ('USD')	47,841,081	6,805,421	13,475	-
Others	17,763,236	1,163,747	-	-
	<u>153,774,020</u>	<u>51,249,029</u>	<u>54,585,572</u>	<u>319,114</u>
<b>2018</b>				
<b>Currency</b>				
Mauritian Rupee ('Rs')	78,568,066	14,590,593	51,867,141	479,408
United States Dollars ('USD')	64,229,607	34,913,131	39,473	-
Others	31,684,446	4,067,627	-	-
	<u>174,482,119</u>	<u>53,571,351</u>	<u>51,906,614</u>	<u>479,408</u>

A sensitivity analysis, including only outstanding USD denominated monetary items and adjusting their translation at the period end for a 5% change in foreign currency rates, indicates that if the USD strengthens 5% against the Mauritian Rupee, the Company will incur a gain on exchange of Rs2,051,779 (2018: Rs1,465,824).

There would be an equal and opposite impact on the profit and other equity where the USD weakens 5% against the Mauritian Rupee.

The profit or loss is mainly attributed to the exposure outstanding on receivables and payables and bank balances at year end.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**25. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**25.7 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Management monitors rolling forecasts of the Group's and the Company's liquidity reserve on the basis of expected cash flows.

The table below analyses the Group's and the Company's remaining contractual maturity for its financial liabilities. The undiscounted cash flows are analysed into relevant maturity groupings based on the earliest date on which the Group and the Company can be required to pay them. The table includes both interest and principal cash flows.

	Less than 1 year Rs	Between 1 and 5 years Rs
<b><u>The Group</u></b>		
<b><u>2019</u></b>		
Trade and other payables	49,541,963	-
Borrowings	611,028	1,320,286
	<b>50,152,991</b>	<b>1,320,286</b>
<b><u>2018</u></b>		
Trade and other payables	52,731,842	-
Borrowings	480,955	426,168
	<b>53,212,797</b>	<b>426,168</b>
<b><u>The Company</u></b>		
<b><u>2019</u></b>		
Trade and other payables	319,114	-
Borrowings	-	-
	<b>319,114</b>	<b>-</b>
<b><u>2018</u></b>		
Trade and other payables	479,408	-
Borrowings	-	-
	<b>479,408</b>	<b>-</b>

**26. FINANCIAL SUMMARY**

**The Group**

	2019 Rs	2018 Rs	2017 Rs	2016 Rs	2015 Rs
Shareholders' fund	104,952,600	113,457,363	96,343,712	78,031,377	59,715,534
Revenue	258,890,146	324,013,280	272,555,693	291,867,891	339,137,740
Profit after tax	1,673,677	22,587,535	18,431,763	18,352,583	17,758,639
Earnings per share	1,674	22,588	18,432	18,353	17,759