

**ANGLO AFRICAN
INVESTMENTS LTD**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2020**

**ANGLO AFRICAN INVESTMENTS LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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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. Jamaloodeen
Director



Jason Harel
Director (Chairman, Audit Committee)

Date: **01 OCT 2020**

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 2020, 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: 01 OCT 2020

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

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 39 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 2020 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 39 comprise:

- the consolidated and separate statements of financial position as at 30 June 2020;
- 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)

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.

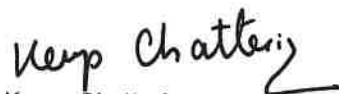
Report on Other Legal and Regulatory Requirements

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, 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, 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

01 OCT 2020

ANGLO AFRICAN INVESTMENTS LTD
STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

| | Notes | The Group | | The Company | |
|------------------------------------------------|-------|--------------------|--------------------|-------------------|-------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| | | Rs | Rs | Rs | Rs |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Plant and equipment | 5 | 4,513,288 | 4,934,368 | 59,075 | - |
| Intangible assets | 6 | 17,832,603 | 13,076,906 | - | - |
| Deferred tax assets | 7 | 7,051,403 | 4,182,610 | 962,600 | 143,524 |
| Investments in subsidiaries | 8 | - | - | 14,522,575 | 18,607,575 |
| Investment in associate | 9 | - | - | - | - |
| Other financial assets | 10 | 5,079,708 | 5,602,077 | 13,862,418 | 20,798,150 |
| | | <u>34,477,002</u> | <u>27,795,961</u> | <u>29,406,668</u> | <u>39,549,249</u> |
| Current assets | | | | | |
| Inventories | 11 | 2,718,743 | 2,983,924 | - | - |
| Trade and other receivables | 12 | 86,314,024 | 93,573,673 | 12,587,319 | 10,064,000 |
| Other financial assets | 10 | 21,871,368 | 16,525,660 | 21,871,368 | 16,525,660 |
| Cash and cash equivalents | | 31,528,471 | 36,779,829 | 513,454 | 7,045,119 |
| | | <u>142,432,606</u> | <u>149,863,086</u> | <u>34,972,141</u> | <u>33,634,779</u> |
| TOTAL ASSETS | | <u>176,909,608</u> | <u>177,659,047</u> | <u>64,378,809</u> | <u>73,184,028</u> |
| EQUITY AND LIABILITIES | | | | | |
| Capital and reserves | | | | | |
| Stated capital | 13 | 100,000 | 100,000 | 100,000 | 100,000 |
| Retained earnings | | 102,958,272 | 104,336,566 | 62,841,480 | 71,681,868 |
| Translation reserves | | (346,500) | 516,034 | - | - |
| Equity attributable to the owner of the parent | | 102,711,772 | 104,952,600 | 62,941,480 | 71,781,868 |
| Non-controlling interest | | 2,191,393 | 2,352,885 | - | - |
| TOTAL EQUITY | | <u>104,903,165</u> | <u>107,305,485</u> | <u>62,941,480</u> | <u>71,781,868</u> |
| Non-current liabilities | | | | | |
| Borrowings | 14 | 1,352,483 | 1,194,719 | - | - |
| Retirement benefit obligations | 15 | 6,428,287 | 5,567,013 | 949,012 | 901,867 |
| | | <u>7,780,770</u> | <u>6,761,732</u> | <u>949,012</u> | <u>901,867</u> |
| Current liabilities | | | | | |
| Trade and other payables | 16 | 60,735,046 | 60,243,590 | 434,141 | 319,114 |
| Bank overdraft | | 1,423,724 | - | - | - |
| Borrowings | 14 | 616,453 | 512,346 | - | - |
| Current tax liabilities | 20 | 1,450,450 | 2,835,894 | 54,176 | 181,179 |
| | | <u>64,225,673</u> | <u>63,591,830</u> | <u>488,317</u> | <u>500,293</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>176,909,608</u> | <u>177,659,047</u> | <u>64,378,809</u> | <u>73,184,028</u> |

Approved and authorised for issue by Board of Directors on **01 OCT 2020** and signed on its behalf by:


Ali M. Jamalooddeen
 Director


Jason Harel
 Director (Chairman, Audit Committee)

The notes on pages 9 to 39 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 2020

| | Notes | The Group | | The Company | |
|-----------------------------------------------------------------------|-------|------------------|------------------|--------------------|------------------|
| | | 2020 Rs | 2019 Rs | 2020 Rs | 2019 Rs |
| Continuing operations | | | | | |
| Revenue | | 199,086,306 | 258,890,146 | - | - |
| Cost of sales | | (131,946,946) | (195,331,009) | - | - |
| Gross profit | | 67,139,360 | 63,559,137 | - | - |
| Other income | 17 | 2,350,093 | 2,263,204 | 9,469,187 | 12,378,354 |
| | | 69,489,453 | 65,822,341 | 9,469,187 | 12,378,354 |
| Administrative and other expenses | 18 | (65,393,233) | (58,301,480) | (4,155,162) | (5,187,061) |
| Impairment of investments in subsidiaries | 8 | - | - | (4,585,000) | - |
| Impairment of other financial assets | 10 | - | - | (5,413,363) | - |
| Net foreign exchange (losses)/gains | | (2,765,007) | (2,298,924) | (2,190) | 20,659 |
| Finance costs | 19 | (175,705) | (124,577) | - | (158) |
| Share of loss of associate | 9 | - | (3,005,707) | - | - |
| Net profit/(loss) before taxation for the year | | 1,155,508 | 2,091,653 | (4,686,528) | 7,211,794 |
| Taxation | 20(b) | 46,709 | (417,976) | 846,140 | (121,581) |
| NET PROFIT/(LOSS) FOR THE YEAR | | 1,202,217 | 1,673,677 | (3,840,388) | 7,090,213 |
| Attributable to: | | | | | |
| Owner of the parent | | 1,578,632 | 1,739,939 | (3,840,388) | 7,090,213 |
| Non-controlling interests | | (376,415) | (66,262) | - | - |
| | | 1,202,217 | 1,673,677 | (3,840,388) | 7,090,213 |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Exchange differences on translating foreign operations | | 1,395,463 | (364,835) | - | - |
| Total other comprehensive income/(loss) for the year | | 1,395,463 | (364,835) | - | - |
| Attributable to: | | | | | |
| Owner of the parent | | 1,180,540 | (382,379) | - | - |
| Non-controlling interests | | 214,923 | 17,544 | - | - |
| | | 1,395,463 | (364,835) | - | - |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR | | 2,597,680 | 1,308,842 | (3,840,388) | 7,090,213 |
| Total comprehensive income/(loss) attributable to: | | | | | |
| Owner of the Company | | 2,759,172 | 1,357,560 | (3,840,388) | 7,090,213 |
| Non-controlling interests | | (161,492) | (48,718) | - | - |
| | | 2,597,680 | 1,308,842 | (3,840,388) | 7,090,213 |

The notes on pages 9 to 39 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 2020

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 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/(loss) for the year | - | 1,739,939 | - | 1,739,939 | (66,262) | 1,673,677 |
| Other comprehensive (loss)/income for the year | - | - | (382,379) | (382,379) | 17,544 | (364,835) |
| Total comprehensive income/(loss) 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 |
| At 1 July 2019 | 100,000 | 104,336,566 | 516,034 | 104,952,600 | 2,352,885 | 107,305,485 |
| Net profit/ (loss) for the year | - | 1,578,632 | - | 1,578,632 | (376,415) | 1,202,217 |
| Other comprehensive income for the year | - | - | 1,180,540 | 1,180,540 | 214,923 | 1,395,463 |
| Total comprehensive income for the year | - | 1,578,632 | 1,180,540 | 2,759,172 | (161,492) | 2,597,680 |
| Adjustment on winding up of a foreign subsidiary | - | 2,043,074 | (2,043,074) | - | - | - |
| Transactions with owners: | | | | | | |
| Dividend paid | - | (5,000,000) | - | (5,000,000) | - | (5,000,000) |
| At 30 June 2020 | 100,000 | 102,958,272 | (346,500) | 102,711,772 | 2,191,393 | 104,903,165 |

The Company

| | Stated capital Rs | Retained Earnings Rs | Total Rs |
|-----------------------------------------|-------------------------|----------------------------|-------------|
| 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 |
| Other comprehensive income for the year | - | - | - |
| 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 |
| At 1 July 2019 | 100,000 | 71,681,868 | 71,781,868 |
| Net loss for the year | - | (3,840,388) | (3,840,388) |
| Other comprehensive income for the year | - | - | - |
| Total comprehensive loss for the year | - | (3,840,388) | (3,840,388) |
| Transactions with owners of the parent: | | | |
| Dividend paid | - | (5,000,000) | (5,000,000) |
| At 30 June 2020 | 100,000 | 62,841,480 | 62,941,480 |

The notes on pages 9 to 39 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 2020

| | Note | The Group | | The Company | |
|---------------------------------------------------------------|------|---------------------|--------------------|---------------------|---------------------|
| | | 2020 Rs | 2019 Rs | 2020 Rs | 2019 Rs |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash generated from/(used in) operations | 21 | 18,018,060 | 847,681 | (13,543,906) | (13,981,799) |
| Interest received | | 210,876 | 1,097,993 | 210,876 | 1,713,354 |
| Interest paid | | (175,705) | (124,577) | - | (158) |
| Income tax paid | | (5,605,245) | (3,803,239) | (99,939) | (121,674) |
| Net cash generated from/(used in) operating activities | | 12,447,986 | (1,982,142) | (13,432,969) | (12,390,277) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchase of plant and equipment | | (1,580,370) | (4,470,024) | (78,452) | - |
| Purchase of intangible assets | | (8,519,798) | (8,427,749) | - | - |
| Proceeds from disposal of plant and equipment | | 560,473 | 485,467 | - | - |
| Investment in a subsidiary | | - | - | (500,000) | - |
| Loan to related parties | | (11,050,000) | (9,589,508) | (11,050,000) | (20,775,499) |
| Repayment of loan from subsidiary | | - | - | 1,000,000 | - |
| Purchase of other financial assets | | (4,961,450) | - | (4,961,450) | - |
| Proceeds on maturity of other financial assets | | 11,991,206 | 27,935,334 | 11,991,206 | 27,935,334 |
| Dividend received | | - | - | 15,500,000 | 10,000,000 |
| Net cash (used in)/generated from investing activities | | (13,559,939) | 5,933,520 | 11,901,304 | 17,159,835 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from borrowings | | - | 867,556 | - | - |
| Borrowings repaid | | (563,129) | - | - | - |
| Dividend paid to shareholder | | (5,000,000) | (5,000,000) | (5,000,000) | (5,000,000) |
| Net cash used in financing activities | | (5,563,129) | (4,132,444) | (5,000,000) | (5,000,000) |
| Decrease in cash and cash equivalents | | (6,675,082) | (181,066) | (6,531,665) | (230,442) |
| Cash and cash equivalents at 1 July | | 36,779,829 | 36,960,895 | 7,045,119 | 7,275,561 |
| Cash and cash equivalents at 30 June | | 30,104,747 | 36,779,829 | 513,454 | 7,045,119 |

The notes on pages 9 to 39 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 2020

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 2019.

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

The following relevant new and revised IFRSs have been applied in these financial statements. The application of these new and revised IFRSs 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.

| | |
|----------|----------------------------------------------------------------------------------------------------------------------------------------|
| IAS 12 | Income Taxes – Amendments resulting from Annual Improvements 2015-2017 Cycle (income tax consequences of dividends) |
| IAS 19 | Employee Benefits – Amendments regarding plan amendments, curtailments or settlements |
| IAS 23 | Borrowing Costs – Amendments resulting from Annual Improvements 2015-2017 Cycle (borrowing costs eligible for capitalisation) |
| IAS 28 | Investments in Associates and Joint Ventures – Amendments regarding long-term interests in associates and joint ventures |
| IFRS 3 | Business Combinations – Amendments resulting from Annual Improvements 2015-2017 Cycle (remeasurement of previously held interest) |
| IFRS 9 | Financial Instruments – Amendments regarding prepayment features with negative compensation and modifications of financial liabilities |
| IFRS 11 | Joint Arrangements – Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest) |
| IFRS 16 | Leases – Original issue |
| IFRIC 23 | Uncertainty over Income Tax Treatments |

(b) 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 1 | Presentation of Financial Statements - Amended by Classification of Liabilities as Current or Non-current (effective 1 January 2022) |
| IAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors – Amendments regarding the definition of material (effective 1 January 2020) |
| IAS 16 | Property, Plant and Equipment– Amended by Property, Plant and Equipment - Proceeds before Intended Use (effective 1 January 2022) |
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets– Amended by Onerous Contracts - Cost of Fulfilling a Contract (effective 1 January 2022) |

ANGLO AFRICAN INVESTMENT3 LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

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

(b) New and revised IFRSs in issue but not yet effective (continued)

| | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IFRS 3 | Business Combinations – Amendments to clarify the definition of a business (effective 1 January 2020) |
| IFRS 3 | Business Combinations – Amended by Reference to the Conceptual Framework (effective 1 January 2022) |
| IFRS 7 | Financial Instruments Disclosures – A Interest Rate Benchmark Reform issued, requiring additional disclosures around uncertainty arising from the interest rate benchmark reform (effective 1 January 2020) |
| IFRS 9 | Amendments regarding pre-replacement issues in the context of the IBOR reform (effective 1 January 2020) |
| IFRS 9 | Financial Instruments – Amended by Annual Improvements to IFRS Standards 2018–2020 (effective 1 January 2022) |
| IFRS 16 | January 2022) |
| IFRS 16 | Leases – Amended by Covid-19-Related Rent Concessions (effective 1 June 2020) |

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.

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.

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation

The consolidated financial statements include the Company and 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 IFRS 9 Financial instruments 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.

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.

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 2020

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 2020

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 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Taxation (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) *Financial assets at amortised cost*

Financial 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.

The effective interest method is a method of calculating the amortised cost of a financial 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 financial instrument on initial recognition.

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

(ii) *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 financial 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 company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Financial liabilities and equity

(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.

(iii) *Financial liabilities*

The Group initially recognises liabilities on the date that they are originated. All financial liabilities 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 through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(iv) *Derecognition of financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of assets

Financial assets are assessed for indicators of impairment at the end of each reporting year. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated and separate statements of profit or loss and other comprehensive income.

(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 2020

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 the statement of profit or loss and other comprehensive income 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 2020

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 Workers Rights Act 2019 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 2020

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 year 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 experiences 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.

Going concern

Management has made an assessment of the Group and the Company's ability to continue as a going concern and is satisfied that the Group and the Company have the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group and the Company's ability to continue as a going concern. Therefore, the consolidated and separate financial statements have been prepared on the going concern basis.

Determination of functional currency

Functional currency is the currency of the primary economic environment in which the Group operates. When indicators of the primary economic environment is mixed, management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and management has determined that the functional currency of the Group is Mauritian Rupee.

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Expected credit loss ("ECL") allowance

When measuring ECL, the company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

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.

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 machinery

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.

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.

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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 Group and 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 Group and 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 Group's and 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 2020

5. PLANT AND EQUIPMENT

The Group

| | <u>Computer equipment</u> | <u>Furniture & fittings and equipment</u> | <u>Motor vehicles</u> | <u>Total</u> |
|------------------------|--------------------------------------|--------------------------------------------------------------|----------------------------------|--------------------------|
| | Rs | Rs | Rs | Rs |
| COST | | | | |
| At 1 July 2018 | 7,144,350 | 5,262,472 | 3,795,216 | 16,202,038 |
| Translation difference | (13,543) | (8,306) | (48,425) | (70,274) |
| Additions | 2,039,344 | 479,480 | 1,951,200 | 4,470,024 |
| Disposals | <u>(1,252,675)</u> | <u>(3,561,374)</u> | <u>(475,000)</u> | <u>(5,289,049)</u> |
| At 30 June 2019 | <u>7,917,476</u> | <u>2,172,272</u> | <u>5,222,991</u> | <u>15,312,739</u> |
| At 1 July 2019 | 7,917,476 | 2,172,272 | 5,222,991 | 15,312,739 |
| Translation difference | (13,714) | (2,942) | (40,094) | (56,750) |
| Additions | 1,324,073 | 111,297 | 970,000 | 2,405,370 |
| Disposals | <u>(436,660)</u> | <u>-</u> | <u>(765,739)</u> | <u>(1,202,399)</u> |
| At 30 June 2020 | <u>8,791,175</u> | <u>2,280,627</u> | <u>5,387,158</u> | <u>16,458,960</u> |
| DEPRECIATION | | | | |
| At 1 July 2018 | 4,309,589 | 4,331,476 | 2,570,218 | 11,211,283 |
| Translation difference | (5,381) | (1,199) | (22,599) | (29,179) |
| Charge for the year | 2,102,522 | 1,077,334 | 949,535 | 4,129,391 |
| Disposals | <u>(909,245)</u> | <u>(3,548,879)</u> | <u>(475,000)</u> | <u>(4,933,124)</u> |
| At 30 June 2019 | <u>5,497,485</u> | <u>1,858,732</u> | <u>3,022,154</u> | <u>10,378,371</u> |
| At 1 July 2019 | 5,497,485 | 1,858,732 | 3,022,154 | 10,378,371 |
| Translation difference | (14,247) | (1,307) | (24,050) | (39,604) |
| Charge for the year | 1,467,438 | 350,566 | 691,451 | 2,509,455 |
| Disposals | <u>(137,172)</u> | <u>-</u> | <u>(765,378)</u> | <u>(902,550)</u> |
| At 30 June 2020 | <u>6,813,504</u> | <u>2,207,991</u> | <u>2,924,177</u> | <u>11,945,672</u> |
| NET BOOK VALUE | | | | |
| At 30 June 2020 | <u>1,977,671</u> | <u>72,636</u> | <u>2,462,981</u> | <u>4,513,288</u> |
| At 30 June 2019 | <u>2,419,991</u> | <u>313,540</u> | <u>2,200,837</u> | <u>4,934,368</u> |

Plant and equipment includes motor vehicles with a net book value of Rs 911,088 (2019: Rs49,866) held under finance lease at 30 June 2020.

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

5. PLANT AND EQUIPMENT (CONTINUED)

The Company

| | Computer equipment Rs |
|------------------------|-----------------------------|
| COST | |
| At 1 July 2019 | - |
| Additions | 78,453 |
| At 30 June 2020 | 78,453 |
| DEPRECIATION | |
| At 1 July 2019 | - |
| Charge for the year | 19,378 |
| At 30 June 2020 | 19,378 |
| NET BOOK VALUE | |
| At 30 June 2020 | 59,075 |

6. INTANGIBLE ASSETS

The Group

| | Acquired Software Rs | Software Development Cost Rs | Total Rs |
|------------------------|----------------------------|---------------------------------------|-------------------|
| COST | | | |
| 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 | 403,685 | 18,666,057 | 19,069,742 |
| At 1 July 2019 | 403,685 | 18,666,057 | 19,069,742 |
| Additions | - | 8,519,798 | 8,519,798 |
| Written off | - | (243,950) | (243,950) |
| At 30 June 2020 | 403,685 | 26,941,905 | 27,345,590 |
| AMORTISATION | | | |
| 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 | 297,298 | 5,695,538 | 5,992,836 |
| At 1 July 2019 | 297,298 | 5,695,538 | 5,992,836 |
| Charge for the year | 37,200 | 3,482,951 | 3,520,151 |
| At 30 June 2020 | 334,498 | 9,178,489 | 9,512,987 |
| NET BOOK VALUE | | | |
| At 30 June 2020 | 69,187 | 17,763,416 | 17,832,603 |
| At 30 June 2019 | 106,387 | 12,970,519 | 13,076,906 |

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

7. DEFERRED TAX

Deferred taxes are calculated on all temporary differences on the liability method at 15% (2019:15%). The following amounts are shown in the statement of financial position:

| | <u>The Group</u> | | <u>The Company</u> | |
|---------------------|------------------|------------------|--------------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs | Rs | Rs | Rs |
| Deferred tax assets | <u>7,051,403</u> | <u>4,182,610</u> | <u>962,900</u> | <u>143,524</u> |

Movement on the deferred tax account:

| | <u>The Group</u> | | <u>The Company</u> | |
|--------------------------|------------------|------------------|--------------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs | Rs | Rs | Rs |
| At 1 July | 4,182,610 | 1,641,268 | 143,524 | 31,154 |
| Translation | (288,697) | (136,720) | - | - |
| Movement during the year | 3,157,490 | 2,678,062 | 819,076 | 112,370 |
| At 30 June | <u>7,051,403</u> | <u>4,182,610</u> | <u>962,600</u> | <u>143,524</u> |

Analysed as follows:

| | | | | |
|-----------------------------------|------------------|------------------|----------------|----------------|
| - Accelerated capital allowances | (2,216,528) | (1,354,014) | - | - |
| - Retirement benefit obligations | 964,243 | 835,052 | 142,352 | 135,280 |
| - Allowance for doubtful debts | 347,296 | 717,239 | 820,248 | 8,244 |
| - Unrealised exchange differences | 1,473,498 | 565,226 | - | - |
| - Other provisions | 97,027 | 147,066 | - | - |
| - Tax losses | 6,385,867 | 3,272,041 | - | - |
| | <u>7,051,403</u> | <u>4,182,610</u> | <u>962,600</u> | <u>143,524</u> |

8. INVESTMENTS IN SUBSIDIARIES

| | <u>The Company</u> | |
|---------------------|--------------------|-------------------|
| | 2020 | 2019 |
| | Rs | Rs |
| COST | | |
| At 1 July | 18,607,575 | 18,607,575 |
| Additions | 500,000 | - |
| At 30 June | <u>19,107,575</u> | <u>18,607,575</u> |
| IMPAIRMENT | | |
| At 1 July | - | - |
| Charge for the year | 4,585,000 | - |
| At 30 June | <u>4,585,000</u> | <u>-</u> |
| Carrying amount | <u>14,522,575</u> | <u>18,607,575</u> |

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

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 | <u>2020</u> Stated Capital | 2019 Stated Capital | <u>2020</u> Effective Holding (%) | 2019 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 ⁽¹⁾ | 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 |
| EC3 AA Ltd ⁽²⁾ | Ordinary | Mauritius | 500 | | 100 | 100 |
| <u>Held through the subsidiaries of the Company:</u> | | | | | | |
| Anglo African Madagascar SARL ⁽³⁾ | Ordinary | Madagascar | N/A | 2000 | N/A | 99 |
| Anglo African Zimbabwe (Private) Limited ⁽⁴⁾ | Ordinary | Zimbabwe | 2 | 2 | 100 | 100 |
| Anglo African Zambia Limited | Ordinary | Zambia | 300 | 300 | 100 | 100 |
| NanoSAIO Ltd | Ordinary | Mauritius | 600 | 600 | 100 | 100 |
| Nano AFRI AA Ltd ⁽⁵⁾ | Ordinary | Mauritius | 250 | 250 | 80 | 80 |
| NanoBNK Private Limited | Ordinary | India | 2000 | 2000 | 100 | 100 |
| Anglo NanoTECH Ltd | Ordinary | Mauritius | 100 | 100 | 100 | 100 |

⁽¹⁾ Anglo African International Ltd was converted from a Global Business Company category 1 to a domestic company on 18 December 2019.
⁽²⁾ EC3 AA Ltd was incorporated in Mauritius on 9 July 2019.

⁽³⁾ Anglo African Madagascar SARL has been wound up on 8 July 2019.

⁽⁴⁾ Anglo African Zimbabwe (Private) Ltd is no longer in operation.

⁽⁵⁾ Nano Afri AA Ltd is in the process of conversion from a Global Business Company category 1 to a domestic company.

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

9. INVESTMENT IN ASSOCIATE

| | The Group | |
|--------------------------------|------------------|-------------|
| | 2020 | 2019 |
| | Rs | Rs |
| At 1 July | - | 3,005,707 |
| Share of post acquisition loss | - | (1,569,011) |
| Investment written off | - | (1,436,696) |
| At 30 June | - | - |

Details of the Group's material associate at 30 June 2020 and 30 June 2019 are as follows:

| <u>Name of associate</u> | <u>Principal activity</u> | <u>Place of incorporation and operations</u> | <u>% holding 2020</u> | <u>% holding 2019</u> |
|-------------------------------|---------------------------|----------------------------------------------|-----------------------|-----------------------|
| Indian Ocean Network News Ltd | Online publishing | Mauritius | 72.9% | 72.9% |

The Company has been placed under voluntary administration on 9 March 2020.

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

| | The Group | |
|---------------------------------------------------------|------------------|-------------|
| | 2020 | 2019 |
| | Rs | Rs |
| Non current assets | - | 845,314 |
| Current assets | - | 487,037 |
| Non current liabilities | - | 767,682 |
| Current liabilities | - | 4,055,020 |
| Revenue | - | 3,435,450 |
| Loss for the year | - | (3,513,158) |
| Group's share of post acquisition loss of the associate | - | (1,569,011) |

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

| | The Group | |
|------------------------------------------------|------------------|-------------|
| | 2020 | 2019 |
| | Rs | Rs |
| Net liabilities of the associate | - | (3,490,351) |
| % shareholding held by the Group | - | 72.9% |
| Share of net (liabilities)/assets | - | (2,544,466) |
| Carrying amount of the Group's interest in ION | - | - |

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

10. OTHER FINANCIAL ASSETS

| | <u>The Group</u> | | <u>The Company</u> | |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs | Rs | Rs | Rs |
| Deposit with financial institutions | 5,079,708 | 5,101,098 | 5,079,708 | 5,101,098 |
| Investment in Government securities | - | 6,927,454 | - | 6,927,454 |
| Loans to related parties | 21,871,368 | 10,099,185 | 21,871,368 | 10,099,185 |
| | <u>26,951,076</u> | <u>22,127,737</u> | <u>26,951,076</u> | <u>22,127,737</u> |
| Loans to subsidiaries | - | - | 14,348,716 | 15,348,716 |
| Impairment | - | - | (5,566,006) | (152,643) |
| | <u>-</u> | <u>-</u> | <u>8,782,710</u> | <u>15,196,073</u> |
| Total | <u>26,951,076</u> | <u>22,127,737</u> | <u>35,733,786</u> | <u>37,323,810</u> |
| Remaining term to maturity: | | | | |
| - Up to 1 year | 21,871,368 | 16,525,660 | 21,871,368 | 16,525,660 |
| - Over 1 year and up to 5 years | 5,079,708 | 5,602,077 | 13,862,418 | 20,798,150 |
| | <u>26,951,076</u> | <u>22,127,737</u> | <u>35,733,786</u> | <u>37,323,810</u> |

| | <u>The Company</u> | |
|--------------------------------------|--------------------|----------------|
| | 2020 | 2019 |
| | Rs | Rs |
| Impairment on loans to subsidiaries: | | |
| At 1 July | 152,643 | 152,643 |
| Recognised during the year | 5,413,363 | - |
| At 30 June | <u>5,566,006</u> | <u>152,643</u> |

Other financial assets are measured at amortised cost. The amounts stated represent the Group's and the Company's maximum exposure to credit risk.

Loans to related parties bear interest at rates varying between 3.85% and 5.50% p.a (2019: 4.50% and 8.75% p.a), are secured by guarantee from Anglo African Property (Moka) Ltd and are repayable in full within one year.

Loans to subsidiaries are unsecured and carry interest at rates varying between 4.10% and 5.75% (2019: 3.85% to 5.50%) per annum.

11. INVENTORIES

| | <u>The Group</u> | |
|----------------------------------------------|------------------|------------------|
| | 2020 | 2019 |
| | Rs | Rs |
| ICT equipment and work in progress | 2,997,135 | 3,262,316 |
| Less provision for write down of inventories | (278,392) | (278,392) |
| | <u>2,718,743</u> | <u>2,983,924</u> |

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

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

12. TRADE AND OTHER RECEIVABLES

| | <u>The Group</u> | | <u>The Company</u> | |
|-----------------------------------|-------------------|-------------------|--------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs | Rs | Rs | Rs |
| Trade receivables | 77,506,935 | 80,940,302 | - | - |
| Allowance for doubtful debts | (3,456,410) | (5,352,460) | - | - |
| | <u>74,050,525</u> | <u>75,587,842</u> | <u>-</u> | <u>-</u> |
| Tax receivable (Note 20(a)) | 1,462,142 | 237,975 | - | - |
| Other receivables and prepayments | 10,801,357 | 17,747,856 | 535,922 | 4,000 |
| Amounts due from subsidiaries | - | - | 12,051,397 | 10,060,000 |
| | <u>86,314,024</u> | <u>93,573,673</u> | <u>12,587,319</u> | <u>10,064,000</u> |

The average credit period on sales is 1 month. 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.

| | <u>The Group</u> | |
|--------------------------------------------------------------|-------------------|-------------------|
| | 2020 | 2019 |
| | Rs | Rs |
| <u>Ageing of past due but not impaired trade receivables</u> | | |
| Up to 60 days | 13,949,903 | 22,635,295 |
| 61 to 120 days | 11,766,692 | 1,311,427 |
| 121 to 180 days | 107,721 | - |
| Over 180 days | 12,336,346 | 4,492,694 |
| | <u>38,160,662</u> | <u>28,439,416</u> |
| <u>Ageing of impaired trade receivables</u> | | |
| Up to 60 days | - | - |
| 61 to 120 days | 116,814 | - |
| 121 to 180 days | - | - |
| Over 180 days | 142,784 | 1,921,016 |
| | <u>259,598</u> | <u>1,921,016</u> |
| <u>Movement in the allowance for doubtful debts</u> | | |
| At 1 July | 5,352,460 | 2,649,434 |
| Adoption of IFRS 9 | - | 4,238,889 |
| Translation | (255,585) | (294,392) |
| Provision for the year, net of reversal | (1,640,465) | (545,058) |
| Amounts written off | - | (696,413) |
| At 30 June | <u>3,456,410</u> | <u>5,352,460</u> |

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.

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

13. STATED CAPITAL

| | <u>The Group & The Company</u> | |
|-----------------------|----------------------------------------|---------|
| | 2020 | 2019 |
| | Rs | Rs |
| Issued and fully paid | | |
| 1,000 Ordinary shares | 100,000 | 100,000 |

14. BORROWINGS

| | <u>The Group</u> | |
|---------------------------------|------------------|------------------|
| | 2020 | 2019 |
| | Rs | Rs |
| Bank borrowings | 1,192,954 | 1,636,016 |
| Obligations under finance lease | 775,982 | 71,049 |
| | <u>1,968,936</u> | <u>1,707,065</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 2020 was 5.10% per annum (2019: 6.75% per annum).

| | <u>The Group</u> | |
|---------------------------------------|------------------|------------------|
| | 2020 | 2019 |
| | Rs | Rs |
| The loan is repayable: | | |
| Within one year | 457,253 | 441,297 |
| After one year but before three years | 735,701 | 1,194,719 |
| | <u>1,192,954</u> | <u>1,636,016</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% (2019: 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 2020 Rs | Due between 1 and 5 years 2020 Rs | Due in less than 1 year 2019 Rs | Due between 1 and 5 years 2019 Rs |
|------------------------|---------------------------------------------|-----------------------------------------------|---------------------------------------------|-----------------------------------------------|
| Minimum lease payments | 189,102 | 665,124 | 72,387 | - |
| Less: Interest | (29,902) | (48,342) | (1,338) | - |
| Principal (borrowings) | <u>159,200</u> | <u>616,782</u> | <u>71,049</u> | <u>-</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 Workers Rights Act 2019, which provides for a lump sum to be payable at retirement based on final salary and years of service. As from January 2020, a new legislation was put in place by the government whereby the company shall remit to the authorities 4.5% of the monthly remuneration of its employees as portable retirement gratuity fund. These have been provided for and included in the accounts under the heading of retirement benefit obligations.

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

| | <u>The Group</u> | | <u>The Company</u> | |
|------------------------|------------------|------------------|--------------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs | Rs | Rs | Rs |
| At 1 July | 5,567,013 | 5,422,881 | 901,867 | 207,692 |
| Provision for the year | 861,274 | 144,132 | 47,145 | 694,175 |
| At 30 June | <u>6,428,287</u> | <u>5,567,013</u> | <u>949,012</u> | <u>901,867</u> |

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

16. TRADE AND OTHER PAYABLES

| | <u>The Group</u> | | <u>The Company</u> | |
|-----------------|-------------------|-------------------|--------------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs | Rs | Rs | Rs |
| Trade payables | 38,645,758 | 36,283,201 | - | - |
| Other payables | 9,157,565 | 13,258,762 | 434,141 | 319,114 |
| Deferred income | 12,931,723 | 10,701,627 | - | - |
| | <u>60,735,046</u> | <u>60,243,590</u> | <u>434,141</u> | <u>319,114</u> |

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

17. OTHER INCOME

| | <u>The Group</u> | | <u>The Company</u> | |
|-------------------------------------------|------------------|------------------|--------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs | Rs | Rs | Rs |
| Sundry revenues | 1,042,749 | 1,035,670 | 240,000 | 665,000 |
| Dividend income | - | - | 8,000,000 | 10,000,000 |
| Profit on disposal of plant and equipment | 293,373 | 129,541 | - | - |
| Interest income | 1,013,971 | 1,097,993 | 1,229,187 | 1,713,354 |
| | <u>2,350,093</u> | <u>2,263,204</u> | <u>9,469,187</u> | <u>12,378,354</u> |

18. ADMINISTRATIVE AND OTHER EXPENSES

| | <u>The Group</u> | | <u>The Company</u> | |
|---------------------------------------------|-------------------|-------------------|--------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs | Rs | Rs | Rs |
| Depreciation and amortisation | 6,029,606 | 8,097,113 | 19,378 | - |
| Staff costs | 42,214,899 | 35,309,853 | 2,668,897 | 3,480,017 |
| Reversal of impairment on trade receivables | (1,640,465) | (545,058) | - | 54,960 |
| Others | 18,789,193 | 15,439,572 | 1,466,887 | 1,652,084 |
| | <u>65,393,233</u> | <u>58,301,480</u> | <u>4,155,162</u> | <u>5,187,061</u> |

19. FINANCE COSTS

| | <u>The Group</u> | | <u>The Company</u> | |
|----------------------------|------------------|----------------|--------------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs | Rs | Rs | Rs |
| Interest on bank overdraft | 58,758 | 8,772 | - | 158 |
| Interest on loan | 102,931 | 27,861 | - | - |
| Interest on finance leases | 14,016 | 87,944 | - | - |
| | <u>175,705</u> | <u>124,577</u> | <u>-</u> | <u>158</u> |

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

20. CURRENT TAX LIABILITIES

| | <u>The Group</u> | | <u>The Company</u> | |
|---------------------------------------------------------------------------|------------------|------------------|--------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs | Rs | Rs | Rs |
| (a) Statement of financial position | | | | |
| At 1 July, tax liabilities | 2,835,894 | 3,831,491 | 181,179 | 68,902 |
| At 1 July, tax receivable | (237,995) | (169,742) | - | - |
| Translation | (115,127) | (356,629) | - | - |
| Over provision in prior years | (118,342) | (101,182) | (68,176) | (28,061) |
| Income tax provision for the year | 3,229,123 | 3,197,220 | 41,112 | 262,012 |
| Net tax paid | (5,605,245) | (3,803,239) | (99,939) | (121,674) |
| Transfer to tax receivable (Note 12) | 1,462,142 | 237,975 | - | - |
| At 30 June | <u>1,450,450</u> | <u>2,835,894</u> | <u>54,176</u> | <u>181,179</u> |
| (b) Statement of profit or loss | | | | |
| Income tax provision for the year | 3,229,123 | 3,197,220 | 41,112 | 262,012 |
| Over provision in prior years | (118,342) | (101,182) | (68,176) | (28,061) |
| Deferred tax (Note 7) | (3,157,490) | (2,678,062) | (819,076) | (112,370) |
| | <u>(46,709)</u> | <u>417,976</u> | <u>(846,140)</u> | <u>121,581</u> |
| (c) Reconciliation between tax on accounting profit and income tax | | | | |
| Profit/(Loss) before tax and loss of associate | <u>1,155,508</u> | <u>5,097,360</u> | <u>(4,686,528)</u> | <u>7,211,794</u> |
| Tax at the rate of 15% (2019:15%) | 173,326 | 764,604 | (702,979) | 1,081,769 |
| Effect of different tax rates | (740,130) | (433,857) | - | - |
| Corporate social responsibility contribution | 380,984 | 354,701 | 4,837 | 30,825 |
| Expenses not deductible for tax purpose | 778,770 | 592,788 | 1,267,681 | 537,048 |
| Over provision in prior years | (118,342) | (101,182) | (68,176) | (28,061) |
| Income not subject to tax | (553,565) | (730,453) | (1,347,503) | (1,500,000) |
| Underprovision of income tax in current year | (112,500) | - | - | - |
| Tax losses brought forward | - | (12,197) | - | - |
| Tax losses not recognised | 144,748 | (16,428) | - | - |
| Income tax expense | <u>(46,709)</u> | <u>417,976</u> | <u>(846,140)</u> | <u>121,581</u> |

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

21. NOTES TO THE STATEMENTS OF CASH FLOWS

| | <u>The Group</u> | | <u>The Company</u> | |
|-----------------------------------------------------|--------------------|--------------|---------------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs | Rs | Rs | Rs |
| Cash flow from operating activities | | | | |
| Profit/(loss) before tax from continuing operations | 1,155,508 | 2,091,653 | (4,686,528) | 7,211,794 |
| <i>Adjustments for:</i> | | | | |
| Depreciation of plant and equipment | 2,509,455 | 4,129,391 | 19,378 | - |
| Amortisation of intangible assets | 3,520,151 | 3,967,714 | - | - |
| Dividend income | - | - | (8,000,000) | (10,000,000) |
| Interest income | (1,013,971) | (1,097,993) | (1,229,187) | (1,713,354) |
| Interest expense | 175,705 | 124,577 | - | 158 |
| Exchange differences | 1,363,323 | 317,922 | - | - |
| Movement in retirement benefit obligations | 861,274 | 144,132 | 47,145 | 694,175 |
| Profit on disposal of plant and equipment | (293,373) | (129,541) | - | - |
| Share of loss from associate | - | 3,005,707 | - | - |
| Impact of adoption of IFRS9 on retained earnings | - | - | - | (97,686) |
| Impairment of trade receivables | (1,640,465) | (545,058) | 5,413,363 | - |
| Impairment of investments in subsidiaries | - | - | 4,585,000 | - |
| Intangible assets written off | 243,950 | - | - | - |
| Movement in inventory provision | - | (3,580) | - | - |
| | 6,881,557 | 12,004,924 | (3,850,829) | (3,904,913) |
| <i>Changes in working capital:</i> | | | | |
| Movement in inventories | 265,181 | 2,806,134 | - | - |
| Movement in trade and other receivables | 10,379,866 | 3,077,773 | (9,808,104) | (9,916,592) |
| Movement in trade and other payables | 491,456 | (17,041,150) | 115,027 | (160,294) |
| Cash generated from/(used in) operations | 18,018,060 | 847,681 | (13,543,906) | (13,981,799) |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

22. RELATED PARTY TRANSACTIONS

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> | |
|--------------------------------------------------------|------------------|------------|--------------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs | Rs | Rs | Rs |
| BALANCES | | | | |
| Amount receivable from/(due to) shareholder | 175,413 | (19,352) | 175,413 | (19,352) |
| Loans due from related parties | 21,871,368 | 10,099,185 | 21,871,368 | 10,099,185 |
| Loan due from subsidiaries | - | - | 8,782,710 | 15,196,073 |
| Amount receivable from subsidiaries | - | - | 12,051,397 | 10,060,000 |
| Investment in subsidiaries | - | - | 19,107,575 | 18,607,575 |
| Transactions | | | | |
| Loans to related parties | 11,050,000 | 10,000,000 | 11,050,000 | 10,000,000 |
| Interest Income on loans to related parties | 722,182 | 99,185 | 722,182 | 99,185 |
| Advances to subsidiaries | - | - | 9,551,397 | - |
| Remuneration of directors and key management personnel | 10,026,758 | 9,607,675 | - | 3,641,471 |
| Dividend and interest income from subsidiaries | - | - | 8,215,216 | 10,683,440 |
| Other revenue from subsidiaries | - | - | 240,000 | 625,000 |

Outstanding balances at year end are unsecured and repayable within 6 months. Amounts due from related parties bear interest at the rates varying between 3.85% and 5.50% p.a (2019: 4.50% to 8.75% p.a), are secured by guarantee from Anglo African Property (Moka) Ltd and are repayable in full within one year.

23. CONTINGENT LIABILITY

During the year, a former employee of a subsidiary served a 'mise en demeure' against the subsidiary's executive directors. Management of the subsidiary has assessed the 'mise en demeure' and believe that there are no grounds for this case. Accordingly, no provision for damages has been made in these financial statements.

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. The Group 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 2020 amounted to Rs 11,849,355 (2019: Rs 21,621,587).

24 CAPITAL COMMITMENTS

At 30 June 2020, the Group had capital commitments in respect of plant and equipment amounting to Rs 6M (2019: Nil).

**ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

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 3 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 2020 and 2019 is nil considering the strong cash reserves held and hence is not exposed to risk relating to high gearing.

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.4 Categories of financial instruments

| | <u>The Group</u> | | <u>The Company</u> | |
|----------------------------------------------------------------|--------------------|--------------------|--------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs | Rs | Rs | Rs |
| Financial assets at amortised cost | | | | |
| Trade and other receivables (including other financial assets) | 107,743,301 | 116,994,191 | 48,321,105 | 47,387,810 |
| Cash and cash equivalents | 31,528,471 | 36,779,829 | 513,454 | 7,045,119 |
| | <u>139,271,772</u> | <u>153,774,020</u> | <u>48,834,559</u> | <u>54,432,929</u> |
| Financial liabilities | | | | |
| Trade and other payables | | | | |
| At amortised cost | <u>46,563,507</u> | <u>51,249,028</u> | <u>334,599</u> | <u>319,114</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 financial liabilities approximate their fair values due to the short term nature of the balances involved.

The Group's and Company's financial assets and financial 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 the sales of products and services are made to customers with an appropriate credit history.

The amount and ageing of impaired advances is disclosed in notes 10 and 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.

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

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 the following interest rate.

| | <u>2020</u> | <u>2019</u> |
|------------------------------------------------|---------------|-------------|
| Obligations under finance lease and bank loans | 4.25% - 7.50% | 7.5% |

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 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 |
| 2020 | | | | |
| Currency | | | | |
| Mauritian Rupee ('Rs') | 88,528,549 | 15,073,970 | 48,821,344 | 334,599 |
| United States Dollars ('USD') | 34,707,447 | 30,789,694 | 13,215 | - |
| Others | 16,035,776 | 699,843 | - | - |
| | <u>139,271,772</u> | <u>46,563,507</u> | <u>48,834,559</u> | <u>334,599</u> |
| 2019 | | | | |
| Currency | | | | |
| Mauritian Rupee ('Rs') | 88,169,703 | 43,279,861 | 54,419,454 | 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>54,432,929</u> | <u>319,114</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 Group will incur a gain on exchange of Rs195,888 (2019: Rs2,051,779).

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.

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

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 | Total Rs |
|---------------------------|---------------------------|--------------------------------|-------------------|
| <u>The Group</u> | | | |
| <u>2020</u> | | | |
| Trade and other payables | 44,594,571 | - | 44,594,571 |
| Borrowings | 616,453 | 1,352,483 | 1,968,936 |
| | <u>45,211,024</u> | <u>1,352,483</u> | <u>46,563,507</u> |
| <u>2019</u> | | | |
| Trade and other payables | 49,541,903 | - | 49,541,903 |
| Borrowings | 512,346 | 1,194,719 | 1,707,065 |
| | <u>50,054,309</u> | <u>1,194,719</u> | <u>51,249,028</u> |
| <u>The Company</u> | | | |
| <u>2020</u> | | | |
| Trade and other payables | 334,599 | - | 334,599 |
| | <u>334,599</u> | <u>-</u> | <u>334,599</u> |
| <u>2019</u> | | | |
| Trade and other payables | 319,114 | - | 319,114 |
| | <u>319,114</u> | <u>-</u> | <u>319,114</u> |

26. IMPACT OF COVID 19

Since the beginning of the year 2020, the spread of COVID-19 has caused significant volatility within many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The government has responded with fiscal policies to stabilise economic conditions and the Mauritian government has declared a national confinement in mid-March 2020 till May 2020. The Company's revenue and performance are most likely to be affected in future periods.

ANGLO AFRICAN INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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26. IMPACT OF COVID 19 (CONTINUED)

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Group for future periods.

In light of the COVID-19, the directors have made an assessment in respect of the Group's ability to continue as a going concern and have concluded that there is no reason to believe that the Group will not be a going concern. In assessing the appropriateness of the going concern basis, the directors have taken account of all relevant information covering a period of at least twelve months from the reporting date. They have also taken account of events or conditions and related business risks beyond the period of twelve months which casts significant doubt on the Group's ability to continue as a going concern.

The directors are of the opinion that the Group has adequate resources to continue operating for the foreseeable future. The directors are not aware of any other material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

27. HOLDING COMPANY

The Company is wholly owned by The Anglo African Foundation, incorporated in the Republic of Mauritius.