

# ABC MOTORS

## COMPANY LIMITED



ANNUAL  
REPORT  
**2022**



**ABC MOTORS CO.LTD**

*We care for you !*



## VISION

To be the most outstanding & innovative automobile Company in Mauritius.

## MISSION

To provide the best service and the most unique, enriching experience in the automobile industry whilst also delivering superior value to our stakeholders.

## VALUES

Connected  
Agility  
Loyalty  
Integrity  
Tenacity



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# CORPORATE INFORMATION AS AT 30 JUNE 2022

### COMPANY NAME

ABC MOTORS COMPANY LIMITED (the “Company” or “ABC Motors”)

### THE GROUP

ABC Motors and its subsidiaries

### ABC GROUP OF COMPANIES

Automobile, Banking, Financial & Insurance Services, Foods, Shipping & Logistics

### REGISTERED OFFICE

ABC Centre, Military Road, Port Louis

### PLACES OF BUSINESS

ABC Centre, Military Road, Port Louis  
Les Guibies, Pailles  
Allée Des Manguiers, Pailles  
Phoenix Trunk Road, Phoenix  
Plot 1, Trianon (Near Terre Rouge/Verdun Link Road)

### BOARD OF DIRECTORS

Mr. Vincent Ah-Chuen, *Executive Chairman*  
Mr. Patrick Andrew Dean Ah-Chuen, *Managing Director*  
Mr. Raymond Ah-Chuen, *Non-Executive Director*  
Professor Donald Ah-Chuen, *Non-Executive Director*  
Mr. André Marc Ah-Chuen, *Non-Executive Director*  
Mr. David Brian Ah-Chuen, *Non-Executive Director*  
Mrs. Valérie Ah-Chuen Juban, *Non-Executive Director*  
Mr. Voon Yue Choon Wan Min Kee, *Independent Director*  
Mr. Yognandan Sharma Mahabirsingh, *Independent Director*  
Mr. Tchang Fa Wong Sun Thiong, *Independent Director*



### BOARD COMMITTEES

Audit and Risk Committee

Corporate Governance Committee

Nomination and Remuneration Committee

### COMPANY SECRETARY & SHARE REGISTRY

ABC Professional & Secretarial Services Ltd

ABC Centre, Military Road, Port Louis

### LEGAL ADVISOR

Me. Georges Ng Wong Hing, S.A.

### EXTERNAL AUDITOR

BDO & Co.

10 Frère Felix De Valois Street, Port Louis

### MAIN BANKERS

ABC Banking Corporation Ltd

AfrAsia Bank Limited

ABSA Bank (Mauritius) Limited

Hongkong and Shanghai Banking Corporation Limited

The Mauritius Commercial Bank Limited





# FINANCIAL HIGHLIGHTS

## FINANCIAL HIGHLIGHTS

Financial Highlights	THE GROUP					THE COMPANY				
	Jun 2022 Rs 'M	Jun 2021 Rs 'M	Jun 2020 Rs 'M	Jun 2019 Rs 'M (restated)	Jun 2018 Rs 'M** (restated)	Jun 2022 Rs 'M	Jun 2021 Rs 'M	Jun 2020 Rs 'M	Jun 2019 Rs 'M (restated)	Jun 2018 Rs 'M** (restated)
Units	1,457	1,564	1,666	2,444	2,302	976	1,049	1,209	1,858	1,753
Total revenue <sup>1</sup>	2,250	2,131	1,995	2,724	2,515	1,416	1,335	1,416	1,960	1,860
Profit/(loss) for the year before taxation	75	30	(58)	60	87	27	5	3	100	58
Total comprehensive income	108	51	218	44	73	52	35	198	78	49
Earnings per share (Rs)	8.63	2.96	(6.16)	9.41	12.49**	-	-	-	-	-

Group Revenue increased by 5.5% to reach Rs 2,250 million for year ended 30 June 2022. Number of vehicles sold has decreased by 107 units (FY2022: 1,457 units & FY2021: 1,564 units)

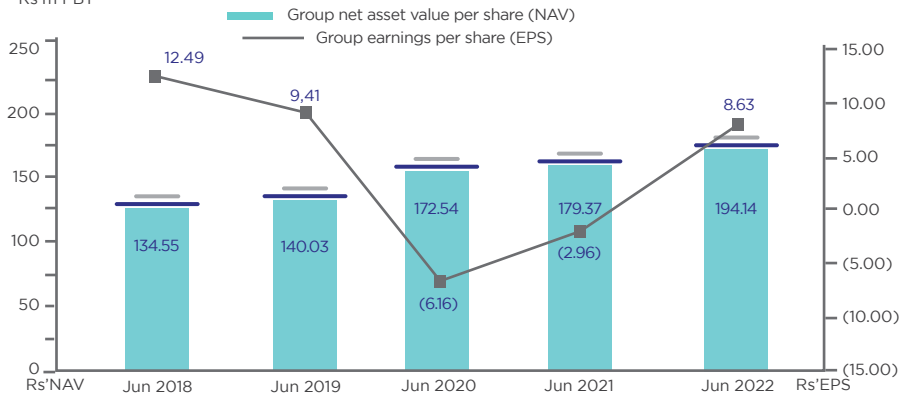
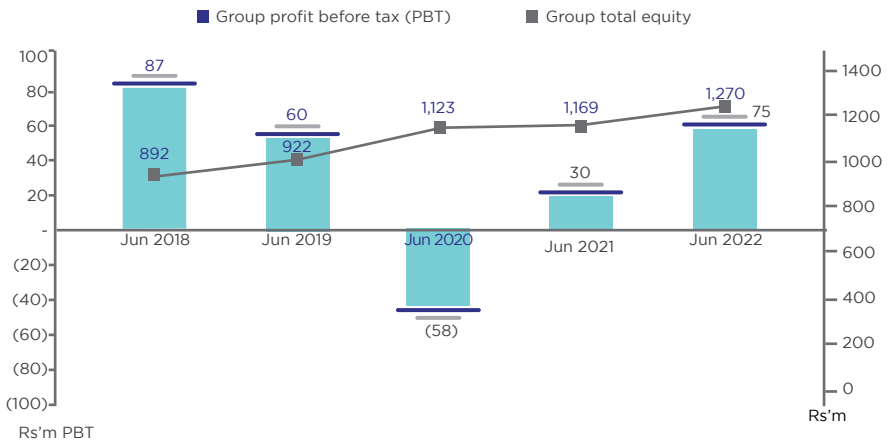
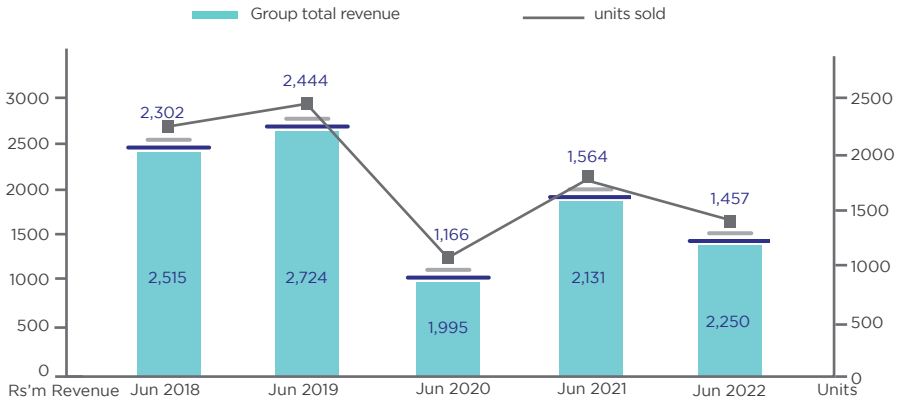
Statements of financial position	THE GROUP					THE COMPANY				
	Jun 2022 Rs 'M	Jun 2021 Rs 'M	Jun 2020 Rs 'M	Jun 2019 Rs 'M	Jun 2018 Rs 'M	Jun 2022 Rs 'M	Jun 2021 Rs 'M	Jun 2020 Rs 'M	Jun 2019 Rs 'M	Jun 2018 Rs 'M
Non-current assets	1,571	1,517	1,512	1,102	1,158	1,242	1,226	1,225	902	961
Current assets	1,259	1,094	1,273	1,260	1,156	950	847	1,033	1,019	901
<b>Total assets</b>	<b>2,830</b>	<b>2,611</b>	<b>2,785</b>	<b>2,362</b>	<b>2,314</b>	<b>2,192</b>	<b>2,073</b>	<b>2,259</b>	<b>1,921</b>	<b>1,862</b>
Owners interest of the Company	1,199	1,108	1,066	865	831	960	908	874	691	627
Non-controlling interests	71	61	58	57	61	-	-	-	-	-
Non-current liabilities	373	379	429	339	335	311	333	379	309	331
Current liabilities	1,187	1,063	1,232	1,101	1,087	921	832	1,006	921	904
<b>Total equity and liabilities</b>	<b>2,830</b>	<b>2,611</b>	<b>2,785</b>	<b>2,362</b>	<b>2,314</b>	<b>2,192</b>	<b>2,073</b>	<b>2,259</b>	<b>1,921</b>	<b>1,862</b>

Group Performance Measures	Jun 2022 Rs 'M	Jun 2021 Rs 'M	Jun 2020 Rs 'M	Jun 2019 Rs 'M	Jun 2018 Rs 'M
Total equity (Rs)	1,270	1,169	1,123	922	892 **
Net assets value per share (Rs)	194.14	179.37	172.54	140.03	134.55**
Net Debt to equity ratio *	0.72	0.84	1.06	1.14	1.14**
Stock price - at reporting date (Rs)	123.50	125.00	125.00	120.00	112.00

\* Net Debt to equity ratio has been calculated by dividing borrowings net of cash and cash equivalents over total equity.

\*\* Based on restated figures 01 July 2018.

## FINANCIAL HIGHLIGHTS (CONT'D)





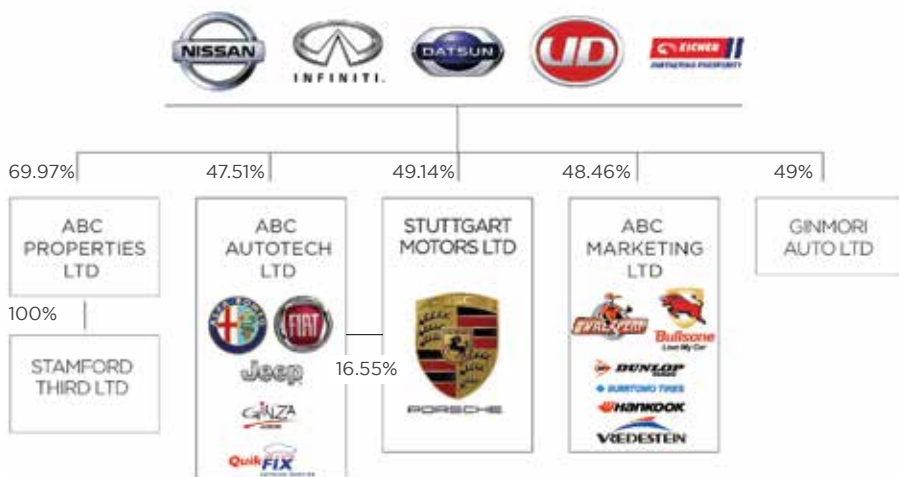


# DIRECTORS' REPORT



## CORPORATE STRUCTURE

### ABC MOTORS COMPANY LIMITED



Associates: ABC Banking Corporation, ABC Car Rental Ltd, Globe Freight Ltd, Expert Leasing Ltd

Dear Stakeholders,

While the world was slowly recovering from the Covid-19 pandemic in early 2021 and the announcement of new vaccines was giving us new hope, we were struck by a second wave of a new Covid-19 variant which caused the country to go into a second lockdown. Moreover, supply chain issues driven by the shortage of semiconductor chips and the war in Ukraine (which manufactures numerous car components) led the Group to face another unprecedented year full of continuing challenges and difficulties.

### Operations

This last year has brought encouraging results despite operating in an environment which presented a series of challenges. The whole ABC Motors team deserves credit for delivering these results and adapting to tough conditions. This performance is also the result of actions undertaken over the recent years to restructure the business with a focus on cost, working capital controls and consolidation of networking.

The Company's full year sales dropped by 7% to 976 units (FY2021: 1,049 units). Nissan sales volume dropped by 41 units (FY2022: 864 units compared to FY2021: 905 units), while Heavy Commercial vehicles (UD Trucks and Eicher) dropped by 32 units (FY2022: 112 units compared to FY2021: 144 units), while Total Industry volume increased by 5% to 9,500 units registered (FY2021: 8,800 units registered). Still, despite a drop in our sales volume (-7%), we were however able to improve our financial performance.

Our strong repositioning strategy of Nissan, UD Trucks and Eicher vehicles on the market contributed significantly to improving our Gross Profit.

At Nissan, we managed to launch two new models, Nissan Magnite and Navara, which revolutionized both crossover and pickup segments in the local market, while the new UD Quester Trucks enabled us to tap in a niche market for heavy trucks in which we were previously not present. Eicher continued to bring sustained growth in the commercial vehicle market by increasing its market share from 14% to 16%.

The second wave of the COVID-19 pandemic heavily affected our aftersales operations, with a substantial number of COVID cases that required the isolation of our operatives. This placed enormous pressure on our employees as well as on Management to offer the required level of service to our customers. Despite this, our aftersales departments have remained the main financial driving force, having contributed to 70% of the overall operating profit of the Company.

During this difficult time, various timely initiatives, implemented across all workshops, were crucial to maintain employee motivation and to meet business objectives. In addition, shortage of parts supply, back-ordered parts and freight challenges affected our operations and customer satisfaction.

Despite all these challenges, we managed to improve our profit from operations by 78% to Rs.82M (FY2021: Rs.46M).

These encouraging financial results were made possible due to improvement in the following:

- Improvement in gross profit due to our market segmentation strategies
- Reduction in Finance cost due to better stock management of vehicles
- Sales team focus on core models and repositioning strategy, including corporate and tender business
- Digitalization of some of our marketing strategies and processes (digital brochures, digital business cards, emphasis on digital marketing launches and campaigns) which enable us to contain our marketing expenses

This financial and operational performance gives us a robust platform from which to refresh our strategy. We head down this road with a strong balance sheet, allowing us to pursue and invest in new opportunities from a firm base.

Moreover, in October 2021, we implemented a new Dealer Management System (DMS) as our current system was getting outdated and difficult to maintain. This new system will be able to cope with the new requirements of a new digital era for our sales, aftersales and financial accounting. We are confident that this new system will improve productivity and customer satisfaction.

### Future outlook and initiatives

The automotive industry is undergoing a significant transformation – be it electrification, shifting consumer habits or evolving OEM Brand Partner business models. It means that it will be ever more important for us to reflect on our strategic direction. We intend to best position ABC Motors to adapt to the evolving landscape, allowing the business to capture the multiple opportunities and create a sustainable model which delivers long-term value to all stakeholders.

Our strategic priorities will be underpinned by developing our people and culture, continuing to invest in technology to strengthen our current and future data and analytics capability.

By leveraging our core strengths, we are putting emphasis on improving the customer experience to our customers, on both Sales and Aftersales.

Enhancement of our customer experience to customers will be our top priority for the FY2023.

Emphasis will be laid on improving the customer handling standards of our staff, which include frontline, technical and back-end staff.

With COVID repercussion on our operations since 2020, our team had worked more on a survival mode, with objective being business continuity. But from FY2023 onwards, we will be focusing on synergizing our aftersales business, with customer being at the heart of everything we do. In addition, we will have one ISO certification for ABC Motors Aftersales team instead of departmental certifications. This will help in realigning our core strategies and objectives and improve the quality of our business.

On the Passenger side, with government setting the pace for a greener Mauritius, and with duty free initiatives now extended to all Electric, hybrid and e-Power vehicles, we are in continuous discussion with Nissan to accelerate the introduction of new models with green technology

in order to meet the evolving consumer demand. As such, we expect to launch the New Qashqai e-Power and Note e-Power in 2023 which uses Nissan's unique hybrid system. The new Qashqai will enable us to tap into a growing crossover segment with its unique design and style, while the Note e-Power is expected to contribute substantially to our line-up in compact car segment, where we have been non-existent since 2020.

As for light and heavy commercial segments, the New Nissan Navara pickup and Eicher PRO 2000 series will enable us to improve our product offerings in the growing sectors of the economy. In addition, the New UD Quester will enable us to penetrate in a niche market for transportation of Fuel and Jet A1 Oil due to its enhanced safety features for transportation of hazardous products.

On the aftersales, our emphasis will be on improving the service intakes and retention of our customers in our workshops and addressing supply chain challenges still inherent in our business.

Consolidation of our Human Capital and employee welfare will be another key focus for FY2023. With our continuous employee talent development initiatives for Managers (called Potentials and Next Gen Groups), a program of Mentoring has been put in place to best accompany the different Talents in their progression. We are also implementing a Supervisory Development Program (SDP), which will coach and develop employees of supervisory and middle-management level.

Digital transformation in our workplace is already happening, but we want to take it to greater heights in FY2023. We will be exploring the additional features of our Dealer Management System (DMS) in order to reap all the benefits, which include employee productivity and customer satisfaction. We will also be introducing Robotic Process Automation (RPA) to improve our efficiency.

The past financial year has been particularly challenging for vulnerable families, and it is in this regards that we decided to uplift our contribution in Community Empowerment, a key area of intervention which represents more than 50% of our CSR Fund allocation.

This contribution will allow numerous partner NGOs to carry out their respective social mission and significantly contribute to eradicate poverty in the country.

We also offered our support to several high-level Mauritian athletes to give them the opportunity to shine on the global stage. We extended the sponsorship of our brand ambassador, Noemi Alphonse, and to the young kickboxing prodigy, Warren Robertson, to allow them to represent Mauritius at international events. Moreover, we signed a sponsorship agreement with the rising table tennis champion, Jason Pontoise, also an employee of ABC Group who with the national men's team won the African Senior Championship 2022 tournament. We believe that the support given to our athletes will contribute to their success and bring them to new heights.

### Acknowledgements

I would like to express my deep and sincere appreciation to all our staff who have relentlessly worked past those challenging moments, through tenacity and agility, and ensured a safe working environment during those testing times. I rely on their dedication and motivation to take us to greater heights as one unified team.



.....  
**Dean Ah-Chuen**  
**Managing Director**

# COMPANY PROFILE



ABC Motors was founded in 1985 with a clear and forward-looking vision to become a leading player in the automotive retailing industry in Mauritius. Its business model philosophy is inspired by a commitment to the values of a long-held family tradition as pioneered by the founder Sir Jean Etienne Moilin Ah-Chuen. ABC Motors is the flagship of the ABC Group of Companies' Automobile Cluster, which has grown into a multi-brand vehicle dealer.

More than three decades into its existence, ABC Motors boasts a proven track record of sustained growth. Such a performance has led the Company to be, *inter alia*, publicly listed on the Development & Enterprise Market of the Stock Exchange of Mauritius in 2006.

ABC Motors started its operations as the sole distributor of the Nissan brand for the Mauritius market. Since then, the Company has deployed all the required resources to fulfil the stringent service obligations as prescribed by the Japanese manufacturer. Records of outstanding sales performance and dedication to high quality customer experience have won ABC Motors wide praise at the Nissan National Sales Company Global Award. The much-awaited ceremony proudly hosted by Nissan Motor Company saw the Mauritian dealership shine for 19 years since 1996, overwhelming its contenders as the Best National Sales Company for Africa in 2015 and 2016.

Building its reputation as one of the leaders in terms of market share, innovation and customer service, ABC Motors is in a strong position to work towards new goals and further its development. With our *avant-garde* approach, attuned to the latest market trends and technological advances, car users can expect a range of more environmentally friendly models to be introduced in the market. The Nissan line-up now includes the Infiniti and Datsun brands.

In a bid to position itself as a full-fledged vehicle dealer, meeting every individual or business requirement, taste and budget, ABC Motors is also a distributor of Light Commercial, heavy goods vehicles, trucks and buses under the Nissan, UD and Eicher brands.

Since a few years now, the ABC Car Gallery at Phoenix has been in existence for the convenience and accessibility of customers. Service bays at this client-oriented facility are manned by highly skilled technicians for reliable, affordable car servicing, maintenance and repairs. Similar to the head office in Port Louis, the Phoenix Service Centre benefits from Nissan's comprehensive offerings of genuine manufacturer parts and specialised tools as well as expert diagnosis by highly trained technicians.



Being confident that trained personnel is critical for responding to advanced technology and business trends, ABC Motors invests significantly in the training and personal development of its workforce at all levels to ensure that they have the appropriate knowledge and skills. The Company also ensures that they are provided with all the necessary tools, equipment and IT support to meet the ever-evolving technological progress being made in its products and industry. Friendly policies and schemes are also in place to promote workplace fairness, collaboration and effectiveness. As a corporate citizen, ABC Motors contributes generously to the betterment of the local and broader communities and supports employee volunteers in developing charitable and welfare projects.



The background of the entire page is a grayscale photograph. It shows a wide, paved promenade in the foreground, made of large rectangular stones. The promenade leads towards a calm body of water, likely the sea. In the distance, there are low, hazy hills or islands on the horizon. The sky is filled with soft, white clouds. A thin, light blue horizontal line extends from the left edge of the page towards the text box.

# CORPORATE GOVERNANCE REPORT

### Introduction

This Corporate Governance Report describes the key elements of ABC Motors' corporate governance framework and how the Board of Directors of the Company (the "Board") has applied the eight principles of the National Code of Corporate Governance for Mauritius (2016) (the "Code") and has complied with its provisions, for the financial year ended 30 June 2022, other than the statutory disclosures of the Companies Act 2001.

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

### PRINCIPLE ONE – GOVERNANCE STRUCTURE

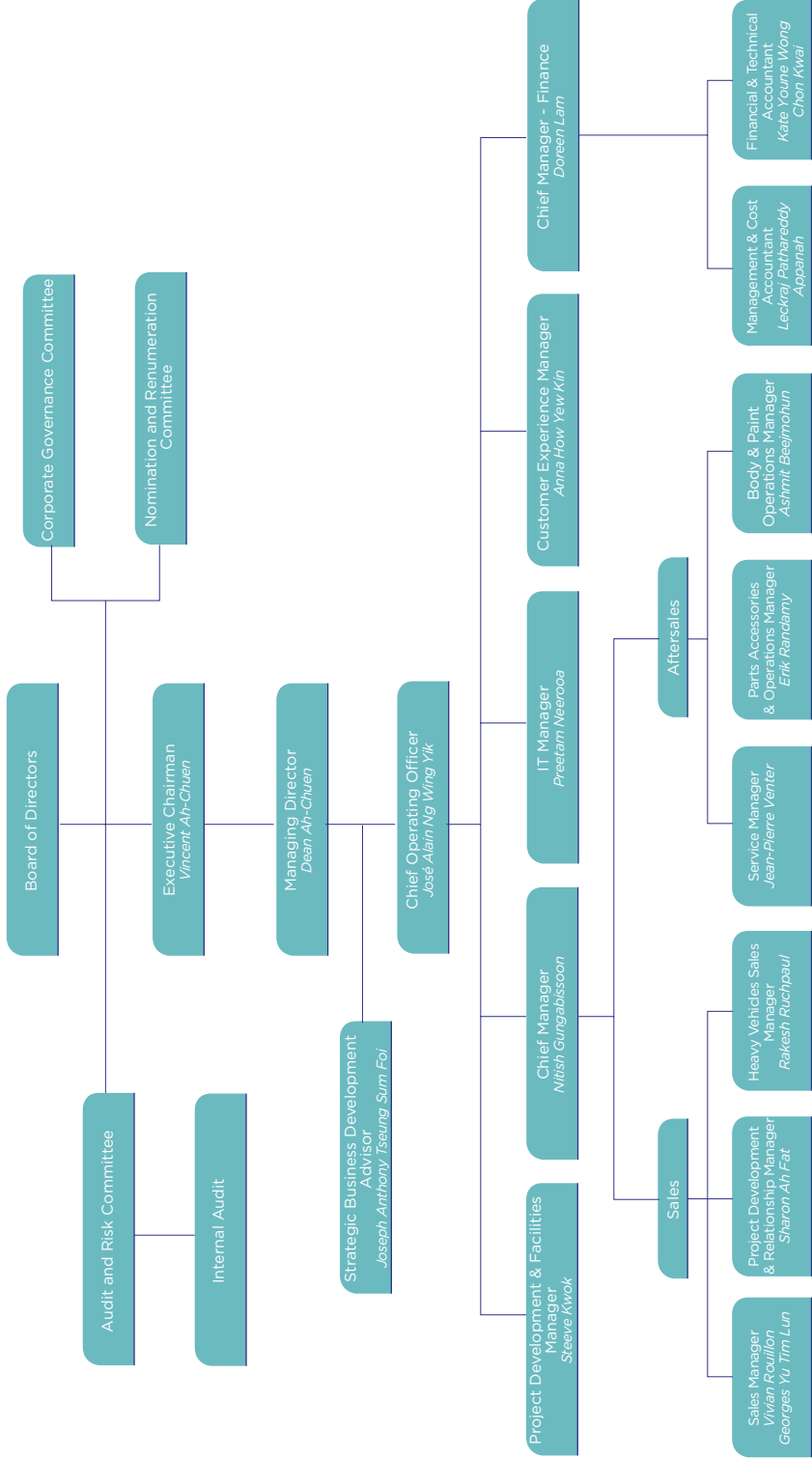
The Board of Directors is the link between the Company and its stakeholders and Board members are collectively responsible for leading and controlling the Company to enable it to attain its strategic objectives. In discharging its duties, the Board of Directors shall promote the best interests of the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

The Company has a Constitution that conforms to the provisions of the Mauritius Companies Act 2001 and the DEM Rules. A copy of the Constitution can be seen on the Company's website.

The Company's Board Charter and the Code of Conduct & Ethics are also available on the Company's website.

Organisation Chart

As at 30 June 2022, the Organisation Chart of the Company was as follows:



## PRINCIPLE ONE – GOVERNANCE STRUCTURE (CONT'D)

### **Key Governance Responsibilities**

#### *Board of Directors*

The Board of Directors is the Company's ultimate decision-making entity. The Board is collectively responsible and accountable for the affairs and overall performance of the Company. It ensures that proper systems and controls are in place to protect the Company's assets and its good reputation.

It also determines the Company's strategic direction and identifies key risk areas, monitors and evaluates the implementation of policies and plans and approves the Company's capital expenditure, including investments and operating budgets. The Board also ensures that the Company's activities comply with all legal and regulatory requirements as well as with its Constitution.

Responsibilities of the Board are set out in its Charter which may be reviewed on a yearly basis or as and when required with the introduction of or amendments to laws and regulations.

The Board takes particular note of the following key positions which are critical to the Board performing its strategy and achieving a high level of good governance:

#### *Executive Chairman*

The Executive Chairman is responsible for leading the Board and ascertaining its effectiveness. He provides overall leadership to the Board and ensures the smooth functioning thereof whilst encouraging active participation of the members. He ensures that the Board is effective in its duties of setting out the Company's policies, objectives and strategies and the implementation thereof.

#### *Managing Director*

The Managing Director is responsible for the management and supervision of the Company's operations and day-to-day administration. He provides leadership and direction to Senior Management and implements the plans and strategies of the business in line with the policies, guidelines and instructions set by the Board.

#### *Non-Executive Directors and Independent Directors*

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

## PRINCIPLE ONE – GOVERNANCE STRUCTURE (CONT'D)

### Key Governance Responsibilities (Cont'd)

#### *Company Secretary*

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

ABCPS is also responsible for taking accurate and precise Board minutes which are then submitted for approval at the following meeting. The Company Secretary also acts as Secretary to all Committees and the Committee meetings' minutes are tabled at Board meetings for the Directors to take note of the deliberations and recommendations made by these Committees.

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

ABCPS is represented by Mrs. Cindy Larose, AC/S. Mrs. Larose has more than 13 years' experience in the corporate secretarial field and is an Associate of the Institute of Chartered Secretaries and Administrators (ICSA). She is also a member of the MIOD.

#### *Board Committees*

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

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

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



## PRINCIPLE ONE – GOVERNANCE STRUCTURE (CONT'D)

### **Key Governance Responsibilities (Cont'd)**

#### *Board Committees (Cont'd)*

The Nomination and Remuneration Committee has been set up to advise the Board on the structure, size and composition of the Board and its Committees. It also makes recommendations on the remuneration policy for Executive and Senior Management.

Responsibilities of the Board Committees as set out in the Board Charter may be reviewed on a yearly basis or as and when required with the introduction of or amendments to laws and regulations.

More information on Board Committees is provided under Principle Two.

## PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES

### Board Structure

ABC Motors is led by an effective unitary Board, which is the favoured structure for companies in Mauritius.

### Board Size

The Constitution of ABC Motors provides that the number of directors shall not be less than two (2) or more than ten (10).

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

### Board Composition

As at 30 June 2022, the Board of ABC Motors was composed as follows:

NAMES OF DIRECTORS	CATEGORY
Mr. Vincent Ah-Chuen	Executive Chairman
Mr. Patrick Andrew Dean Ah-Chuen	Managing Director
Mr. Raymond Ah-Chuen	Non-Executive Director
Professor Donald Ah-Chuen	Non-Executive Director
Mr. André Marc Ah-Chuen	Non-Executive Director
Mr. David Brian Ah-Chuen	Non-Executive Director
Mrs. Valérie Ah-Chuen Juban	Non-Executive Director
Mr. Voon Yue Choon Wan Min Kee	Independent Director
Mr. Yognandan Sharma Mahabirsingh	Independent Director
Mr. Tchang Fa Wong Sun Thiong	Independent Director

#### *Alternate directors:*

Mr. Brian Ah-Chuen acts as alternate director to Mr. Raymond Ah-Chuen  
 Mrs. Valérie Ah-Chuen Juban acts as alternate director to Mr. Vincent Ah-Chuen  
 Mr. Mark Cedric Ah Chuen acts as alternate director to Mr. André Marc Ah-Chuen

## PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

### Board Composition (Cont'd)

There is a clear separation of the roles of the Executive Chairman and the Managing Director.

On one hand, Mr. Vincent Ah-Chuen, in his role as Executive Chairman, is responsible for leading the Board and ascertaining its effectiveness. He is also responsible for ensuring that the directors receive accurate and timely information and he encourages the active participation of all Board members in discussions and decisions. With his wide experience and strong knowledge of the Company and its industry, the Chairman is in an excellent position to oversee the affairs of the Company while ensuring that value is being created for all stakeholders.

In his capacity as Managing Director, Mr. Dean Ah-Chuen is responsible for the executive management of the operations of the Company and for implementing its short- to long-term strategies, objectives and vision.

The directors' profiles and their directorships in other listed companies are set out on pages 37 to 43 of this Annual Report and are available on the Company's website.

### Board Balance and Diversity

The directors of ABC Motors are all ordinarily resident of Mauritius.

The Board believes that, based on its size and the industry that it is operating in, the current directors possess the right mix of skills and experience to provide leadership, integrity and judgement in managing the affairs of the Company.

### Board Meetings

Board meetings are convened not less than four times a year and appropriate notice is given to the directors. Detailed agenda, together with management reports and other relevant documents, are circulated in advance to the directors to enable them to make focused and informed deliberations at meetings. Urgent decisions of the Board are taken by way of written resolutions, approved and signed by all the directors and are ratified at subsequent Board meetings. During the year under review, the Board met five times. The attendance of directors is set out on page 35 of this Annual Report.

## PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

### **Board Committees**

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

#### *Audit and Risk Committee*

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

The Committee provides a forum for the discussion of business risks and control issues faced by the Company. Relevant recommendations are thus generated for consideration by the Board. The Committee also monitors the role and scope of work of internal auditors. It has the authority to conduct investigations into any matter within its scope of responsibilities and to obtain such outside or other independent professional advice as it considers necessary to carry out its duties.

The Committee normally meets on a quarterly basis and during the financial year under review, the Committee met four times.

## PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

### Board Committees (Cont'd)

#### *Audit and Risk Committee (Cont'd)*

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

Chairman:	Voon Yue Choon WAN MIN KEE	Independent Director
Members:	Yognandan Sharma MAHABIRSINGH	Independent Director
	Tchang Fa WONG SUN THIONG	Independent Director

#### *Corporate Governance Committee*

The Corporate Governance Committee has been established by the Board to oversee the application of corporate governance provisions within the organisation and to make such recommendations to the Board as may be required to ensure strict adherence to the Code. Hence, the Company remains effective and complies with prevailing corporate governance principles.

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

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

Chairman:	Yognandan Sharma MAHABIRSINGH	Independent Director
Members:	Tchang Fa WONG SUN THIONG	Independent Director
	Voon Yue Choon WAN MIN KEE	Independent Director
	Valérie AH-CHUEN JUBAN	Non-Executive Director

#### *Nomination and Remuneration Committee*

The main responsibilities of the Nomination and Remuneration Committee is to make recommendations for the appointment of directors to the Board, changes to be made to Board composition, policy in respect of Executive and Senior Management's remuneration and the periodic review of the terms and conditions relating to Executive Directors' service agreements.

Based on its size and the industry that it is operating in, the current directors possess the right mix of skills and experience to provide leadership, integrity and judgement in managing the affairs of the Company. As such, the Board lays much emphasis on expertise, objectivity and independent judgement of its members and considered that such members always act in the best interest of the Company.

## PRINCIPLE TWO - STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

### Board Committees (Cont'd)

#### *Nomination and Remuneration Committee (Cont'd)*

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

Members of the Nomination and Remuneration Committee as at 30 June 2022 were:

Chairman:	Tchang Fa WONG SUN THIONG	Independent Director
Members:	Professor Donald AH-CHUEN	Non-Executive Director
	Vincent AH-CHUEN	Executive Chairman
	Patrick Andrew Dean AH-CHUEN	Managing Director

### Attendance of Directors at Board Meetings and Committee Meetings for the year under review

Director	Board Meetings	Audit and Risk Committee Meetings	Corporate Governance Committee Meetings	Nomination and Remuneration Committee Meetings
AH-CHUEN Raymond	0			
AH-CHUEN Donald	5			1
AH-CHUEN Vincent	5			1
AH-CHUEN André Marc	6			
AH-CHUEN Dean	5			0
AH-CHUEN David Brian <sup>(1)</sup>	4			
AH-CHUEN JUBAN Valérie (appointed on 21 December 2021)	3			
CHUNG TUNG Hai Ping (resigned on 21 December 2021)	3	2	1	1
LAM YAN FOON Ah-Lan (resigned on 21 December 2021)	3	2	1	
TIN KIONG FONG Kee Koun (resigned on 21 December 2021)	3			
WAN MIN KEE Voon Yue Choon	6	5	1	
MAHABIRSINGH Yognandan Sharma (appointed on 21 December 2021)	3	3	0	
WONG SUN THIONG Tchang Fa (appointed on 21 December 2021)	3	3	0	0
<b>Total Number of Meetings</b>	<b>6</b>	<b>5</b>	<b>1</b>	<b>1</b>

(1) Mr. David Brian Ah-Chuen acted as the alternate director of Mr. Raymond Ah-Chuen at four Board meetings during the financial year.

## PRINCIPLE THREE – DIRECTOR APPOINTMENT PROCEDURES

### **Appointment and Re-election of Directors**

The Nomination and Remuneration Committee makes recommendations to the Board for the appointment of directors to either fill a casual vacancy or as an additional member of the Board and ensures that the number of directors is not less than two (2) or more than ten (10) as stipulated in the Constitution of the Company.

Newly appointed directors are subject to election in their first year of appointment by the shareholders of the Company at its Annual Meeting. As a listed entity, ABC Motors is required to submit to the Regulators all documents pertaining to any newly appointed director. In accordance with the Mauritius Companies Act 2001, directors who have attained or are over the age of 70 years are subject to annual re-appointment.

### **Induction and Orientation**

On appointment to the Board, new directors receive a comprehensive induction pack and an orientation programme.

### **Professional Development**

Directors of ABC Motors are encouraged to keep themselves abreast of changes and trends in the Company's businesses, environment and markets.

### **Succession Planning**

The Board of Directors of ABC Motors believes that effective succession planning is essential to the delivery of the Company's strategic aims by ensuring the desired training and development needs of current and potential Board members. The Board is also committed to recognising and nurturing talents within executive and management levels across the Company to ensure that it creates opportunities to develop current and future leaders.

## PROFILE OF DIRECTORS



Mr. Vincent Ah-Chuen  
*Executive Chairman*

Mr. Vincent Ah-Chuen is the Executive Chairman of the Company. He is a skilled and experienced entrepreneur and has played a key role in the development and diversification of the ABC Group of Companies, whilst having overall responsibility over its Shipping Cluster. He is the Managing Director of ABC Group of Companies and is actively involved in various socio-cultural and religious non-profit associations.

In December 2016, he obtained the World Business Leadership Excellence Award. He is the Chairman of P.O.L.I.C.Y Limited and MUA Stockbroking Ltd and a director of Phoenix Transafrica Holdings Ltd (Kenya). He also holds directorship in listed companies on the Official Market namely MUA Ltd & P.O.L.I.C.Y Limited.



Mr. Dean Ah-Chuen  
*Managing Director*

Mr. Dean Ah-Chuen holds a BA degree in Computer Science from the University of Sydney (Australia) and holds an MBA in International Business from the University of Western Sydney.

Dean Ah-Chuen worked for Westpac Banking Corporation (Australia) in the IT Division and for Clinton's Toyota before returning to Mauritius in 1994 where he joined ABC MOTORS COMPANY LIMITED as Business Development Manager. As at date, he is the Managing Director of ABC MOTORS COMPANY LIMITED, now listed on DEM with overall responsibility for the Automobile Cluster, and also Managing Director of the Shipping & Logistics, Property and Insurance clusters of the ABC Group of Companies. He is a Non-Executive Director of ABC Banking Corporation Ltd, listed on DEM. He is currently an independent director on the Board of Harel Mallac & Co Ltd, a listed company, a Board member of Lovebridge Ltd (a joint private / public project to assist poor income families) and also a Benefactor of the Court of the University of Mauritius since May 2019. Previously, he was a director of the Mauritius Post & Co-operative Bank Ltd. He was appointed to the Board of Directors in June 2002.



## PROFILE OF DIRECTORS (CONT'D)



Professor Donald Ah-Chuen, G. O. S. K.  
Non-Executive Director

Professor Donald Ah-Chuen holds an M.B.A (University of Strathclyde, UK). He is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of the Institute of Chartered Accountants of Australia and holds an M.C.I.P.D (Chartered Institute of Personnel & Development, UK).

Professor Donald's long career started with his appointment as the first Chief Internal Auditor of the Central Electricity Board of Mauritius followed by his promotion three years later to the position of Secretary and Head of Administration of the same organization. His hard work, administrative skills and initiatives, especially in bringing stability in the company's state of Industrial Relations and securing a durable long-term Agreement on Wages and Conditions of Employment with the Workers' Union which is automatically renewable yearly unless rescinded, were greatly appreciated by the Board which then granted him a scholarship to undertake post-graduate studies in Management in the UK. Shortly after successful completion of his studies he joined the University of Mauritius to head the Centre of Professional Studies and

in 1975 he became the first Mauritian to be appointed Professor of Management and Head of the School of Administration of the University. He subsequently served as Pro-Vice Chancellor of the University before he decided to move to Australia.

Professor Donald worked for a period of 12 years in Sydney in important professional roles in both Academia & Industry, becoming the CEO of Graham Group of Companies and finishing with distinction as Chairman of the Association of Steel Galvanizing Enterprises of Australia after which he returned to Mauritius in 1995 to contribute in the consolidation, diversification and further development of the ABC Group of Companies.

Professor Donald is a director of the Stock Exchange of Mauritius Ltd (SEM) and was its Chairman for the year 2018. He is also a director of P.O.L.I.C.Y Limited and the Managing Director of ABC Banking Corporation Ltd, listed on the SEM and DEM respectively. He is a former Board Director of the Development Bank of Mauritius and the Bank of Mauritius, and former Chairman of the Standard Bank (Mauritius) Ltd of South Africa. His other previous responsibilities include the Presidency of the Mauritius Chamber of Commerce and Industry, the Chinese Chamber of Commerce, the Mauritian Institute of Management and the Association of Accountants of Mauritius, the Chairmanship of the Tertiary Education Commission of Mauritius, and that of the Mauritius Broadcasting Corporation.

Professor Donald was called by the Authorities to serve as a member of the

### PROFILE OF DIRECTORS (CONT'D)

Commission of Inquiry on Education, the Committee of Inquiry on the Amcol Project of Domaine Les Pailles, and as Chairman of the Committee of Inquiry on the Industrial Disputes in the Public Hospitals Service.

Prior to his appointment as Managing Director of ABC Banking Corporation Ltd in January 2012, Professor Donald was the founding Chairman of the bank which was originally set up by him as the ABC Finance & Leasing Company before its subsequent establishment 13 years later as a fully-fledged commercial bank.

Finally, in 2009 he was conferred by Government the distinction of G.O.S.K (Grand Officer of the Order of the Star and Key of the Indian Ocean) in recognition of his valuable contributions to Commerce and Industry, Banking & Financial Services, and Tertiary Education.



Mr. Raymond Ah-Chuen  
*Non-Executive Director*

Mr. Raymond Ah-Chuen holds a Diploma in Business Administration from the University of Waterloo, Canada. He served as President of the Chinese Chamber of Commerce in 1978 and had also been a director in other companies such as New Goodwill Ltd, Crystal Textile Co. Ltd and The Mauritius Commercial Bank Limited. Mr. Raymond is the Chairman of several companies within the ABC Group of Companies.

### PROFILE OF DIRECTORS (CONT'D)



Mr. André Marc Ah-Chuen  
*Non-Executive Director*

Mr. Marc Ah-Chuen is the Managing Director of CHUE WING & COMPANY LIMITED which specializes in the food imports, production and distribution under the ABC Foods Cluster. He has long standing experience in the Fast-moving consumer goods (FMCG) sector.



Mr. David Brian Ah-Chuen  
*Non-Executive Director*

Mr. Brian Ah-Chuen holds a BBA Honours from Schulich School of Business, York University, Toronto, Canada.

Currently the Strategic Business Executive Director of ABC Banking Corporation Ltd, a listed company, he has in this capacity overseen major projects including the opening of the ABC Banking Representative Office in Hong Kong, the setting up of the Private Banking department and the opening of the ABC Private Banking Lounge.

He previously held various managerial positions within other companies of ABC Group of Companies. As Executive Director of ABC AUTOTECH LTD (ABC Automobile Cluster), he successfully introduced the Alfa Romeo and Fiat brands in Mauritius. Moreover, in a quest for expansion and modernisation, the relocation of CHUE WING & COMPANY LIMITED (ABC Foods) from Port Louis to Trianon happened during his tenure as Executive Director. He was also the Executive Director of Marina Resort, a 4-star hotel previously owned by the ABC Group of Companies.

### PROFILE OF DIRECTORS (CONT'D)

Mr. Brian was a past President of the Chinese Chamber of Commerce and Board Member of the Mauritius Chamber of Commerce & Industry (MCCI). He is currently Alternate Director of the Mauritius Union Group (which is listed on the SEM) and also Board Member of the Risk Management Association as well as Business Mauritius' Africa Strategy Committee. Mr. Brian is a Fellow member of the Mauritius Institute of Directors (MloD).



Mrs. Valérie Ah-Chuen Juban  
*Non-Executive Director*

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

## PROFILE OF DIRECTORS (CONT'D)



Mr. Yognandan Sharma Mahabirsingh  
*Independent Director*

Yognandan Sharma (Vipin) Mahabirsingh holds a B.Tech (First Class, Hons.) degree in Electrical and Electronic Engineering from the University of Mauritius (Gold Medalist), an M.Phil in Microelectronic Engineering and Semiconductor Physics from the University of Cambridge and an MBA (with distinction) from Edinburgh Business School, Heriot Watt University. He is the Managing Director of the Central Depository & Settlement Co. Ltd (CDS) and a Fellow of the Mauritius Institute of Directors. He is a member of the Ratings Committee of CARE Ratings Africa. He is also a member of the Product Advisory Committee (PAC) of the Digital Token Identifier Foundation (DTIF). DTIF's mission is to provide the golden source reference data for the unique identification of digital tokens based on ISO's new standard for digital assets, ISO 24165. In his capacity as Managing Director of CDS, he also provides consultancy services to African stock exchanges and central depositories. He was the systems vendor's Project Director in the implementation of trading and depository systems at the Nairobi Stock Exchange (2004/2006),

Bank of Ghana (2004), Dar es Salaam Stock Exchange (2006), Botswana Stock Exchange (2008/2012), Lusaka Stock Exchange (2008) and Bolsa de Valores de Mocambique (2013). He supervised the implementation of an automated trading system at the Zimbabwe Stock Exchange in 2015 and has spearheaded the replacement of the trading and depository systems at the Lusaka Stock Exchange which went live in December 2017. He was also the Project Manager for the replacement of the automated trading system of the Stock Exchange of Mauritius in 2022.

## PROFILE OF DIRECTORS (CONT'D)



Mr. Tchang Fa Wong Sun Thiong  
*Independent Director*

Tchang Fa (Cyril) Wong Sun Thiong holds a First Class Honours degree in Physics from the University of Manchester and qualified as a Chartered Accountant with KPMG in the UK. He has extensive experience in executive management in multinational companies including Exxon, BAT and Barclays. He was a senior executive with Barclays Bank Mauritius Ltd for more than ten years. He also has an extensive experience in board leadership roles as a non-executive director in number of listed and non-listed companies for more than ten years. He is currently the Chair of the Audit Committee of several multinational companies including Absa Bank (Mauritius) Ltd, Sanlam Africa Core Real Estate Ltd and the Private Infrastructure Development Group.



Mr. Voon Yue Choon Wan Min Kee  
*Independent Director*

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

### PROFILE OF SENIOR MANAGEMENT



Mr. Joseph Anthony Tseung Sum Foi  
*Strategic Business Development Advisor*

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

Mr. Joseph Anthony Tseung Sum Foi is a Fellow member of the Association of Chartered Certified Accountants (ACCA) and has been the General Manager of the Automobile Cluster of the ABC Group of Companies since 2001. He previously occupied the posts of Audit and Systems Executive (1996-1998) and Finance and Systems Executive (1998-2001) within the Group. He has been appointed as Chief Operating Officer from October 2017 to June 2021 and is the Company's Strategic Business Development Advisor since 01 July 2021.

He is currently the Chairman of Expert Leasing Ltd.

His previous responsibilities were:

- Audit Senior with Kemp Chatteris & Touche, Chartered Accountants
- Supervisor with Kneller Davis & Co., Chartered Accountants – London
- Supervisor with De Chazal Du Mée & Co., Chartered Accountants

### PROFILE OF SENIOR MANAGEMENT (CONT'D)



Mr. Jose Alain Ng Wing Yik  
*Chief Operating Officer*

Mr. Jose Alain Ng Wing Yik is a Fellow member of the Association of Chartered Certified Accountants (ACCA) and holds an MBA from the University of Birmingham (UK).

He worked at Kemp Chatteris, Deloitte & Touche, Rey & Lenferna Ltd before joining ABC MOTORS COMPANY LIMITED in 1998 as Financial Controller. With more than 20 years of working experience, he has a solid background in the fields of finance, audit, taxation and strategic management. Mr. Alain has been appointed as Chief Financial Officer from October 2017 to June 2021 and thereafter promoted to Chief Operating Officer as from 01 July 2021.



Mrs. Doreen Lam  
*Chief Manager - Finance*

Doreen Lam is a Fellow Chartered Accountant of the Institute of Chartered Accountants in England and Wales (ICAEW). She also holds a BSc Management Sciences from the London School of Economics and Political Science.

She has strong experience across various disciplines which includes accounting, taxation, audit, acquisitions, strategy, risk management, real estate development & management, and digital transformation.

She joined ABC MOTORS COMPANY LIMITED in September 2021. She was previously the Chief Financial Officer and Executive Director of Lavastone Ltd, a DEM listed company. Doreen had also worked at Medine Ltd as Financial Controller of the Property Division for nearly 10 years. She also has over 10 years' international experience, with executive roles at Shell International Limited and Ernst and Young LLP in London. She is also currently the Chairperson of the Audit and Risk Committee of Bluelife Limited, a listed company.



### PROFILE OF SENIOR MANAGEMENT (CONT'D)



Mr. Nitish Gungabissoon  
*Chief Manager*

Mr. Nitish Gungabissoon holds a degree in Business Science – Honours in Marketing from the University of Cape Town. He is also a graduate from the Essec General Management Program.

After his graduation in February 2001, he joined ABC MOTORS COMPANY LIMITED as Customer Relations Executive. In 2003, he was appointed as NSSW (Nissan Sales & Service Way) Coordinator for Sales and After Sales and in 2004 he was promoted to the post of Sales Manager for Nissan Vehicles and Passenger Light Commercial Department. In July 2011, he became the Senior Sales Manager of Nissan Passenger Light Commercial and Premium Vehicles Departments.

Since July 2018, Mr. Nitish has been promoted to the position of Chief Manager of ABC Motors, overseeing the sales and after sales divisions for all the brands represented by ABC Motors.

## PRINCIPLE FOUR – DIRECTORS’ DUTIES, REMUNERATION AND PERFORMANCE

### Legal Duties

The directors of ABC Motors are aware of their legal duties and responsibilities in accordance with the Mauritius Companies Act 2001 and the Code. Besides, the directors maintain a reputation for high standards of business conduct and ethics and perform their duties with due care, skill and diligence.

### Code of Conduct & Ethics

ABC Motors has adopted a Code of Conduct & Ethics which encompasses the Company's core values and the standard of dealings that the public at large can uncompromisingly expect. ABC Motors does not tolerate corruption in any form, whether direct or indirect, and works proactively to prevent it. This code is designed to help employees at all levels to understand their responsibilities, carry out their duties with due diligence, honesty and integrity, which are fundamental to the reputation and success of the Company.

The Company has also adopted anti-fraud and whistleblowing policies to encourage employees to freely communicate concerns about any illegal, unethical or questionable practices that they may come across to Senior Management or the Internal Auditor without fear of reprisal.

The Code of Conduct & Ethics is reviewed as and when required with the introduction of or amendments to laws and regulations.

### Conflict of Interest

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

On declaration of his interest, the concerned director shall not participate in the discussions and/or decision-making process on the transaction in relation to which conflict arises but may continue to be present unless the Chairman judges otherwise. The transaction may however be concluded and approved at market terms and conditions. Related party transactions will also be disclosed in accordance with accounting policies and standards. During the year under review a policy has been implemented in that respect.

## PRINCIPLE FOUR – DIRECTORS’ DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

### **Information, Information Technology (IT) and Information Security Governance**

The Board is responsible for the information governance whereas the management of information technology as well as the Information Security Governance have been delegated to the IT function, which falls under the responsibility of the IT Manager and Chief Operating Officer. The corresponding policy is available on the website.

The Company has set up a governance model with a set of IT policies and guidelines and appropriate mechanisms like annual IT business planning, Key Performance Indicators monitoring, budgetary controls and monthly management reviews covering aspects of IT governance and security, threats, service level, incident management, IT capital investment and operating expenditure. Investments in information technology and information system include investment in software, hardware, training and development of IT personnel and adoption of new technologies.

We continue to put emphasis on business continuity, digital transformation, and process automation. In that respect, we have successfully implemented a cloud based, fully integrated Dealership Management System with secure access controls and General Data Protection Regulation (“GDPR”) compliant features. This system is of international standard and has been implemented with a view to improve our operational excellence. We have also enhanced our security systems which protects our network with automated patch management against vulnerabilities, software auditing and security scanning.

### **IT Policies and Procedures**

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

## PRINCIPLE FOUR – DIRECTORS’ DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

### **IT Policies and Procedures (Cont'd)**

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

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

### **Board Information**

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

### **Directors’ and Officers’ Indemnity and Insurance**

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

### **Board Evaluation and Development**

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

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

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

## PRINCIPLE FOUR – DIRECTORS’ DUTIES, REMUNERATION AND PERFORMANCE (CONT’D)

### **Board Evaluation and Development (Cont’d)**

Furthermore, Non-Executive Directors are chosen for their business experience and acumen as well as their ability to provide a blend of knowledge, skills, objectivity, integrity, experience and commitment to the Board.

### **Remuneration**

#### *Statement of Remuneration Philosophy*

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

With regard to the Directors, including Executive Directors, their remuneration on an aggregate basis is taken up at the Nomination and Remuneration Committee and ratified by the Board of Directors. In addition to their monthly basic salaries, the Executive Directors are entitled to an annual performance bonus based on the financial results of the Company as well as on their individual contribution thereto. It is to be highlighted that the Company does not make any difference in its remuneration criteria for those Executive Directors approaching retirement.

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

The remuneration of Directors is disclosed on page 78 of this Annual Report.

## PRINCIPLE FOUR – DIRECTORS’ DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

### Directors’ interests and share dealings

The Directors’ interests in the capital of the Company as at 30 June 2022 were as follows:

Directors	Direct Shareholding	Indirect Shareholding
AH-CHUEN Raymond	0.26%	0.87%
AH-CHUEN Donald	4.26%	1.39%
AH-CHUEN Vincent	7.48%	3.93%
AH-CHUEN André Marc	3.81%	3.30%
AH-CHUEN Dean	1.12%	2.01%
AH-CHUEN David Brian	0.26%	0.07%
AH-CHUEN JUBAN Valerie	0.04%	0.511%
MAHABIRSINGH Yognandan Sharma	NIL	NIL
WAN MIN KEE Voon Yue Choon	NIL	NIL
WONG SUN THIONG Tchang Fa	NIL	NIL

In accordance with the DEM Rules, Directors are strictly prohibited to deal in the shares of the Company during closed periods. Thus, on a quarterly basis, directors are notified via email about the close periods by the Company Secretary.

## PRINCIPLE FIVE – RISK GOVERNANCE AND INTERNAL CONTROL

### **Risk Management**

Risk Management refers to the process by which the Company identifies, monitors and mitigates its exposure to those risks which may arise from time to time from its business operations and its environment. At ABC Motors, Risk Management forms an integral part of the organisation's business management and corporate governance structure. The directors therefore strongly advocate the belief that a structure which embeds good governance principles and a risk-based management approach is a critical determinant in achieving the business objectives, success, and sustainability.

While the Board is responsible for the overall Risk Management and internal control systems, the monitoring of the Company's Risk Management process has been delegated to the Audit and Risk Committee as per the terms of reference set out in its Charter. In that respect, the Company has outsourced its internal audit function to Cays LLP.

The Company is principally involved in the automobile industry which is a highly competitive sector that is extremely sensitive to changes at both international and domestic levels, the state of the economy, the fiscal policies, market changes and technological progress in the vehicle manufacturing industry itself. The identification of the Company's weaknesses and risks as well as its strengths and opportunities are embedded in the business planning process which is carried out before the beginning of each financial year. Accordingly, appropriate strategies are devised to overcome the major weaknesses identified. Relevant action plans are then initiated to counter risks that may potentially impair the business performance and reputation or negatively impact on the Company's financial stability, cash flow and revenue streams. In the same line, the business planning process provides a structured framework and procedures for the organisation to identify the business opportunities and appropriate strategic directions.

Moreover, the process of risk identification and management has been consolidated through the phased implementation of the ISO 9001:2015 programme. As at now, the whole aftersales business units are ISO certified. The ISO process has facilitated the setting up of a risk register whereby much emphasis is laid on the treatment of medium and high risks areas.

## PRINCIPLE FIVE – RISK GOVERNANCE AND INTERNAL CONTROL CONT'D)

### **Risk Management (Cont'd)**

Moreover, the internal audit function is involved in the Risk Management process. The Internal Auditor has the responsibility to constantly evaluate the quality of the business controls through the conduct of risk-based operational audits, inspection of financial reporting controls and compliance audits. The findings of the internal and external audits are reported at the Audit and Risk Committee meetings, which are generally held on a quarterly basis. The weaknesses and areas of concern as reported by the auditors and/or revealed by self-assessment are discussed and reviewed in such a way to ensure that all necessary corrective actions are initiated promptly by Management.

The Company recognises different risk categories namely market, operational, financial, reputational, legal, tax, compliance, and information technology. The extent of their risk exposure and how they are treated are described as follows:



Risks	Exposure	Risk Management Policies	Mitigating Activity
Market risks	<p>Changes in the global and local market environment may adversely affect the cash flow, revenue, profitability and market share of the business.</p>	<p>The Company's business plan and market strategies are regularly reviewed to ensure that corrective actions are taken against any major and potential changes in the market environment that may impair the organisation. Market-driven strategies are deployed to meet the Company's vision of <i>"always being the outstanding Company in the automobile industry"</i> and Company's philosophy <i>"We care for you"</i>.</p>	<ul style="list-style-type: none"> <li>• Ongoing Digitalisation.</li> <li>• Customer experience focus of the Group attracts customer loyalty.</li> <li>• Ongoing monitoring to identify emerging competitive threats and act on these quickly.</li> <li>• Strategic review with senior management across the Group planned in the last quarter of the year 2022.</li> </ul>

Risks	Exposure	Risk Management Policies	Mitigating Activity
Operational risks	<p>Failure to achieve improved and effective procurement, work systems and processes, promised time-to-delivery and service standard that may lead to financial losses and customer dis-satisfaction.</p> <p>Failure to take the necessary measures to mitigate risk of misappropriation, fraud and mis-use of the Company's resources.</p>	<p>Organisational structures, policies and control procedures are regularly reviewed and updated as necessary to minimize the exposure to operational risks. Operational procedures and systems, including detailed job descriptions are documented, explained, and made available to employees to ensure their compliance with the Company's guidelines and delivery of the best level of service. In the same context, the Company has set HR mechanisms and strategies in order to have a motivated, experienced and skillful workforce and to retain its key and talented employees.</p>	<ul style="list-style-type: none"> <li>• Engagement forums and the renewal of team building exercises across the Group after the lifting of Covid-19 restrictions.</li> <li>• Talent review and succession plans.</li> <li>• Salary benchmarking exercise completed, and necessary adjustments were undertaken.</li> <li>• Significant investment in on-line and formalised training.</li> <li>• Development of specific training programmes at different levels.</li> <li>• We have 2 in-house technical trainers.</li> </ul>

## CORPORATE GOVERNANCE REPORT (CONT'D)

Risks	Exposure	Risk Management Policies	Mitigating Activity
Financial risks	Exposure to a variety of financial risks including liquidity, credit, exchange and interest rate risks.	The Company recognizes the significant impact of such risks especially in the prevailing economic and market uncertainty in the global scene and has accordingly put in place a structured finance and treasury unit to manage such risks. These financial risks are further elaborated on pages 194 to 199, Note 31 of the financial statements.	<ul style="list-style-type: none"> <li>• Daily monitoring and liaison with banks for our Forex requirements.</li> <li>• Encourage customers to pay in Forex where possible.</li> <li>• Negotiation with banks for extended terms on import loans.</li> <li>• Extend our relationships with several banks.</li> </ul>
Reputational risks	The risk of loss arising from adverse perception of the corporate image by the customers, counterparties and stakeholders. The reputational risk encompasses strategic, financial, operational and compliance risks.	The Company recognizes the negative impact of this risk. The operational systems and controls as well as an effective communication unit put in place help to mitigate this risk. The Company also invests significantly in customer care training and customer service survey at all levels of the organisation. It also ensures the staff's compliance of Know Your Client ("KYC") and Anti-Money Laundering guidelines and procedures.	<ul style="list-style-type: none"> <li>• Standard Group-wide policies and procedures are in place to ensure compliance with relevant regulations.</li> </ul>

## CORPORATE GOVERNANCE REPORT (CONT'D)

Risks	Exposure	Risk Management Policies	Mitigating Activity
Legal risks	Exposure to potential legal claims for liabilities which may arise from the day-to-day activities/operations of the business.	Guidance and advice are sought from legal advisors and insurance consultants to safeguard against exposure to potential losses. Adequate insurance policies are in place to cover against such potential claims.	<ul style="list-style-type: none"> <li>Nominated legal representatives to support senior management in providing the appropriate response to any issues that arise.</li> <li>In-house developed sales system to ensure regulatory compliance and ease of customer journey with key checks in place.</li> </ul>
Tax risks	Failure to comply with the prevailing tax legislations or failure to identify changes in tax legislations.	Guidance and advice are sought from tax advisors as required and on-going training on taxation issues provided to staff.	<ul style="list-style-type: none"> <li>Regular consultation with tax advisors.</li> <li>Tax refresher workshops planned for end of the year.</li> </ul>

## CORPORATE GOVERNANCE REPORT (CONT'D)

Risks	Exposure	Risk Management Policies	Mitigating Activity
Compliance risks	Failure to act in accordance with appropriate laws, regulations and prescribed standards as required by the authorities and the Company's franchise principals, thereby exposing the organisation to potential claims for penalties, damages and loss of franchise.	<p>The Company recognizes its responsibility to conduct business in accordance with the relevant laws and regulations and ensures that management continuously comply with the existing and emerging regulations impacting on operations.</p> <p>Ethical business conduct, policies and standards are enforced at all Company levels in order to provide quality service and act with integrity vis-à-vis all stakeholders.</p>	<ul style="list-style-type: none"> <li>Continued Group focus on customer experience and a partnership approach with its manufacturer partners to minimise the impact of regulatory changes.</li> </ul>

Risks	Exposure	Risk Management Policies	Mitigating Activity
Information Technology ("IT") risks	<p>IT forms an integrated part of operational risk management.</p> <p>IT Risks relate to the possibility that a particular threat will negatively impact on information system by exploiting a particular vulnerability. The threat can be in the form of hackers both internal and external or computer viruses. The vulnerabilities could be poor IT infrastructure including hardware, weak firewalls, a lack of redundant servers and data storage technologies.</p>	<p>The Company promotes a security-conscious culture and has implemented specific IT security policies and procedures which include IT threat and risk assessment and IT Access Control policies.</p> <p>The Company also regularly evaluates its IT systems and network for threats and vulnerabilities to protect its Information Technology assets and reduce the Company's risk. The Company has also adopted a highly-available IT environment by implementing failover computing equipment for critical systems.</p> <p>A yearly IT audit is also carried out to ensure that all IT security controls are effective and as per industry best practices and recommendations.</p>	<ul style="list-style-type: none"> <li>• We have an incident management process that ensures major deal with appropriately and in a timely manner.</li> <li>• We continually consider the future landscape and invest in our IT infrastructure to maximise our opportunities.</li> <li>• We are working with external consultants to review our framework to ensure compliance to GDPR requirements.</li> </ul>

## CORPORATE GOVERNANCE REPORT (CONT'D)

Risks	Exposure	Risk Management Policies	Mitigating Activity
Covid-19 & Sanitary risks	Covid-19 can have material impact on an organisation's business continuity, and more importantly on the health & safety of its employees, customers, suppliers and the public at large.	<p>The Company's main priority is to preserve the well-being of its employees and customers through the adoption of strict sanitary protocols, and to ensure that business operations and contingency plans are adjusted to foster business continuity and to provide a safer workplace to its stakeholders.</p> <p>The Company has set up a special Covid-19 Crisis committee to monitor closely the situation. The said Committee reviews and reports on the adherence to the internal Hygiene &amp; Sanitary protocols, including controlled movements, temperature control, wearing of face masks and social distancing.</p> <p>Structured audit exercises as well as awareness sessions are regularly conducted by Safety &amp; Health Officers to ensure engagement and compliance.</p> <p>Management is actively promoting and encouraging vaccination among employees with a view to contribute to the national target of reaching herd immunity.</p>	<ul style="list-style-type: none"> <li>• We have developed detailed health and safety protocols to ensure safety working practices are in line with Covid-19 requirements.</li> <li>• We ensure the right personal protective equipment is available at all our sites.</li> <li>• We ensure that incident reporting including lessons learnt exercises take place to meet health and safety obligations</li> <li>• We have reinforced the health and safety team with additional resources.</li> </ul>

## PRINCIPLE SIX – REPORTING WITH INTEGRITY

### **Financial Reporting**

The directors of ABC Motors affirm their responsibilities for preparing the Annual Report and Financial Statements of the Company which are available on the Company's website.

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

ABC Motors is committed to the highest standards of business integrity, transparency and professionalism and ensures that all its activities are managed responsibly and ethically whilst seeking to enhance business value for its shareholders.

### **Safety and Health at Work**

The Group highly values the Safety & Health (SH) of its employees, by enhancing strong safety culture throughout the organisation. The Group is committed to ensure strict compliance with all prevailing legislations. Promoting a safe working environment is one of the main objectives and the Group encourages its people to adopt safe work practices to reduce the number of workplace accidents. The Company believes that prioritising Health & Safety in the workplace is key to the wellbeing of its people.

Senior management takes responsibility for the implementation of day-to-day health and safety standards, with the support of the SH team. The SH team undertakes site audits, accident investigations and promotes the awareness of best practices through SH training. The activity of this team has been crucial in defining and maintaining our Covid-19 secure protocols, designed to ensure that both our colleagues and customers feel safe on our premises. SH committees are set up in the different business units and are held every two months.

Each of our Business Units has been visited by the Ministry of Labour throughout the year and the Group has been found to be fully compliant to the Occupational Safety & Health Act 2005.



## PRINCIPLE SIX – REPORTING WITH INTEGRITY (CONT'D)

### Environmental initiatives

The Group recognises that its activities have an impact on the environment and is therefore keen to promote and support initiatives that minimise the effect of such activities.

The areas of our business that may negatively impact on the environment including contamination, waste oil and waste recycling, together with energy, water, and fuel efficiency are monitored.

Employees are encouraged to be good corporate citizens and as such a cleaning campaign was organised for the World Environment Day.

Some of the green initiatives integrated in the Group's businesses are:

- Recycling of waste oil with Virgin Oil
- Use of environment friendly products for the car wash
- Paper recycling and initiatives to reduce paper consumption
- Replacement of non-LED lights with LED lights

The Group is currently exploring the following:

- solar photovoltaic system (PV) installations
- electronic waste recycling with BEM

### Our people

The Group recognises that its people are its key asset and are responsible for delivering its strategy. The Group seeks to create an environment in which every employee feels valued in everything that they do and takes pride in their contribution. The enthusiasm and dedication of its people is a vital factor in the Group's success.

The Group also recognises colleagues with long service, with specific recognition for those reaching 15, 20 and 25 years within the Group. This recognition programme includes celebratory social events, which bring together long-service colleagues and the Group's senior management team as a thank you for their commitment.

## PRINCIPLE SIX – REPORTING WITH INTEGRITY (CONT'D)

### Our people (Cont'd)

The Group continues to invest significantly in development and training. There are several development programmes in place for different levels which have been developed with the help of ABC Training Centre Ltd and other recognised training institutions to help employees achieve their full potential.

The Group also firmly believes in its employees who go the extra mile to achieve results and provides a career path for those who have higher aspirations and potential. With a view to assisting employees in achieving their full potential and growth in their careers, the Learning Needs Analysis (LNA) has been developed to identify their learning and development needs. This will be closely followed and delivered to employees and forms part of succession planning in the Group.

Stuttgart Motors Ltd, one of the Company's subsidiaries, was recently ranked 1<sup>st</sup> within the Top 5 Great Place to Work in Mauritius in the category of companies having less than 50 employees. This accreditation is the ultimate recognition and proves that the Group has the ingredients to create an amazing employee experience and is an employer of choice. The Group aspires to do the survey for remaining companies in the Group. Action plans are developed based on the findings of the survey.

### Corporate Social Responsibility

As the Group has expanded, so has the scope of its involvement in the community as part of a wider corporate and social responsibility strategy.

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

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

## PRINCIPLE SIX – REPORTING WITH INTEGRITY (CONT'D)

### *Community Empowerment*

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

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

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

Furthermore, toys and school stationery packs were distributed in December 2021 to some 350 needy children, in collaboration with long-standing partners of the Foundation, namely Caritas Roche Bois, Mouvement pour le Progrès de Roche Bois, Ki Fer Pa Mwa, First Act Is To Help and Foyer Père Laval.

### *Education*

Inclusive and quality education (UN SDG Goal 4) is a powerful instrument of social integration and is another priority area for the Foundation. It is in this vein that the Foundation has given assistance to three needy students, allowing them to study technical courses at Collège Technique St Gabriel.

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

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

## PRINCIPLE SIX – REPORTING WITH INTEGRITY (CONT'D)

### *Health & Sports*

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

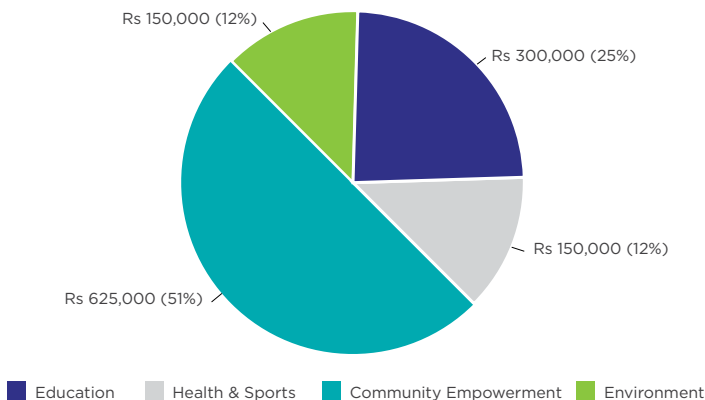
The Foundation has reiterated its commitment to young people and extended its support towards Magic Club Quatre Bornes with the objective of accompanying the para-athlete and gold medallist, Noemi Alphonse, at international levels. It also renewed its commitment to the Trust Fund for Excellence in Sports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

### *Environment*

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

The Foundation also renewed its support towards We-Recycle, an NGO that collects and prepares PET plastic bottle waste for recycling.

### *Allocation by area of intervention*



## PRINCIPLE SIX – REPORTING WITH INTEGRITY (CONT'D)

### *Charitable and Political contributions Report*

Donations made during the year by the Company and its Subsidiaries were as follows:

	THE COMPANY		THE SUBSIDIARIES	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
CSR paid to Sir Jean Etienne Moilin Ah Chuen Foundation	-	-	297,044	104,795
Donations	25,000	80,620	-	-
Political Donations	-	-	-	-
	25,000	80,620	297,044	104,795

## PRINCIPLE SEVEN – AUDIT

### **Internal Audit Function**

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

The primary purpose of internal auditing is to improve organisational efficiency and effectiveness through constructive scrutiny of internal processes, policies, and procedures. Also, internal auditing ensures that weaknesses are detected and provides a basis for correcting deficiencies that have escaped the first line of defence before these deficiencies become uncontrollable or are exposed to the external auditors.

Internal auditing helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of risk management, control, and governance processes. Internal audit helps the Board and management maintain and improve the process by which risks are identified and managed and helps the Board discharge its responsibilities for maintaining and strengthening the internal control framework.

## PRINCIPLE SEVEN – AUDIT (CONT'D)

### Internal Audit Function (Cont'd)

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

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

The internal audit department operates within the framework of the Charter of the Audit and Risk Committee. In line with its approved audit plan, the internal audit reports are submitted to the Audit and Risk Committee with notification to the Chief Manager – Finance (CMF).

The risk assessment exercise as carried out by the IA function is performed at both the enterprise and activity levels and is made in coordination with management to identify perceived areas of risk and potential internal audit projects. The outcome of the assessment is then translated into an audit plan which addresses the critical risks.

Annual audit plans are presented in advance to the Audit and Risk Committee and the progress thereof is reviewed on a quarterly basis. The audit plan covers the areas of major risks that may arise in the business activities of the Company. The plan is essentially based on an assessment of risk areas carried out by the internal audit function, in consultation with the CMF and Senior Management as well as on its own independent appreciation of the key risks that the Company is exposed to.

The audit reports, that include the major risks and shortcomings identified by the internal auditor together with his recommendations to address them and management response thereto, are considered at meetings of the Audit and Risk Committee. Thereafter, management is required to act on the findings and is responsible for implementing corrective actions and mitigating risks measures in respect of the reported control shortcomings, weaknesses and new risks identified. The implementation and effectiveness of the recommended remedial actions are subsequently followed up by the internal auditor and same is duly reported back at the subsequent Audit and Risk Committee meeting.

## PRINCIPLE SEVEN – AUDIT (CONT'D)

### Internal Audit Function (Cont'd)

The speed at which new risks are emerging due to various factors, e.g. the conflict in Ukraine, natural disasters, the energy crisis and Covid-19, have impacted the organisation and its known risk profiles.

As part of the organisation's third line of defence, the IA function inherently possesses a broad and deep understanding of business processes from beginning to end, as well as a highly relevant skill set, uniquely positioning it to be a valuable contributor to the crisis response today and into the future.

These unprecedented conditions present an opportunity for IA to strengthen its relationship with the first- and second-line of defence teams, as well as with external auditors, by:

- Working with the other teams to identify and communicate emerging risks
- Reconsidering the role of the IA team

As new processes are developed and implemented, new and emerging risks are identified and the IA plan was adapted accordingly.

During the year under review, the main audit coverage includes the following:

- Supply Chain Management – The audit evaluates the impact of the COVID-19 pandemic and the conflict in Ukraine on supply chains regarding its disruptions, associated challenges, and trend.
- Inventory management.
- Payroll - The cost analysis pertaining to the changes in legislation.

Recurring audits are carried out to ensure that there is compliance in respect of section 5 of the FIAMLA.

### Audit and Risk Committee

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

### External Audit

Since FYE 2020, BDO & Co. acts as the external auditors of the Company. In accordance with Section 200 of the Companies Act 2001, BDO was reappointed as external auditor of the Company for the financial year ended 30 June 2022 at the last Annual Meeting of Shareholders of the Company held in December 2021.

## PRINCIPLE SEVEN – AUDIT (CONT'D)

### External Audit (Cont'd)

During the year under review, no other services had been carried out by BDO & Co. for the Company.

The review of the tax computations had been carried out by BDO Financial Services Ltd.

The Audit and Risk Committee meets twice a year with the external auditors:

- (i) to discuss and agree on the audit plan; and
- (ii) to review the Company's financial statements, management and representation letter and to assess the effectiveness of the external audit process.

The Audit and Risk Committee also discussed critical policies, judgements and estimates with the external auditor.

The external auditor also has the opportunity to meet the members of the Audit and Risk Committee without management presence.

Furthermore, an assessment of the work and performance of external auditors is carried out yearly both by management and the Audit and Risk Committee. The criteria used for such assessment is as follows:

- Quality of Services provided
- Sufficiency of Audit Firm and Network Resources
- Independence, Objectivity and Professional skepticism

There were no significant issues identified by the Audit and Risk Committee in relation to the last financial statements of the Company.

## PRINCIPLE EIGHT – RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

### Shareholding Profile

ABC MOTORS COMPANY LIMITED is listed on the Development & Enterprise Market (DEM) of the Stock Exchange of Mauritius with an issued and fully paid-up share capital of 6,175,680 ordinary shares of Rs.10.00 each amounting to Rs.61,756,800.00.



## PRINCIPLE EIGHT – RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

### Breakdown of shareholding

No. of shares held on 30 June 2022	No. of shareholders	Total No. of shares
1-999	118	16,874
1,000 – 9,999	41	133,296
10,000 – 19,999	12	162,980
20,000 – 49,999	8	291,788
50,000 – 99,999	7	417,880
100,000 – 499,999	15	3,981,642
Above 500,000	2	1,171,220
	203	6,175,680

### Substantial Shareholders

As at 30 June 2022, the shareholders holding more than 5% of the issued share capital of the Company were:

Shareholders	Number of shares owned	% Holding
Mr. V. Ah-Chuen	462,200	7.48%
Dragon Electronics Ltd	479,800	7.77%
Mr. N.H.K. Ngan Chee Wang	459,200	7.44%
SPEEDFREIGHT LTD	552,000	8.94%
TEAM INVESTMENT LIMITED	457,220	7.40%
UNION SHIPPING LIMITED	619,220	10.03%

## PRINCIPLE EIGHT – RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

### Communication with Shareholders and Stakeholders

The Board of Directors places great importance on clear disclosures, open and transparent channel of communication with all its shareholders. It endeavours to keep them regularly informed on matters pertaining to and affecting the Company. Through the Company's website namely [www.abcmotors.mu](http://www.abcmotors.mu), information is provided to all stakeholders on the activities of the Company, on the latest news and on new products which have been launched. Shareholders are strongly encouraged to attend the Company's Annual Meeting, which provides an opportunity for the latter to raise and discuss matters with the Board relating to the Company's performance and also to keep abreast of the overall strategy and goals.

### Dividend Policy

Payment of dividends is subject to the Company's profitability, its cash flow and its funding requirements.

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

### Share Option Plans

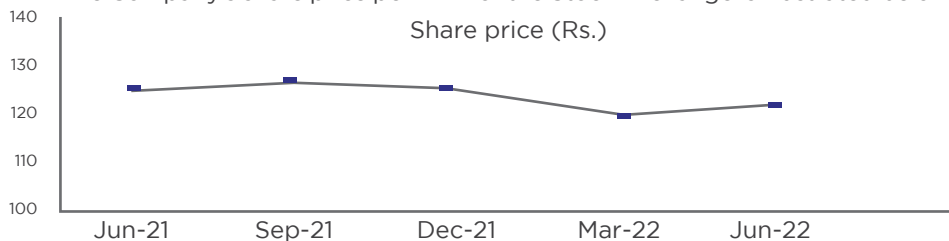
The Company has no share option plan.

### Shareholders' Agreement

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

### Share Price Information

The Company's share price per DEM of the Stock Exchange is illustrated below:



## PRINCIPLE EIGHT – RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

### Third Party Management Agreement

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

### Related Party Transactions

For related party transactions, please refer to pages 189 to 191 Note 30 of the Financial Statements.

### Website

The website of the Company is updated with necessary disclosures as stipulated in the Code as and when.

### Timetable of Important Events

Next Financial Year End	June 2023
Next Annual Report	September 2023
Next Annual Meeting of Shareholders	December 2023

Approved by the Board of Directors on 28 December 2022 and signed on its behalf by:



.....  
Yognandan Sharma Mahabirsingh  
Chairman of the  
Corporate Governance Committee



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

# STATEMENT OF COMPLIANCE



## STATEMENT OF COMPLIANCE

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

**Name of Public Interest Entity (PIE):**    **ABC MOTORS COMPANY LIMITED**

**Reporting Period:**                                **30 June 2022**

We, the directors of ABC MOTORS COMPANY LIMITED, confirm that, to the best of our knowledge, the Company has applied all the principles of the National Code of Corporate Governance for Mauritius (2016) in all material respects.

28 December 2022



.....  
Vincent Ah-Chuen  
Chairman of the Board



.....  
Dean Ah-Chuen  
Managing Director

# OTHER STATUTORY DISCLOSURES



## OTHER STATUTORY DISCLOSURES

*(Pursuant to Section 221 of the Mauritius Companies Act 2001)*

### Principal Activity

The principal activities of the Company comprise of the sales and service of vehicles, trucks, buses, forklifts and accessories of Nissan Motors Co. Ltd and UD Trucks Corporation.

### Particulars of Entries in the Interest Register

No entry was made in the Interest Register of the Company and that of its Subsidiaries during the year under review.

Two executive directors have service contracts with the Company as follows:

- Mr. Vincent Ah-Chuen has a 3-year contract of service as Executive Chairman with the Company, expiring on 30 June 2023.
- Mr. Dean Ah-Chuen, as Managing Director, has an indefinite contract of service as Managing Director with the Company.

### Donations

Donations made during the year were as follows:

	THE COMPANY		THE SUBSIDIARIES	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
CSR paid to Sir Jean Etienne Moilin Ah Chuen Foundation	-	-	297,044	104,795
Donations	25,000	80,620	-	-
Political Donations	-	-	-	-
	25,000	80,620	297,044	104,795

## OTHER STATUTORY DISCLOSURES (CONT'D)

### Directors

The directors of the Company and its Subsidiaries as at 30 June 2022 were as follows:

	The Company	ABC Properties Ltd	Stamford Third Ltd	ABC Autotech Ltd	ABC Marketing Ltd	Stuttgart Motors Ltd	Ginmori Auto Ltd
Mr. Raymond Ah-Chuen	●			●	●	●	●
Professor Donald Ah-Chuen	●	●	●	●	●	●	
Mr. Vincent Ah-Chuen	●	●	●	●	●	●	●
Mr. André Marc Ah-Chuen	●	●	●	●	●	●	●
Mr. Dean Ah-Chuen	●	●	●	●	●	●	●
Mr. David Brian Ah-Chuen	●	●		●	○	●	●
Mr. Yognandan Sharma Mahabirsingh	●						
Mr. Tchang Fa Wong Sun Thiong	●						
Mr. Voon Yue Choon Wan Min Kee	●						
Mrs. Valérie Ah-Chuen Juban	●	○	○		○	○	
Mr. Mark Cedric Ah Chuen (alternate director)		○	○	○	○	○	
Mr. James Lim Teng Chong (alternate director)		○					
Mr. Joseph Anthony Tseung Sum Foi (alternate director)				○			
Mr. José Alain Ng Wing Yik (alternate director)				○			

- Director
- Alternate Director



## OTHER STATUTORY DISCLOSURES (CONT'D)

### Directors' Emoluments

During the financial year ended 30 June 2022, the executive and non-executive & independent directors were entitled to emoluments as follows:

Directors' Emoluments Paid during Financial Year	From the Company		From the Subsidiaries	
	2021/22 Rs.	2020/21 Rs.	2021/22 Rs.	2020/21 Rs.
<b>Executive Directors</b>				
Mr. Vincent Ah-Chuen - <i>Executive Chairman</i>	<b>4,081,500</b>	3,054,000	<b>54,000</b>	33,000
Mr. Dean Ah-Chuen - <i>Managing Director</i>	<b>8,702,000</b>	8,706,362	<b>1,600,000</b>	700,000
Sub-total: Executive Directors	<b>12,783,500</b>	11,760,362	<b>1,654,000</b>	733,000
<b>Non-Executive/Independent Directors</b>				
Mr. Raymond Ah-Chuen	<b>847,900</b>	823,753	<b>15,000</b>	30,000
Professor Donald Ah-Chuen	<b>2,226,000</b>	1,997,000	<b>27,000</b>	18,000
Mr. André Marc Ah-Chuen	<b>400,000</b>	405,000	<b>36,000</b>	45,600
Mr. David Brian Ah-Chuen ( <i>also Alternate Director to Mr. Raymond Ah-Chuen</i> )	<b>1,245,000</b>	1,215,000	<b>36,000</b>	9,000
Mrs. Valerie Ah-Chuen Juban ( <i>also Alternate Director to Mr. Vincent Ah-Chuen</i> )	-	15,000	-	-
Mr. Hai Ping Chung Tung ( <i>up to December 2021</i> )	<b>2,811,500</b>	4,896,000	<b>72,000</b>	41,400
Mr. Ah-Lan Lam Yan Foon ( <i>up to December 2021</i> )	<b>151,000</b>	172,000	<b>76,800</b>	76,800
Mr. Kee Koun Tin Kiong Fong ( <i>up to December 2021</i> )	<b>75,000</b>	60,000	-	-
Mr. Voon Yue Choon Wan Min Kee	<b>159,000</b>	125,000	<b>91,200</b>	91,200
Sub-total: Non-Executive/Independent Directors	<b>7,915,400</b>	9,708,753	<b>354,000</b>	312,000
Grand Total	<b>20,698,900</b>	21,469,115	<b>2,008,000</b>	1,045,000

## OTHER STATUTORY DISCLOSURES (CONT'D)

### External Auditor

The fees (excluding VAT) payable by the Company and its Subsidiaries to the External Auditors for audit and other services were:

	THE COMPANY		THE SUBSIDIARIES	
	FYE 2022 Rs.	FYE 2021 Rs.	FYE 2022 Rs.	FYE 2021 Rs.
<b>Audit Services</b>				
BDO & Co	1,000,000	575,000	220,000	200,000
Other Firms	-	-	535,000	402,250
	1,000,000	575,000	755,000	602,250
<b>Other Services*</b>				
BDO & Co	-	-	-	-
Other Firms	42,000	40,000	96,800	63,250
	42,000	40,000	96,800	63,250

\* Other services pertain to tax fees.

Approved by the Board of Directors on 28 December 2022 and signed on its behalf by:

Vincent Ah-Chuen  
Chairman of the Board

Dean Ah-Chuen  
Managing Director



A grayscale landscape photograph. The foreground is a textured field of low-lying vegetation. In the middle ground, there is a line of trees and a small hill. The sky is filled with dramatic, layered clouds. A thin horizontal line is visible across the middle of the image, passing behind the text box.

# SECRETARY'S CERTIFICATE

## SECRETARY'S CERTIFICATE

*(Pursuant to Section 166(d) of the Mauritius Companies Act 2001)*

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

A handwritten signature in black ink, appearing to read 'C. Larose', with a horizontal line underneath.

ABC Professional & Secretarial Services Ltd  
Company Secretary  
*Per* Cindy Larose, AC/S

28 December 2022

# DIRECTORS' STATEMENT OF RESPONSIBILITIES



## DIRECTORS' STATEMENT OF RESPONSIBILITIES

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

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

- prepared the financial statements on a going concern basis
- maintained adequate accounting records and an effective system of internal controls and risk management
- made judgements and estimates that are reasonable and prudent
- selected suitable accounting policies and applied them consistently
- stated whether applicable accounting standards have been followed, subject to any material departures explained in the financial statements
- safeguarded the assets of the Company by maintaining accounting and internal control systems that are designed to prevent and detect fraud and errors
- ensured that the National Code of Corporate Governance for Mauritius (2016) has been adhered to, or if not, to give reasons where there has been non-application

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

Approved by the Board of Directors on 28<sup>th</sup> December 2022 and signed on its behalf by:



.....  
Voon Yue Choon Wan Min Kee  
Chairman of the Audit and Risk Committee



.....  
Dean Ah-Chuen  
Managing Director

# INDEPENDENT AUDITOR'S REPORT





# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABC MOTORS COMPANY LIMITED

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

### Opinion

We have audited the consolidated financial statements of ABC MOTORS COMPANY LTD (the “Company”) and its subsidiaries (the “Group”), and the Company’s separate financial statements on pages 92 to 206 which comprise the consolidated and separate statements of financial position as at June 30, 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements on pages 92 to 206 give a true and fair view of the financial position of the Group and of the Company as at June 30, 2022, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the “*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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABC MOTORS COMPANY LIMITED (CONT'D)

### Key Audit Matters (Cont'd)

KEY AUDIT MATTER	AUDIT RESPONSE
<p><b>Expected credit losses on trade receivables</b></p> <p>As at 30 June 2022, the Group and Company had trade receivables of Rs 420.8m and Rs 329.4m respectively. The trade receivables are measured at amortised cost less expected credit loss ('ECL') allowance in accordance with IFRS 9. The movement in ECL is recognised in profit or loss.</p> <p>The ECL on trade receivables is measured using a provision matrix based on historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions.</p> <p>We consider this to be a Key Audit Matter because of the significant judgements and estimates involved in the ECL model including the incorporation of forward looking information and the assessment of increase in credit risk.</p> <p>Refer to note 14 (Trade and Other receivables), note 3(q) (accounting policies), note 4 (Significant accounting estimates and judgements) and note 31 (Financial risk management) of the accompanying financial statements.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"><li>• Assessing the design and implementation of the key controls relating to the ECL model</li><li>• Understanding the methodology used in computing the ECL</li><li>• Reviewing the reasonableness of the segmentation of the portfolio</li><li>• Assessing the reasonableness of the assumptions used in the ECL computation and how forward looking information was included</li><li>• Testing the accuracy and completeness of data used in the model</li><li>• Testing the arithmetical accuracy of the ECL computation</li><li>• Ensuring the disclosures are in accordance with the requirements of IFRS 7 Financial Instruments: Disclosures</li></ul>

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and our auditor's report thereon.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABC MOTORS COMPANY LIMITED (CONT'D)

### **Other Information (Cont'd)**

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

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

### **Responsibilities of Directors and Those Charged with Governance 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 Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated And Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABC MOTORS COMPANY LIMITED (CONT'D)

### **Auditor's Responsibilities for the Audit of the Consolidated And Separate Financial Statements (Cont'd)**

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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of 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 and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABC MOTORS COMPANY LIMITED (CONT'D)

### **Auditor's Responsibilities for the Audit of the Consolidated And Separate Financial Statements (Cont'd)**

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 entities or business activities within the Group to express an opinion on the consolidated and separate 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

#### **Mauritian Companies Act 2001**

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- We have no relationship with, or interests in, the Company and its subsidiaries, other than in our capacity as auditor and dealings in the ordinary course of business.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABC MOTORS COMPANY LIMITED (CONT'D)

### Report on Other Legal and Regulatory Requirements (Cont'd)

#### Mauritian Companies Act 2001 (Cont'd)

- We have obtained all information and explanations we have required.
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

#### Mauritian Financial Reporting Act 2004

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

#### Other Matter

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

BDO & CO  
Chartered Accountants



Didier Dabydin, FCA  
Licensed by FRC

Port Louis,  
Mauritius.  
28 December 2022



# FINANCIAL STATEMENTS

The background of the page is a grayscale photograph. It shows a wide, paved area in the foreground, composed of large rectangular tiles. The perspective is from a low angle, looking down the length of the walkway as it recedes into the distance. In the far distance, a flat horizon line separates the land from a body of water. The sky above is filled with soft, white clouds, and the overall lighting is diffused, suggesting an overcast day.

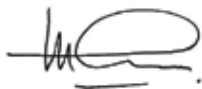


## CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

		THE GROUP		THE COMPANY	
	Notes	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	838,671	854,271	555,146	568,650
Right-of-use assets	6(a)	74,918	73,715	54,926	60,324
Investment properties	7	29,211	29,500	161,278	161,278
Intangible assets	8	265	534	130	326
Investments in subsidiaries	9	-	-	53,405	53,405
Investments in associates	10	312,794	279,439	109,286	109,286
Financial assets at fair value through other comprehensive income	11	313,190	275,590	302,052	265,976
Other financial assets	27	161	1,161	5,711	6,711
Deferred tax assets	12	1,614	2,343	-	-
<b>Total non-current assets</b>		<b>1,570,824</b>	<b>1,516,553</b>	<b>1,241,934</b>	<b>1,225,956</b>
<b>Current assets</b>					
Inventories	13	552,548	579,631	380,704	394,065
Trade and other receivables	14	603,473	401,181	494,647	361,327
Other financial assets	27	684	35	684	35
Current tax assets	12	1,813	3,082	1,793	3,072
Cash and bank balances	20	100,332	110,493	72,534	88,287
<b>Total current assets</b>		<b>1,258,850</b>	<b>1,094,422</b>	<b>950,362</b>	<b>846,786</b>
<b>Total assets</b>		<b>2,829,674</b>	<b>2,610,975</b>	<b>2,192,296</b>	<b>2,072,742</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Stated capital	15	61,904	61,904	61,904	61,904
Other reserves	16	459,674	407,561	318,300	285,079
Retained earnings		677,359	638,236	579,728	561,273
<b>Equity attributable to owners of the Company</b>		<b>1,198,937</b>	<b>1,107,701</b>	<b>959,932</b>	<b>908,256</b>
Non-controlling interests	17	70,579	61,326	-	-
<b>Total equity</b>		<b>1,269,516</b>	<b>1,169,027</b>	<b>959,932</b>	<b>908,256</b>
<b>Non-current liabilities</b>					
Loans	18	192,353	208,314	160,733	187,594
Lease liabilities	6(b)	59,551	58,144	47,235	49,766
Other financial liabilities	27	450	450	-	-
Deferred tax liabilities	12	19,879	23,996	12,328	16,375
Retirement benefit obligations	19	100,802	88,318	90,681	79,559
<b>Total non-current liabilities</b>		<b>373,035</b>	<b>379,222</b>	<b>310,977</b>	<b>333,294</b>
<b>Current liabilities</b>					
Bank overdrafts	20	172,147	301,991	99,740	218,674
Trade and other payables	21	354,533	201,685	337,265	175,845
Contract liabilities	34(b)	72,022	32,745	22,833	15,411
Loans	18	563,177	499,374	449,446	405,379
Lease liabilities	6(b)	21,034	22,641	12,103	15,883
Current tax liabilities	12	4,210	4,290	-	-
<b>Total current liabilities</b>		<b>1,187,123</b>	<b>1,062,726</b>	<b>921,387</b>	<b>831,192</b>
<b>Total equity and liabilities</b>		<b>2,829,674</b>	<b>2,610,975</b>	<b>2,192,296</b>	<b>2,072,742</b>

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL  
POSITION AS AT 30 JUNE 2022 (CONT'D)

Approved by the Board of Directors and authorised for issue on 28<sup>th</sup> December 2022



Vincent Ah-Chuen  
Chairman of the Board



Dean Ah-Chuen  
Managing Director

The notes on pages 101 to 206 form an integral part of these financial statements.  
Independent auditor's report on pages 85 to 91.

## CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Notes	THE GROUP		THE COMPANY	
		30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
<b>Revenue</b>	34	<b>2,250,335</b>	2,131,174	<b>1,416,022</b>	1,335,463
Profit from operations	22	<b>116,568</b>	69,471	<b>82,087</b>	45,790
Loss on revaluation on investment properties	7	<b>(324)</b>	-	-	-
Loss allowance on trade receivables	14	<b>(18,496)</b>	(4,150)	<b>(20,945)</b>	(3,800)
Loss allowance on financial assets	22	<b>(1,263)</b>	-	<b>(1,263)</b>	-
Finance costs	23	<b>(42,489)</b>	(46,825)	<b>(32,818)</b>	(36,634)
		<b>53,996</b>	18,496	<b>27,061</b>	5,356
Share of results of associates	10	<b>20,993</b>	11,743	-	-
<b>Profit before taxation</b>		<b>74,989</b>	30,239	<b>27,061</b>	5,356
Income tax	12	<b>(5,938)</b>	(2,771)	<b>1,896</b>	767
<b>Profit for the year</b>		<b>69,051</b>	27,468	<b>28,957</b>	6,123
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Fair value loss on investments in equity instruments designated as at FVTOCI	11	<b>34,099</b>	32,848	<b>33,221</b>	32,816
Share of fair value gain on investments in equity instruments designated as at FVTOCI of associates	10	<b>16,615</b>	(6,072)	-	-
Remeasurement of defined benefit obligations	19	<b>(13,097)</b>	(6,460)	<b>(12,653)</b>	(4,837)
Share of remeasurement of post employment benefit obligations of associates, net of income tax	10	<b>(337)</b>	1,670	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	12	<b>1,678</b>	1,083	<b>2,151</b>	822
Release of income tax relating to gain on revaluation of buildings	12	<b>194</b>	194	-	-
Other comprehensive income, net of income tax		<b>39,152</b>	23,263	<b>22,719</b>	28,801
<b>Total comprehensive income for the year</b>		<b>108,203</b>	50,731	<b>51,676</b>	34,924
<b>Profit for the year attributable to:</b>					
Owners of the Company		<b>53,320</b>	18,269		
Non-controlling interests	17	<b>15,731</b>	9,199		
<b>Profit for the year</b>		<b>69,051</b>	27,468		
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		<b>91,236</b>	42,177		
Non-controlling interests	17	<b>16,967</b>	8,554		
<b>Total comprehensive income for the year</b>		<b>108,203</b>	50,731		
Earnings per share	24	<b>8.63</b>	2.96		

The notes on pages 101 to 206 form an integral part of these financial statements.  
Independent auditor's report on pages 85 to 91.

### a) THE GROUP

The notes on pages 101 to 206 form an integral part of these financial statements.  
independent auditor's report on pages 85 to 91.

<sup>2</sup> The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of investments in equity instruments designated at FVTOCI, net of cumulative gains/losses reclassified to retained earnings upon disposal.

<sup>3</sup> The properties revaluation reserve represents cumulative gains or losses arising from changes in the fair value of land and buildings, net of income tax.

## SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

### b) THE COMPANY

	Notes	Stated capital			Other Reserves			
		Share capital Rs '000	Share premium Rs '000	Total Rs '000	Retained earnings Rs '000	Investments Properties revaluation reserve Rs '000	Properties revaluation reserve Rs '000	Total equity Rs '000
Balance at 1 July 2020		61,757	147	61,904	558,932	49,604	202,892	873,332
Profit for the year		-	-	-	6,123	-	-	6,123
Other comprehensive loss, net of income tax		-	-	-	(4,015)	32,816	-	28,801
Total comprehensive income for the year		-	-	-	2,108	32,816	-	34,924
Transfer of investment revaluation reserve upon disposal of investments in equity instruments designated as at FVTOCI		-	-	-	233	(233)	-	-
<b>Balance at 30 June 2021</b>		<b>61,757</b>	<b>147</b>	<b>61,904</b>	<b>561,273</b>	<b>82,187</b>	<b>202,892</b>	<b>908,256</b>
Balance at 1 July 2021		61,757	147	61,904	561,273	82,187	-	908,256
Profit for the year		-	-	-	28,957	-	-	28,957
Other comprehensive income, net of income tax		-	-	-	(10,502)	33,221	-	22,719
Total comprehensive income for the year		-	-	-	18,455	33,221	-	51,676
<b>Balance at 30 June 2022</b>		<b>61,757</b>	<b>147</b>	<b>61,904</b>	<b>579,728</b>	<b>115,408</b>	<b>202,892</b>	<b>959,932</b>

The notes on pages 101 to 206 form an integral part of these financial statements.  
Independent auditor's report on pages 85 to 91.

## CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Notes	THE GROUP		THE COMPANY	
		30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		74,489	30,239	27,061	5,356
Adjustments for:					
Interest receivable	22	(3,140)	(3,153)	(3,879)	(4,913)
Profit on disposal of property, plant and equipment	22	(774)	(1,091)	(599)	(1,094)
Realised gain on forward contracts		35	-	35	-
Unrealised gains on forward contracts	22	(684)	(725)	(684)	(725)
Gain/loss on termination of leases		(284)	(121)	(167)	(121)
Loss on disposal of financial assets at fair value through other comprehensive income		-	8	-	8
Amortisation of intangible assets	8	269	316	196	243
Depreciation of property, plant and equipment and right-of-use assets	5, 6	62,695	64,883	42,368	44,510
Loss on fair value of investment properties	7	324	-	-	-
Dividend received	22	(7,082)	(4,045)	(17,957)	(8,705)
Interest expense	23	42,489	46,825	32,818	36,634
Retirement benefit obligations		9,304	4,987	8,383	4,120
Contributions paid to plan assets	19	(9,917)	(9,786)	(9,914)	(9,786)
Movement in loss allowance on trade receivables <sup>14</sup>		18,496	4,150	20,945	3,800
Loss allowance on financial assets	22	1,263	-	1,263	-
Share of results of associates	10	(20,993)	(11,743)	-	-
Operating profit before working capital changes		166,990	120,744	99,869	69,327
Decrease in inventories		27,083	213,396	13,361	180,048
Increase in trade and other receivables		(221,051)	(106,108)	(154,527)	(25,225)
Increase in trade and other payables		192,124	59,078	168,840	36,211
Cash generated from operating activities		165,146	287,110	127,543	260,361
Income tax (paid)/refund	12	(6,265)	(1,919)	1,280	(945)
Net cash generated from operating activities		158,881	285,191	128,823	259,416

## CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEAR 30 JUNE 2022 (CONT'D)

		THE GROUP		THE COMPANY	
	Notes	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		7,982	3,280	2,071	3,215
Purchase of intangible assets	8	-	(53)	-	(53)
Purchase of property, plant and equipment	25	(29,964)	(25,504)	(14,204)	(9,424)
Purchase of investment property	7	(35)	-	-	(28)
Purchase of financial assets at fair value through other comprehensive income	11	(3,501)	(3,233)	(2,855)	(3,233)
Proceeds from sale of financial assets at fair value through other comprehensive income		-	725	-	725
Purchase of other financial assets	27	-	-	-	(1,850)
Dividend received		10,999	4,045	17,957	8,705
Interest received		3,140	3,167	3,879	4,913
Net cash (used in)/generated from investing activities		(11,379)	(17,573)	6,848	2,970
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans raised		1,396,070	1,781,472	1,123,201	1,775,007
Principal paid on lease liabilities		(25,458)	(21,937)	(16,878)	(14,630)
Interest paid on lease liabilities		(5,314)	(6,036)	(4,036)	(4,741)
Interest paid on loans and borrowings		(37,175)	(40,623)	(28,782)	(31,893)
Decrease in amount due to subsidiary		-	-	-	(9,500)
Dividend paid		(7,714)	(5,886)	-	-
Repayment of loans		(1,348,228)	(2,006,474)	(1,105,995)	(2,000,434)
Proceeds from issue of preference shares		-	150	-	-
Net cash used in financing activities		(27,819)	(299,334)	(32,490)	(286,191)
Net increase/(decrease) in cash and cash equivalents		119,683	(31,716)	103,181	(23,805)
Cash and cash equivalents at beginning of year		(191,498)	(159,782)	(130,387)	(106,582)
Cash and cash equivalents at end of year	20	(71,815)	(191,498)	(27,206)	(130,387)

The notes on pages 101 to 206 form an integral part of these financial statements.  
Independent auditor's report on pages 85 to 91.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 1. INCORPORATION AND ACTIVITIES

ABC MOTORS COMPANY LIMITED (the “Company”) is a public company incorporated in Mauritius with its registered office at ABC Centre, Military Road, Port Louis and is listed on the Development Enterprise Market. It is engaged in the importation and sale of motor vehicles and spare parts.

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

In the current year, the Group and the Company have applied all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to their operations and effective for accounting periods beginning on 1 July 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

#### **2.1 New and amended IFRSs applied with no material effect on the financial statements**

- IAS 39 Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform
- IFRS 7 Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform
- IFRS 9 Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform
- IFRS 16 Leases - Amendments regarding replacement issues in the context of the IBOR reform

#### **2.2 New and revised Standards in issue but not yet effective**

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

- IAS 1 Presentation of Financial Statements – Amendments regarding the classification of liabilities (effective 1 January 2023)
- IAS 1 Presentation of Financial Statements – Amendments regarding the disclosure of accounting policies (effective 1 January 2023)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective 1 January 2023)



## 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONT'D)

### 2.2 New and revised Standards in issue but not yet effective (Cont'd)

- IAS 12 Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective 1 January 2023)
- IAS 16 Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 1 January 2022)
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)
- IFRS 3 Business Combinations - Amendments updating a reference to the Conceptual Framework (effective 1 January 2022)
- IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022)
- IFRS 10 Consolidated Financial Statements - Sale or contribution of assets between an investor and its Associate or Joint Venture.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of ABC MOTORS COMPANY LIMITED comply with the Mauritius Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards and the principal accounting policies adopted by the Group and the Company are as follows:

#### **(a) Basis of preparation**

The financial statements have been prepared on the historical cost basis except for (i) relevant financial assets that are measured at fair values at the end of each reporting period (ii) land and buildings are carried at revalued amounts (iii) investment properties are stated at their fair values, as explained in the accounting policies below. 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 and the Company take into account the characteristics of the asset or a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 and 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 that the entity can access at the measurement date;

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; and

Level 3 inputs are unobservable inputs for the asset or liability.

Comparative figures have been regrouped, where necessary, to conform to the current year's presentation.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(b) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(b) Basis of consolidation (Cont'd)**

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. 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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### *Changes in the Group's ownership interests in existing subsidiary*

Changes in the Group's ownership interests in a subsidiary that do not result in the Group losing control over the subsidiary is accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their respective interest in their 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(b) Basis of consolidation (Cont'd)**

##### *Changes in the Group's ownership interests in existing subsidiary (Cont'd)*

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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 asset (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. 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 when applicable, or the cost on initial recognition of an investment in an associate.

#### **(c) Investment in subsidiaries**

In the Company's separate financial statements, investment in subsidiaries is stated at cost, unless in the opinion of the directors, there has been a permanent diminution in value, in which event they are written down to recoverable amount. Impairment losses are recognised in profit or loss.

#### **(d) Investment in associates**

Associated companies are entities in which the Group or the Company has significant influence but which are neither a subsidiary nor a joint venture of the Group or the Company. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Company states its investments in associates at cost less impairment whereas the Group uses the equity method of accounting to account for its associates. Impairment losses are recognised in profit or loss.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(d) Investment in associates (Cont'd)**

##### *Consolidated financial statements*

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. 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.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(d) Investment in associates (Cont'd)**

##### *Consolidated financial statements (Cont'd)*

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

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

#### **(e) Revenue recognition**

Revenue is based on the consideration to which the Group and the Company expect to be entitled in a contract with a customer. The Group and the Company recognise revenue when they transfer control of a product or service to a customer. Control refers to the customer's ability to use vehicles or services in its operation and to obtain the associated cash flow.

Revenue is net of Value Added Tax, rebates, costs associated to customer loyalty programmes and discounts.

##### *Sale of vehicles*

Revenue from sale of vehicles is recognised when the control of the vehicle has been transferred to the customer, normally when the vehicle has been registered onto the name of the customer.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(e) Revenue recognition (Cont'd)**

##### *Sale of vehicles (Cont'd)*

The sale of vehicles may include a contractual right, which entitles the customer to a free vehicle maintenance. Such contractual right is included under the customer loyalty program and revenue is recognised as the free vehicle maintenance is performed as a separate performance obligation.

Sale of vehicle combined with a buyback value commitment is recognised when the control of the vehicle has been transferred to the customer. Since the buyback of the vehicle is undertaken by a related party, the Group and the Company do not have any obligation.

##### *Rendering of services*

Services include the service and maintenance of vehicles, and sale of spare parts including other after sales products. Revenue is recognised when the control of the service has been transferred to the customer, which is when the Group and the Company incur the associated cost to deliver the service and the customer can benefit from the use of the delivered goods and services.

Most of the revenue is derived from fixed price contracts and therefore the revenue to be earned from each contract is determined by reference to those fixed prices.

Some goods sold by the Group and the Company include warranties which require the Group and the Company to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. On some product lines, a customer is able to take out extended warranties. These are accounted for as separate performance obligations, with the revenue earned recognised on a straight-line basis over the term of the warranty.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(e) Revenue recognition (Cont'd)**

##### *'DRIVE' customer loyalty program*

The ABC automobile division operated a customer loyalty program, through which customer can accumulate points on purchase of vehicles and rendering of services that entitle them to incentives such as discounts or exchange for other related products. This, therefore, constitute a separate performance obligation.

The administration of the customer loyalty program is performed by a related company and revenue from loyalty points is recognised when the points are redeemed by the customer.

##### *Other revenues*

Other revenues earned are recognised on the following basis:

- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of a financial asset (after deduction of the loss allowance).
- Dividend income is recognised when the shareholder's right to receive payment is established.
- Recognition of lease income is described in note 3(m).
- Other income are recognised on an accrual basis.

#### **(f) Property, plant and equipment**

Land and buildings, used for showrooms, aftersales service and/or administrative purposes, are stated at their fair values, based on periodic valuation by external independent valuers, less subsequent depreciation and impairment losses for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (f) Property, plant and equipment (Cont'd)

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as revaluation surplus in shareholder's equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus directly in equity; all other decreases are charged to profit or loss.

Depreciation is calculated on a straight-line basis to write off the cost of assets less their estimated residual values over their estimated useful lives as follows:

Freehold building	2%
Building on leasehold land	2-5%
Improvement to building on leasehold land	5%, 10%
Furniture and fittings	10%
Motor vehicles	20%
Office equipment	10%
Workshop equipment and tools	10%, 33.33%
Electronic equipment	10% - 25%

No depreciation is provided on freehold land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(f) Property, plant and equipment (Cont'd)**

The asset's residual values, useful lives and depreciation method are reviewed, and adjusted on a prospective basis if appropriate, at the end of each reporting period.

Construction in progress are carried at cost, less any recognised impairment loss. Cost include professional fees and borrowing costs capitalised under qualifying assets. Depreciation of these assets commences when the asset is ready for their intended use.

#### **(g) Investment properties**

An owned investment property is recognised as an asset when:

- (a) it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and
- (b) the cost of the investment property can be measured reliably.

Investment properties, held to earn rentals/or for capital appreciation or both and not occupied by the Group, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value at each reporting date, determined periodically by external independent valuers. Changes in fair values are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

#### **(h) Intangible assets**

An intangible asset is recognised if:

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; and
- (b) the cost of the asset can be measured reliably.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Intangible assets (Cont'd)

Intangible assets comprise of computer software. Intangible assets acquired separately are measured on initial recognition at cost. They are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at each financial year-end with the effect of any changes in estimate being accounted for on a prospective basis. The intangible assets are amortised over a period of 3 to 5 years.

An intangible asset is derecognised:

- (a) on disposal; or
- (b) when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss when the asset is derecognised (unless IFRS 16 requires otherwise on a sale and leaseback.) Gains are not be classified as revenue.

#### (i) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on an individual basis for motor vehicles and on a weighted average basis for spare parts. Cost comprises cost of purchase and all other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Work in progress comprise all costs of purchase, costs of conversion and other costs, including a proportion of relevant overheads, incurred in bringing them to their present location and condition.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(j) Cash and cash equivalents**

Cash and cash equivalents comprise of cash at banks and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value. Bank overdraft is included as a component of cash and cash equivalents for the purpose of cash flows.

#### **(k) Foreign currency translation**

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Mauritian Rupee rounded to the nearest thousand, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated into the entity's functional currency at the rates of exchange prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement and the retranslation of monetary items are recognised in profit or loss.

#### **(l) Taxation**

The income tax expense represents the current tax provision and the movement in deferred tax.

##### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(I) Taxation (Cont'd)**

##### *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The principal temporary differences arise mainly from accelerated capital allowances, retirement benefit obligations, loss allowances and provisions.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax liabilities are recognised for all taxable temporary differences and deferred income tax assets are recognised for all deductible temporary differences, to the extent that it is probable that taxable profit will be available. Such assets and liabilities are not recorded if the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

##### *Current and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(m) Leases**

Leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

#### *Identifying Leases*

The Group and the Company account for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Group and the Company obtain substantially all the economic benefits from use of the asset; and
- (c) The Group and the Company have the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does not have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group and the Company obtain substantially all the economic benefits from use of the asset, the Group and the Company consider only the economic benefits that arise from the use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group and the Company have the right to direct use of the asset, the Group and the Company consider whether they direct how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group and the Company consider whether they were involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group and the Company apply other applicable IFRSs rather than IFRS 16.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(m) Leases (Cont'd)**

##### *Identifying Leases (Cont'd)*

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group and the Company are contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

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



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(m) Leases (Cont'd)**

##### *Identifying Leases (Cont'd)*

When the Group and the Company revise their estimate of the term of any lease (because, for example, they re-assess the probability of a lessee extension or termination option being exercised), they adjust the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group and the Company renegotiate the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(m) Leases (Cont'd)**

##### *Identifying Leases (Cont'd)*

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it allocates any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

##### *The Group as lessor*

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

#### **(n) Retirement benefit obligations**

##### *Defined benefit plans*

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(n) Retirement benefit obligations (Cont'd)**

##### *Defined benefit plans (Cont'd)*

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Group and the Company present the first two components of defined benefit costs in profit or loss in the line item administrative expenses as part of staff costs. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit liabilities recognised in the statement of financial position represents the actual deficit or surplus in the defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

##### *Retirement gratuity - The Workers' Rights Act 2019*

For employees who are not covered, (or are insufficiently covered by the above plan), the present value of retirement gratuity, as provided under The Workers' Rights Act 2019, is calculated by a qualified actuary and is provided for and recognised in the statement of financial position as a non-current liability.

##### *State plan*

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (o) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### (p) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded securities or other available fair value indicators.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(q) Financial instruments**

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

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

#### *Financial assets*

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

#### *Classification of financial assets*

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

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

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(q) Financial instruments (Cont'd)**

##### *Financial assets (Cont'd)*

##### *Classification of financial assets (Cont'd)*

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

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

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

##### *(i) Amortised cost and effective interest method*

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(q) Financial instruments (Cont'd)**

##### *Financial assets (Cont'd)*

##### *Classification of financial assets (Cont'd)*

##### *(i) Amortised cost and effective interest method (Cont'd)*

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired where interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

Interest income is recognised in profit or loss and is included in the "Other Income".

##### *(ii) Equity instruments designated as at FVTOCI*

On initial recognition, the Group and the Company may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is a contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(q) Financial instruments (Cont'd)**

##### *Financial assets (Cont'd)*

##### *Classification of financial assets (Cont'd)*

##### *(ii) Equity instruments designated as at FVTOCI (Cont'd)*

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Other Income' line item in profit or loss.

The Group and the Company have designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

##### *Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Exchange differences are recognised in profit or loss for financial assets measured at amortised cost.

##### *Impairment of financial assets*

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

The Group and the Company apply the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(q) Financial instruments (Cont'd)**

##### *Financial assets (Cont'd)*

##### *Impairment of financial assets (Cont'd)*

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition.

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

##### *(i) Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company compare the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the company operates as well as consideration of various sources of actual and forecast economic information that relate to the Group and the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instruments;

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(q) Financial instruments (Cont'd)**

##### *Financial assets (Cont'd)*

##### *Impairment of financial assets (Cont'd)*

##### *(i) Significant increase in credit risk (Cont'd)*

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligation;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on the other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its obligations.

Irrespective of the outcome of the above assessment, the Group and the Company presume that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group and the Company have reasonable and supportable information that demonstrate otherwise.

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(q) Financial instruments (Cont'd)**

##### *Financial assets (Cont'd)*

##### *Impairment of financial assets (Cont'd)*

##### *(i) Significant increase in credit risk (Cont'd)*

The Group and the Company consider a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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

##### *(ii) Definition of default*

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

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

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

##### *(iii) Credit impaired financial assets*

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(q) Financial instruments (Cont'd)**

##### *Financial assets (Cont'd)*

##### *Impairment of financial assets (Cont'd)*

##### *(iii) Credit impaired financial assets (Cont'd)*

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

##### *(iv) Write-off policy*

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

##### *(v) Measurement and recognition of expected credit losses*

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(q) Financial instruments (Cont'd)**

##### *Financial assets (Cont'd)*

##### *Derecognition of financial assets*

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise their retained interest in the asset and an associated liability for amounts they may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue 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. In contrast, on derecognition of an investment in equity instrument which the Group and the Company have elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

##### *Financial liabilities and equity*

##### *Classification as debt or equity*

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

##### *Equity instruments*

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

##### *Financial liabilities*

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(q) Financial instruments (Cont'd)**

##### *Financial liabilities (Cont'd)*

Leases and borrowings are presented at the contractual undiscounted cashflows, that is, before deducting finance charges.

##### *Financial liabilities measured subsequently at amortised cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

##### *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and retranslated at the spot rate at the end of the reporting period.

##### *Derecognition of financial liabilities*

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(q) Financial instruments (Cont'd)**

##### *Derivative financial instruments*

The Group and the Company enter into a variety of derivative financial instruments to manage their exposure to foreign exchange risks, including foreign exchange forward contracts.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group and the Company have both legal right and intention to offset. A derivative is presented as non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

##### *Hedge accounting*

The Group and the Company may designate certain derivatives as hedging instruments in respect of foreign currency risk in cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

##### *Cash flow hedges*

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(q) Financial instruments (Cont'd)**

##### *Cash flow hedges (Cont'd)*

The Group and the Company discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires, or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

##### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

##### *Forward foreign exchange contracts*

The Group enters into derivative financial instruments to manage its exposure to foreign exchange risk, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to the fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which even the timing of the recognition in profit or loss depends on the nature of the hedge relationship.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(r) Related parties**

Related parties are 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 operating decisions or is a member of the key management personnel of the reporting entity. An entity is related to a reporting entity if both of them are members of the same group or one of them is either an associate or joint venture of the other entity. Related party can also arise if the entity is a post-employment benefit plan for the employee of the reporting entity.

#### **(s) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **(t) Expense recognition**

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

#### **(u) Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(r) Business Combinations (Cont'd)**

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree, if any, over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, the excess is recognised immediately in profit or loss as a bargain purchase gain.

#### **(v) Goodwill**

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit and the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### **(w) Dividend distribution**

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

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

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

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

##### **Critical judgements in applying the Group's accounting policies**

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

##### *Increase in credit risk*

IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group and the Company take into account qualitative and quantitative reasonable and supportable forward looking information.

##### *Investment in subsidiary and associate*

Management applies judgement in assessing whether the Company controls or exercise significant influence on investees (Refer to notes 9 & 10).

##### *Deferred tax on investment properties*

It has been determined that the carrying amounts of investment properties using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group/Company has not recognised deferred tax on changes in fair value as the capital gain on disposal of investment properties is not subject to capital gain tax.

#### 4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY(CONT'D)

##### **Critical judgements in applying the Group's accounting policies (Cont'd)**

###### *Leases*

Lease arrangements contain extension and termination options. Management has applied judgement to determine whether these options will be exercised and for how long. Management has also applied a degree of judgement to arrive at the discount rate, which is the incremental borrowing rate defined as the rate the Group would have to pay over a similar term and with similar security.

##### **Key sources of estimation uncertainty**

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

###### *Calculation of loss allowance*

The Group and the Company use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on the past due days of customers grouped into various customer segments that have similar loss patterns (i.e., by customer type). A specific assessment approach can also be undertaken for some trade receivables where considered necessary.

The provision matrix is initially based on the Group's and the Company's historical loss rates which represent credit sales not recovered after 1 year. The Group and the Company will calibrate the matrix to adjust the historical loss rate with forward-looking information if required. At every reporting date, the historical observed loss rates are updated and changes in the forward-looking estimates are analysed. The impact of Covid-19 on the most affected sectors has been taken into consideration in the forward looking information. The loss allowances have not been significantly affected by the impact of Covid-19.

When measuring ECL, the Group and the Company use 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.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future (refer to Note 14) .

#### 4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY(CONT'D)

##### **Key sources of estimation uncertainty (Cont'd)**

###### *Retirement benefit obligations*

Retirement benefit obligations are dependent on the actuarial assumptions as disclosed in note 19. The actuarial assumptions and calculations are made separately for each defined benefit and defined contribution plan. The actuarial assumptions are reviewed annually by the Directors and modified when deemed appropriate. The Group determines the appropriate discount rate which is used to determine the present value of estimated future cash outflows expected to be required to settle pension obligations. The Group considers the interest rates on government bonds that have terms approximating the terms of the related pension obligation.

###### *Fair value of unquoted equity investments*

The Group and the Company hold unquoted equity investments that are not quoted on active markets and which are required to be fair valued at each reporting date. The fair value of unquoted equity investments is based on the Net Assets Value of the investee based on their latest available management accounts as at reporting date. The fair value of the unquoted equity investments are therefore sensitive to changes in the Net Assets Value of the investee.

###### *Inventory obsolescence*

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product level for estimates excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological change and physical issues. Covid-19 has not had a significant impact on the inventory obsolescence.

###### *Revaluation of property*

In preparing these financial statements, the Directors have obtained from an independent professional valuer the estimated fair value of the Group's land and buildings which is disclosed in notes 5 and 7 to the financial statements. The valuer used the Direct Market Comparison Approach, adjusted for specific conditions, to value the land and buildings.

#### 4. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

##### **Key sources of estimation uncertainty (Cont'd)**

###### *Limitation 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. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

###### *Asset lives and residual values*

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

## 5. PROPERTY PLANT AND EQUIPMENT

### a) The Group

COST OR VALUATION	Notes	Freehold land Rs '000	Freehold building Rs '000	Building on leasehold land Rs '000	Improvement on leasehold land Rs '000	Furniture and fittings Rs '000	Motor vehicles Rs '000	Office equipment Rs '000	Workshop equipment and tools Rs '000	Electronic equipment Rs '000	Construction in progress Rs '000	Total Rs '000
At 1 July 2020		211,700	470,503	95,711	16,103	70,462	40,884	16,343	70,347	38,277	4,965	1,035,295
Additions during the year	25	-	251	79	1,110	1,054	6,128	1,173	7,128	2,116	6,743	25,782
Disposals		-	-	-	-	-	(7,887)	(3)	-	(238)	-	(8,128)
Scrap		-	-	-	-	-	-	(10)	-	(4)	-	(14)
Transfer		-	5,678	-	-	-	-	-	-	-	(5,678)	-
At 30 June 2021		211,700	476,432	95,790	17,213	71,516	39,125	17,503	77,475	40,151	6,030	1,052,935
Additions during the year	25	-	-	833	1,171	692	5,933	1,343	7,165	2,891	9,936	29,964
Disposals		-	-	-	-	(6,214)	(9,159)	-	-	(34)	-	(15,407)
Scrap		-	-	-	-	(3,343)	-	(3,758)	(4,011)	(264)	-	(11,376)
Transfer		-	4,968	-	-	-	-	-	-	-	(4,968)	-
At 30 June 2022		211,700	481,400	96,623	18,384	62,651	35,899	15,088	80,629	42,744	10,998	1,056,116
ACCUMULATED DEPRECIATION												
At 1 July 2020		-	-	4,775	8,330	40,951	25,060	12,165	44,361	29,056	-	164,698
Charge for the year		-	10,663	4,642	443	6,076	5,960	1,080	6,844	4,213	-	39,921
Disposals		-	-	-	-	-	(5,775)	-	-	(171)	-	(5,946)
Scrap		-	-	-	-	-	-	(8)	-	(1)	-	(9)
Transfer		-	-	-	-	-	-	-	-	-	-	-
At 30 June 2021		-	10,663	9,417	8,773	47,027	25,245	13,237	51,205	33,097	-	198,664
Charge for the year		-	10,727	4,662	511	5,285	5,385	1,153	6,839	3,794	-	38,356
Disposals		-	-	-	-	(1,793)	(6,372)	-	-	(34)	-	(8,199)
Scrap		-	-	-	-	(3,343)	-	(3,758)	(4,011)	(264)	-	(11,376)
Transfer		-	-	-	-	-	-	-	-	-	-	-
At 30 June 2022		-	21,390	14,079	9,284	47,176	24,258	10,632	54,033	36,593	-	217,445
NET BOOK VALUE												
At 30 June 2022		211,700	460,010	82,544	9,100	15,475	11,641	4,456	26,596	6,151	10,998	838,671
At 30 June 2021		211,700	465,769	86,373	8,440	24,489	13,880	4,266	26,270	7,054	6,030	854,271

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

5. PROPERTY PLANT AND EQUIPMENT (CONT'D)

b) The Company

COST OR VALUATION	Notes	Freehold land Rs '000	Freehold building Rs '000	Building on leasehold land Rs '000	Improvement on leasehold land Rs '000	Furniture and fittings Rs '000	Motor vehicles Rs '000	Office equipment Rs '000	Workshop equipment and tools Rs '000	Electronic equipment Rs '000	Construction in progress Rs '000	Total Rs '000
At 1 July 2020		148,000	290,978	90,673	15,914	39,025	33,289	16,343	38,907	29,906	446	703,481
Additions during the year	25	-	251	-	1,110	201	1,482	1,173	2,541	1,911	1,060	9,729
Disposals		-	-	-	-	-	(7,788)	(3)	-	(105)	-	(7,896)
Scrap		-	-	-	-	-	-	(10)	-	(4)	-	(14)
At 30 June 2021		148,000	291,229	90,673	17,024	39,226	26,983	17,503	41,448	31,708	1,506	705,300
Additions during the year	25	-	-	-	1,171	313	5,392	1,343	1,442	2,302	2,241	14,204
Disposals		-	-	-	-	-	(5,486)	-	-	(34)	-	(5,520)
Scrap		-	-	-	-	(3,343)	-	(3,758)	(4,011)	(264)	-	(11,376)
At 30 June 2022		148,000	291,229	90,673	18,195	36,196	26,889	15,088	38,879	33,712	3,747	702,608
ACCUMULATED DEPRECIATION												
At 1 July 2020		-	-	-	8,198	22,827	21,514	12,165	26,824	23,497	-	115,025
Charge for the year		-	6,707	4,534	424	3,504	3,895	1,080	4,023	3,246	-	27,413
Disposals		-	-	-	-	-	(5,693)	-	-	(86)	-	(5,779)
Scrap		-	-	-	-	-	-	(8)	-	(1)	-	(9)
At 30 June 2021		-	6,707	4,534	8,622	26,331	19,716	13,237	30,847	26,656	-	136,650
Charge for the year		-	6,708	4,534	499	3,453	3,357	1,153	3,588	2,944	-	26,236
Disposals		-	-	-	-	-	(4,014)	-	-	(34)	-	(4,048)
Scrap		-	-	-	-	(3,343)	-	(3,758)	(4,011)	(264)	-	(11,376)
At 30 June 2022		-	13,415	9,068	9,121	26,441	19,059	10,632	30,424	29,302	-	147,462
NET BOOK VALUE												
At 30 June 2022		148,000	277,814	81,605	9,074	9,755	7,830	4,456	8,455	4,410	3,747	555,146
At 30 June 2021		148,000	284,522	86,139	8,402	12,895	7,267	4,266	10,601	5,052	1,506	568,650



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### THE GROUP AND THE COMPANY

The fair value measurements of the Group's freehold land and buildings as at 30 June 2020 were performed by Ramiah-Isabel Consultancy Ltd, an independent property valuer not related to the Group. Ramiah-Isabel Consultancy Ltd has appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards. The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation. The revaluation surplus net of deferred income taxes was credited to revaluation surplus in shareholders' equity.

The fair value of the freehold land and buildings was determined based on the Direct Market Comparison approach that reflects recent transaction prices for similar properties.

The Group's freehold land and buildings measured at fair value and information about the fair value hierarchy as at 30 June 2022 are as follows:

	THE GROUP		THE COMPANY	
	Level 2		Level 2	
	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000
Freehold land	211,700	211,700	148,000	148,000
Buildings	542,554	552,142	359,419	370,661
	754,254	763,842	507,419	518,661

The fair value of the land is based on recent transactions for similar properties, adjusted for size, access and other attributes. The valuation of buildings take into account the type of buildings, size, location and the buildings' structure and durability.

The most significant input into the valuation approach for land and buildings was the price per square metre.

Price per Square metre	THE GROUP		THE COMPANY	
	Range (Rs)		Range (Rs)	
Land	1,882 - 7,106		5,205 - 7,106	
Buildings	6,631 - 50,391		14,405 -45,246	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value.

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

	THE GROUP		THE GROUP	
	30 June 2022		30 June 2021	
	Freehold land Rs '000	Buildings Rs '000	Freehold land Rs '000	Buildings Rs '000
Cost	115,232	424,802	115,232	424,802
Accumulated depreciation	-	(124,514)	-	(115,516)
Net book value	115,232	300,288	115,232	309,286

	THE COMPANY		THE COMPANY	
	30 June 2022		30 June 2021	
	Freehold land Rs '000	Buildings Rs '000	Freehold land Rs '000	Buildings Rs '000
Cost	109,163	268,527	109,163	268,527
Accumulated depreciation	-	(106,765)	-	(95,523)
Net book value	109,163	161,762	109,163	173,004

The Group and the Company have pledged their movable and immovable properties to secure banking facilities.

Depreciation charge of Rs '000 5,230 (2021: Rs '000 5,805) has been charged to cost of sales and Rs '000 33,126 (2021: Rs '000 34,116) has been charged to administrative expenses for the Group and Rs '000 3,588 (2021: Rs '000 4,023) has been charged to cost of sales and Rs '000 22,648 (2021: Rs '000 23,389) has been charged to administrative expenses, for the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 6(a). RIGHT-OF-USE-ASSETS

	THE GROUP		
	Land and buildings Rs '000	Motor Vehicles Rs '000	Total Rs '000
At 1 July 2020	64,381	32,893	97,274
Additions	-	2,248	2,248
Disposals	-	(872)	(872)
Depreciation	(12,429)	(12,506)	(24,935)
<b>At 30 June 2021</b>	<b>51,952</b>	<b>21,763</b>	<b>73,715</b>
At 1 July 2021	51,952	21,763	73,715
Variable lease payment adjustment	1,966	-	1,966
Additions	15,198	10,186	25,384
Disposals	(833)	(975)	(1,808)
Depreciation	(13,317)	(11,022)	(24,339)
<b>At 30 June 2022</b>	<b>54,966</b>	<b>19,952</b>	<b>74,918</b>

	THE COMPANY		
	Land and buildings Rs '000	Motor Vehicles Rs '000	Total Rs '000
At 1 July 2020	48,209	28,541	76,750
Additions	-	1,543	1,543
Disposals	-	(872)	(872)
Depreciation	(6,479)	(10,618)	(17,097)
<b>At 30 June 2021</b>	<b>41,730</b>	<b>18,594</b>	<b>60,324</b>
At 1 July 2021	41,730	18,594	60,324
Variable lease payment adjustment	1,966	-	1,966
Additions	1,820	7,923	9,743
Disposals	-	(975)	(975)
Depreciation	(7,004)	(9,128)	(16,132)
<b>At 30 June 2022</b>	<b>38,512</b>	<b>16,414</b>	<b>54,926</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 6(b). LEASE LIABILITIES

	THE GROUP		
	Land and buildings Rs '000	Motor Vehicles Rs '000	Total Rs '000
At 1 July 2020	66,416	35,052	101,468
Additions	-	2,248	2,248
Disposals	-	(993)	(993)
Interest expense	3,974	2,062	6,036
Lease payments	(15,306)	(12,668)	(27,974)
<b>At 30 June 2021</b>	<b>55,084</b>	<b>25,701</b>	<b>80,785</b>
At 1 July 2021	55,084	25,701	80,785
Variable lease payment adjustment	1,966	-	1,966
Additions	15,198	10,186	25,384
Disposals	(950)	(1,142)	(2,092)
Interest expense	3,682	1,632	5,314
Lease payments	(16,672)	(14,100)	(30,772)
<b>At 30 June 2022</b>	<b>58,308</b>	<b>22,277</b>	<b>80,585</b>
	<b>30 June 2022 Rs '000</b>	<b>30 June 2021 Rs '000</b>	
Current	21,034	22,641	
Non-current	59,551	58,144	
	<b>80,585</b>	<b>80,785</b>	

	THE COMPANY		
	Land and buildings Rs '000	Motor Vehicles Rs '000	Total Rs '000
At 1 July 2020	49,388	30,341	79,729
Additions	-	1,543	1,543
Disposals	-	(993)	(993)
Interest expense	3,033	1,708	4,741
Lease payments	(8,688)	(10,683)	(19,371)
<b>At 30 June 2021</b>	<b>43,733</b>	<b>21,916</b>	<b>65,649</b>
At 1 July 2021	43,733	21,916	65,649
Variable lease payment adjustment	1,966	-	1,966
Additions	1,820	7,923	9,743
Disposals	-	(1,142)	(1,142)
Interest expense	2,776	1,260	4,036
Lease payments	(9,292)	(11,622)	(20,914)
<b>At 30 June 2022</b>	<b>41,003</b>	<b>18,335</b>	<b>59,338</b>
	<b>30 June 2022 Rs '000</b>	<b>30 June 2021 Rs '000</b>	
Current	12,103	15,883	
Non-current	47,235	49,766	
	<b>59,338</b>	<b>65,649</b>	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 6(b). LEASE LIABILITIES (CONT'D)

#### (i) Nature of leasing activities (in the capacity as lessee)

The Group and the Company lease a number of properties in Mauritius from which they operate. Most contracts provide for payments to increase periodically by the consumer price index. The Group and Company also lease motor vehicles which comprise of only fixed payments over the lease terms.

#### (ii) Variable lease payments

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

	Lease contracts number	THE GROUP		
		Fixed increase %	Variable payments %	Sensitivity Rs '000
<b>30 June 2022</b>				
Property leases with payments linked to inflation	14	-	72%	2,915
Vehicle leases	55	28%	-	-
	69	28%	72%	2,915

	Lease contracts number	THE GROUP		
		Fixed increase %	Variable payments %	Sensitivity Rs '000
<b>30 June 2021</b>				
Property leases with payments linked to inflation	14	-	68%	2,754
Vehicle leases	52	32%	-	-
	66	32%	68%	2,754

	Lease contracts number	THE COMPANY		
		Fixed increase %	Variable payments %	Sensitivity Rs '000
<b>30 June 2022</b>				
Property leases with payments linked to inflation	6	-	69%	2,050
Vehicle leases	43	31%	-	-
	49	31%	69%	2,050

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 6(b). LEASE LIABILITIES (CONT'D)

	Lease contracts number	THE COMPANY		Sensitivity Rs '000
		Fixed increase %	Variable payments %	
<b>30 June 2021</b>				
Property leases with payments linked to inflation	6	-	67%	2,187
Vehicle leases	40	33%	-	-
	46	33%	67%	2,187

#### *(iii) Extension and termination options*

Extension and termination options are included in land and buildings leases entered into by the Group and the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Group/Company's operations. The extension and termination options held are exercisable by mutual consent.

At the expiry of the lease of land and buildings, the lease may be renewed for such period/s on the terms and conditions to be agreed upon by both parties.

#### *(iv) Lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of workshops/showrooms/offices, the following factors are normally most relevant:

- If there are significant penalties to terminate (or not extend), the Group/ the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group/ the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group/ the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 6(b). LEASE LIABILITIES (CONT'D)

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, there has been no revision of lease terms.

For leases of vehicles, the Group and the Company agreed the lease term at the inception of the leases and are not modified. The lease periods are usually two to five years.

#### *(v) Residual value guarantees*

The lease contracts of leasehold land, workshops, showrooms and motor vehicles do not provide for any residual value guarantee.

#### *(vi) Amounts recognised in profit and loss*

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Interest expense (included in finance cost)	5,314	6,036	4,036	4,741
Expenses relating to short term leases (included in cost of sales and administrative expenses)	730	1,634	730	734

The total cash outflow for leases for the Group was Rs' 000 30,772 (2021: Rs' 000 27,974) and for the Company was Rs' 000 20,914, (2021: Rs' 000 19,371).

### 7. INVESTMENT PROPERTIES

	THE GROUP	THE COMPANY
	Rs '000	Rs '000
<b>VALUATION</b>		
At 1 July 2020	29,500	161,250
Additions during the year	-	28
<b>At 30 June 2021</b>	<b>29,500</b>	<b>161,278</b>
At 1 July 2021	29,500	161,278
Additions during the year	35	-
Decrease in fair value during the year	(324)	-
<b>At 30 June 2022</b>	<b>29,211</b>	<b>161,278</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 7. INVESTMENT PROPERTIES (CONT'D)

The investment property at company level has been valued in 2022 by the directors based on a valuation carried out by Ramiah-Isabel Consultancy Ltd on 30 June 2020, an independent professionally qualified valuer. The fair value was determined on an open-market basis using the Direct Market Comparison Approach. Sales prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach is price per square metre which ranges from Rs 50,391 to Rs 73,670. A significant portion of the property is rented to a subsidiary. The fair value of the investment properties, based on the valuation performed by the directors, was not materially different from the carrying amount. Hence, no fair value movement was recognised for 2022.

The investment properties at group level have been valued in 2022 by the directors based on a valuation carried out by Ramiah-Isabel Consultancy Ltd on 30 June 2020, an independent professionally qualified valuer. In estimating the fair value of the investment properties, the highest and best use of the investment properties are their current use. Income approach was utilised for properties leased out to tenants. A capitalisation rate of 6.5%-8% was used, taking into account the capitalisation of rental income potential, nature of property and prevailing market conditions. The capitalisation rate and the market rent represent significant inputs to the computation, a significant change in these two assumptions will result in a significant change in value.

There has been no change to the valuation technique during the year.

Details of the investment properties and information about the fair value hierarchy is as follows:

	THE GROUP	THE COMPANY
	Level 2 Rs '000	Level 2 Rs '000
<b>30 June 2022</b>		
Buildings	29,211	161,278
<b>30 June 2021</b>		
Buildings	29,500	161,278

The Group and the Company have pledged their movable and immovable properties, including investment properties, to secure banking facilities.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 7. INVESTMENT PROPERTIES (CONT'D)

AMOUNTS RECOGNISED IN PROFIT OR LOSS IN RESPECT OF INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Rental Income	<b>7,327</b>	3,261	<b>2,794</b>	1,282
Direct operating expenses arising from investment properties that generated rental income	<b>(1,369)</b>	(1,858)	<b>(890)</b>	(1,858)

#### Leasing arrangements - Lessor

The investment properties for the Group and Company are leased for a period of one year to related companies. The contract may be renewed with new terms acceptable by both parties. The annual rental for the Group is Rs 5.5m (2021: Rs 3.2m) and the for Company is Rs 0.9m (2021: Rs 1.3m).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 8. INTANGIBLE ASSETS

	<b>THE GROUP</b> Computer Software Rs '000	<b>THE COMPANY</b> Computer Software Rs '000
<b>COST</b>		
At 1 July 2020	9,359	8,630
Additions during the year	53	53
<b>At 30 June 2021</b>	<b>9,412</b>	<b>8,683</b>
At 1 July 2021	9,412	8,683
Scrap	(5,431)	(5,431)
<b>At 30 June 2022</b>	<b>3,981</b>	<b>3,252</b>
<b>ACCUMULATED AMORTISATION</b>		
At 1 July 2020	8,562	8,114
Charge for the year	316	243
<b>At 30 June 2021</b>	<b>8,878</b>	<b>8,357</b>
At 1 July 2021	8,878	8,357
Change for the year	269	196
Scrap	(5,431)	(5,431)
<b>At 30 June 2022</b>	<b>3,716</b>	<b>3,122</b>
<b>CARRYING AMOUNT</b>		
<b>At 30 June 2022</b>	<b>265</b>	<b>130</b>
At 30 June 2021	534	326

The directors are of opinion that no impairment is required for computer software at the reporting date.

### 9. INVESTMENTS IN SUBSIDIARIES

	<b>THE COMPANY</b> 30 June 2022 Rs '000	30 June 2021 Rs '000
At 1 July	<b>53,405</b>	53,405
Additions	-	-
<b>At 30 June</b>	<b>53,405</b>	53,405

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The Group's subsidiaries in which the Company holds ordinary shares are as follows:

Details of Subsidiaries	Activity	Year end	Stated capital	Direct holdings %		Country of incorporation
				30 June 2022	30 June 2021	
ABC Properties Ltd	Property rental	30 June	25,100	<b>69.97%</b>	69.97%	Mauritius
ABC Autotech Ltd	Car dealers	30 June	42,000	<b>47.51%</b>	47.51%	Mauritius
ABC Marketing Ltd	Sale of tyres, car care products	30 June	10,000	<b>49.14%</b>	49.14%	Mauritius
Stuttgart Motors Ltd	Car dealers	30 June	24,000	<b>43.68%</b>	43.68%	Mauritius
GinMori Auto Ltd	Car dealers	30 June	1,000	<b>49.00%</b>	49.00%	Mauritius
Stamford Third Ltd	Property rental	30 June	10	<b>69.97%</b>	69.97%	Mauritius

The Company owns directly 47.51%, 49.14%, 43.68% and 49.00% of ABC Autotech Ltd, ABC Marketing Ltd, Stuttgart Motors Ltd and GinMori Auto Ltd respectively. The Company is represented by a majority on the subsidiaries' board of directors and has common key management personnel. The relevant activities of the subsidiaries are determined by their boards of directors based on a majority of votes. Therefore, the directors conclude that it has control over the investees even though the Company has less than 50% of the voting rights and the investees are consolidated in these financial statements.

In addition to the direct holding, the Company holds indirectly 8.08% in Stuttgart Motors Ltd, the effective holding being 51.76%.

The investments in subsidiaries are unquoted and are stated at cost in the separate financial statements. At the reporting date, the directors reviewed the carrying amount of the investments in subsidiaries. In their opinion, there is no objective evidence that the investments in subsidiaries are impaired.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Summarised financial information of significant subsidiaries

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income:

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income:

	Current assets Rs '000	Non- current assets Rs '000	Current liabilities Rs '000	Non- current liabilities Rs '000	Revenue Rs '000	Profit for the year Rs '000	Other comprehensive income for the year Rs '000	Total comprehensive income for the year Rs '000	Dividend paid to non-con- trolling interests Rs '000
<b>30 June 2022</b>									
ABC Properties Ltd	5,363	116,001	10,049	2,767	5,307	2,290	383	2,673	678
ABC Autotech Ltd	130,966	37,350	118,750	26,144	310,456	2,104	3,268	5,372	-
ABC Marketing Ltd	93,389	21,428	85,517	9,265	143,013	3,813	7	3,820	1,221
Stuttgart Motors Ltd	195,293	15,528	164,105	5,305	422,313	24,524	(716)	23,808	5,815
Stamford Third Ltd	612	27,000	818	16,620	1,890	355	-	355	-
<b>30 June 2021</b>									
ABC Properties Ltd	3,599	108,135	8,092	3,642	4,205	2,984	107	3,091	678
ABC Autotech Ltd	139,103	42,897	141,497	22,454	311,644	(3,429)	1,909	(1,519)	-
ABC Marketing Ltd	70,906	13,447	62,979	2,759	102,652	2,618	(194)	2,424	381
Stuttgart Motors Ltd	133,230	16,395	116,079	3,943	427,727	16,802	(1,139)	15,663	3,826
Stamford Third Ltd	1,079	27,000	690	17,220	1,800	922	-	922	-

(ii) Summarised cash flow information:

	Operating activities Rs '000	Investing activities Rs '000	Financing activities Rs '000	Net increase/ (decrease) in cash and cash equivalents Rs '000
<b>30 June 2022</b>				
ABC Properties Ltd	807	(8,206)	4,876	(2,523)
ABC Autotech Ltd	18,766	4,632	(10,377)	13,021
ABC Marketing Ltd	(7,590)	(2,650)	11,348	1,108
Stuttgart Motors Ltd	42,032	(2,668)	(32,420)	6,944
Stamford Third Ltd	146	938	(830)	254
<b>30 June 2021</b>				
ABC Properties Ltd	(1,836)	5,586	(2,759)	990
ABC Autotech Ltd	35,826	649	(40,181)	(3,707)
ABC Marketing Ltd	3,155	(4,414)	(5,444)	(6,702)
Stuttgart Motors Ltd	27,588	(5,183)	(20,518)	1,888
Stamford Third Ltd	948	(34)	(1,110)	(196)

The summarised financial information above are amounts before intra-group eliminations.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

#### (b) Subsidiaries with material non-controlling interests

Details for subsidiaries that have non-controlling interests that are material to the entity:

	Profit/(loss) allocated to non-controlling interests during the year		Accumulated non-controlling interests	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
ABC Properties Ltd	688	710	30,238	30,092
ABC Autotech Ltd	1,105	(1,264)	11,569	8,749
ABC Marketing Ltd	1,939	1,335	10,174	9,450
Stuttgart Motors Ltd	11,894	8,418	17,983	12,525
GinMori Auto Ltd	(1)	-	509	510
Stamford Third Ltd	106	-	106	-
	15,731	9,199	70,579	61,326

A value in use computation was performed for ABC Autotech Ltd, based on a discounted cash flow method over a five year period. A discount rate of 9.78% and a perpetual growth rate of 3.3% were used. The discount rate was derived the weighted average cost of capital ("WACC"), which takes into account both equity and debt. The cost of equity is derived from the expected return from investors. The cost of debt is based on the interest bearing borrowings. No impairment was noted.

Prepayments as disclosed in note 14 include an amount of Rs 13.7M relating to a deposit on shares in relation to ABC Properties Ltd. The Company has agreed to subscribe to additional shares for a total consideration of Rs 55M in respect of a rights issue. An additional of Rs 14.4M was made after reporting date. ABC Properties is expected to remain a subsidiary of the Group.

### 10. INVESTMENTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
At 1 July	279,439	272,098	109,286	109,286
Dividend received from associates, eliminated on consolidation	(3,916)	-	-	-
Share of profit of associates (net)	20,993	11,743	-	-
<i>Items that will not be reclassified subsequently to profit or loss :</i>				
Share of fair value gain on investments in equity instruments designated as at FVTOCI	16,615	(6,072)	-	-
Share of remeasurement of defined benefit obligations, net of income tax	(337)	1,670	-	-
At 30 June	312,794	279,439	109,286	109,286

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 10. INVESTMENTS IN ASSOCIATES (CONT'D)

The associates in which the Group and the Company have direct interest are:

	Activity	Year end	Class of share	Direct holdings %		Country of incorporation
				30 June 2022	30 June 2021	
ABC Banking Corporation Ltd	Banking	30 June	Ordinary	9.507%	9.507%	Mauritius
ABC Car Rental Limited	Car rental	30 June	Ordinary	26.56%	26.56%	Mauritius
Globe Freight Ltd	Freight and forwarding	30 June	Ordinary	47.38%	47.38%	Mauritius
Expert Leasing Ltd	Leasing	30 June	Ordinary	33.84%	33.84%	Mauritius

Although the Group holds less than 20% of the voting power at shareholders' meetings of ABC Banking Corporation Ltd, the Group still exercises significant influence by virtue of its contractual rights as three out of eight directors of ABC Banking Corporation Ltd reside on the board of directors of the Company.

In addition to the direct holding, the Company holds indirectly 8.44% in Expert Leasing Ltd, the effective holding being 37.8%.

The fair value of quoted associate based on the market price ruling on Development Enterprise Market (DEM) was Rs 152,271,903 (2021: Rs 116,016,688). Had the fair value model been applied, the investments would have been categorised under Level 1.

The directors have recognised the unquoted investments in associates at cost less impairment in the separate financial statements. In their opinion, there is no objective evidence that the investments in associates are impaired.

All of the above associates are accounted for using the equity method in these consolidated financial statements, using the latest available financial statements as at the reporting date of those associates.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 10. INVESTMENTS IN ASSOCIATES (CONT'D)

Summarised financial information of the material associate:

The summarised financial information below represents amounts in the associate's financial statements prepared in accordance with IFRSs.

	30 June 2022 Rs '000	30 June 2021 Rs '000
<b>ABC Banking Corporation Ltd</b>		
Total assets	<b>22,155,442</b>	23,159,674
Total liabilities	<b>(20,074,616)</b>	(21,231,131)
Revenue	<b>792,200</b>	829,265
Profit for the year	<b>201,043</b>	120,103
Other comprehensive for the year	<b>(7,574)</b>	(28,317)
Total comprehensive income for the year	<b>193,468</b>	91,787
Dividend received from the associate during the year	<b>3,916</b>	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in ABC Banking Corporation Ltd recognised in the consolidated financial statements:

	30 June 2022 Rs '000	30 June 2021 Rs '000
Net assets of the associate	<b>2,080,825</b>	1,928,544
Proportion of the Group's ownership	<b>9,507%</b>	9,507%
Carrying amount of the Group's interest	<b>197,820</b>	183,343

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 10. INVESTMENTS IN ASSOCIATES (CONT'D)

Aggregate information of associates that are not individually material:

	30 June 2022 Rs '000	30 June 2021 Rs '000
The Group's share of profit	1,880	325
The Group's share of other comprehensive income/(loss)	16,998	(1,720)
The Group's share of total comprehensive income/(loss)	18,878	(1,395)
Aggregate carrying amount of the Group's interests in these associates	114,974	96,096

In 2019, in consideration of banking facilities and financial accommodation of Rs 60,000,000 required by Expert Leasing Ltd, the Company has provided a Corporate Guarantee in favour of the bank for the associate.

### 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments designated at FVTOCI	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Quoted shares	113,407	107,845	113,407	107,845
Unquoted shares	199,783	167,745	188,645	158,131
At 30 June	313,190	275,590	302,052	265,976

	THE GROUP		
	Quoted shares Rs '000	Unquoted shares Rs '000	Total Rs '000
At 1 July 2020	100,474	139,768	240,242
Additions	2,620	613	3,233
Disposal	-	(733)	(733)
Change in fair value recognised in OCI	4,751	28,097	32,848
At 30 June 2021	107,845	167,745	275,590
At 1 July 2021	107,845	167,745	275,590
Additions	-	3,501	3,501
Change in fair value recognised in OCI	5,562	28,537	34,099
At 30 June 2022	113,407	199,783	313,190



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

	THE COMPANY		
	Quoted shares Rs '000	Unquoted shares Rs '000	Total Rs '000
At 1 July 2020	100,474	130,186	230,660
Additions	2,620	613	3,233
Disposal	-	(733)	(733)
Change in fair value recognised in OCI	4,751	28,065	32,816
<b>At 30 June 2021</b>	<b>107,845</b>	<b>158,131</b>	<b>265,976</b>
At 1 July 2021	107,845	158,131	265,976
Additions	-	2,855	2,855
Change in fair value recognised in OCI	5,562	27,659	33,221
<b>At 30 June 2022</b>	<b>113,407</b>	<b>188,645</b>	<b>302,052</b>

Financial assets at fair value through other comprehensive income include the following:

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Quoted:				
P.O.L.I.C.Y. Limited	70,224	71,711	70,224	71,711
MUA Ltd	42,850	35,827	42,850	35,827
Others	333	307	333	307
	<b>113,407</b>	<b>107,845</b>	<b>113,407</b>	<b>107,845</b>
Unquoted:				
The Stock Exchange of Mauritius Ltd	22,648	21,235	22,648	21,235
Devlin Investments Ltd	120,293	97,702	120,293	97,702
Jemlac Investments Ltd	6,270	6,433	6,270	6,433
ABC Coach Works Limited	20,828	20,256	20,828	20,256
Others	29,744	22,119	18,606	12,505
	<b>199,783</b>	<b>167,745</b>	<b>188,645</b>	<b>158,131</b>

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

The fair value of quoted shares is based on the market prices ruling on the Stock Exchange of Mauritius at the reporting date. The shares held in P.O.L.I.C.Y. Limited have been pledged in respect of the bank facilities granted to the Group and the Company.

The fair value of unquoted shares is based on the Net Assets Value of the investees based on their latest available management or audited accounts as at reporting date. In the directors' opinion, these approximate the fair value of the unquoted shares.

These investments in equity instruments are not held for trading. Instead, they are held for long-term strategic purposes. Accordingly, the directors of the Group and the Company have elected to designate these investments in equity instruments at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's and the Company's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

## 12. TAXATION

### **Income Tax**

Income tax is calculated at 15% (2021: 15%) on its profits for the year, as adjusted for income tax purposes.

### **Corporate Social Responsibility ("CSR")**

CSR charge is calculated at the rate of 2% (2021: 2%) of the chargeable income of the preceding year. In line with the current CSR Framework of ABC Group, the Group remit, on an annual basis, 25% (2021: 25%) of their CSR charge to Sir Jean Etienne Moilin Ah Chuen Foundation, a company incorporated for CSR funding activities, after obtaining approval from the National Social Inclusion Foundation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 12. TAXATION (CONT'D)

#### Income Tax

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Current tax provision	5,712	4,369	-	-
Under/(over) provision in income tax in respect of previous year	230	(122)	-	-
Deferred tax movement	(1,516)	(1,744)	(1,896)	(767)
Levy on Government Wage Assistance Scheme	840	-	-	-
Corporate Social Responsibility	672	268	-	-
	5,938	2,771	(1,896)	(767)

#### Current tax liabilities/(assets)

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
At 1 July	1,208	(2,015)	(3,073)	(2,127)
Current tax provision	5,712	4,369	-	-
Under provision in income tax in respect of previous year	230	707	-	-
Levy on Government Wage Assistance Scheme	840	-	-	-
Corporate Social Responsibility	672	66	-	-
Paid during the year	(6,265)	(1,919)	1,280	(945)
At 30 June	2,397	1,208	(1,793)	(3,072)
Disclosed as:				
Current tax assets	(1,813)	(3,082)	(1,793)	(3,072)
Current tax liabilities	4,210	4,290	-	-
	2,397	1,208	(1,793)	(3,072)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 12. TAXATION (CONT'D)

#### Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are offset when they relate to the same fiscal authority. The following balances are shown in the statement of financial position.

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
At 1 July	(21,653)	(25,139)	(16,375)	(17,964)
Movement recognised in profit or loss	1,516	2,209	1,896	767
Movement recognised in other comprehensive income	1,872	1,277	2,151	822
At 30 June	(18,265)	(21,653)	(12,328)	(16,375)
Disclosed as:				
Deferred tax assets	1,614	2,343	-	-
Deferred tax liabilities	(19,879)	(23,996)	(12,328)	(16,375)
	(18,265)	(21,653)	(12,328)	(16,375)

The movement in deferred tax assets and liabilities during the year is as follows:

#### Movement in deferred tax liabilities

	Accelerated capital allowances Rs '000	Revaluation of assets Rs '000	Right-of-use assets Rs '000	Total Rs '000
THE GROUP				
At 1 July 2020	(11,666)	(41,229)	(14,789)	(67,684)
Credited to profit or loss	259	1,112	3,828	5,199
Credited to other comprehensive income	-	194	-	194
At 30 June 2021	(11,407)	(39,923)	(10,961)	(62,291)
At 1 July 2021	(11,407)	(39,923)	(10,961)	(62,291)
(Charged)/credited to profit or loss	(1,982)	1,112	1,156	286
Credited to other comprehensive income	-	194	-	194
At 30 June 2022	(13,389)	(38,617)	(9,805)	(61,811)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 12. TAXATION (CONT'D)

#### Deferred tax assets/(liabilities) (Cont'd)

##### Movement in deferred tax assets

	Retirement benefit obligations Rs '000	Loss allowance and other provisions Rs '000	Lease liabilities Rs '000	Unutilised tax losses Rs '000	Total Rs '000
<b>THE GROUP</b>					
At 1 July 2020	14,235	5,796	14,786	7,728	42,545
(Charged)/credited to profit or loss	(1,645)	947	(2,935)	643	(2,990)
Credited to other comprehensive income	1,083	-	-	-	1,083
<b>At 30 June 2021</b>	<b>13,673</b>	<b>6,743</b>	<b>11,851</b>	<b>8,371</b>	<b>40,638</b>
At 1 July 2021	13,673	6,743	11,851	8,371	40,638
Credited /(charged) to profit or loss	1,510	6,367	(1,249)	(5,398)	1,230
Credited to other comprehensive income	1,678	-	-	-	1,678
<b>At 30 June 2022</b>	<b>16,861</b>	<b>13,110</b>	<b>10,602</b>	<b>2,973</b>	<b>43,546</b>

##### Movement in deferred tax liabilities

	Accelerated capital allowances Rs '000	Revaluation of assets Rs '000	Right-of-use assets Rs '000	Total Rs '000
<b>THE COMPANY</b>				
At 1 July 2020	(11,428)	(33,602)	(12,303)	(57,333)
(Charged)/credited to profit or loss	(40)	1,112	2,340	3,412
(Charged) to other comprehensive income	-	-	-	-
<b>At 30 June 2021</b>	<b>(11,468)</b>	<b>(32,490)</b>	<b>(9,963)</b>	<b>(53,921)</b>
At 1 July 2021	(11,468)	(32,490)	(9,963)	(53,921)
(Charged)/credited to profit or loss	(721)	1,112	625	1,016
Charged to other comprehensive income	-	-	-	-
<b>At 30 June 2022</b>	<b>(12,189)</b>	<b>(31,378)</b>	<b>(9,338)</b>	<b>(52,905)</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 12. TAXATION (CONT'D)

#### Deferred tax assets/(liabilities) (Cont'd)

##### Movement in deferred tax assets

	Retirement benefit obligations Rs '000	Loss allowance and other provisions Rs '000	Lease liabilities Rs '000	Unutilised tax losses Rs '000	Total Rs '000
<b>THE COMPANY</b>					
At 1 July 2020	13,670	5,796	12,175	7,728	39,369
(Charged)/credited to profit or loss	(968)	2,232	(1,489)	(2,420)	(2,645)
Credited to other comprehensive income	822	-	-	-	822
<b>At 30 June 2021</b>	<b>13,524</b>	<b>8,028</b>	<b>10,686</b>	<b>5,308</b>	<b>37,546</b>
At 1 July 2021	13,524	8,028	10,686	5,308	37,546
(Charged)/credited to profit or loss	(260)	4,141	(665)	(2,336)	880
Credited to other comprehensive income	2,151	-	-	-	2,151
<b>At 30 June 2022</b>	<b>15,415</b>	<b>12,169</b>	<b>10,021</b>	<b>2,972</b>	<b>40,577</b>

#### Tax reconciliation

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Profit before tax	74,989	30,239	27,061	5,356
Tax at 15% (2021:15%)	11,248	4,536	4,059	803
Tax effect of:				
- Non taxable income	(3,308)	(1,207)	(2,137)	(56)
- Non deductible expenses	4,502	4,180	894	796
- Expenditure relating to exempt income	-	51	-	-
- (Over)/under provision of income tax in prior year	-	(122)	-	-
- Under provision deferred tax asset in prior year	(1,896)	(3,419)	(1,895)	(2,310)
- Deferred tax asset not recognised	-	338	-	-
- Tax losses utilised	(475)	(67)	-	-
- Effect of tax rate differential	(2,496)	10	(2,817)	-
- Levy on Government Wages Assistance Scheme	840	-	-	-
- Corporate Social Responsibility	672	232	-	-
- Share of results of associates	(3,149)	(1,761)	-	-
	5,938	2,771	(1,896)	(767)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 13. INVENTORIES

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Motor vehicles	327,935	366,336	270,077	277,884
Spare parts	143,779	136,828	76,113	72,535
Work in progress	13,639	14,725	9,191	7,438
	485,353	517,889	355,381	357,857
Goods in transit	67,195	61,7412	25,323	36,208
	552,548	579,631	380,704	394,065

Included in the above are inventories of motor vehicles, spare parts and work in progress amounting to Rs 40,459,423 (2021: Rs 37,807,969) for the Group and Rs 25,583,380 (2021: Rs 30,487,693) for the Company stated at net realisable value.

The cost of inventories recognised as an expense during the year is disclosed in note 22. It includes a reversal of inventory write-downs of Rs 7,212,466 (2021: Rs 1,559,189) and Rs 1,947,038 for the Group and the Company respectively. In 2021, there was a write-down of Rs 1,629,980 for the Company. Reversal of write-downs was made due to the improvement in the inventories' stock ageing compared to previous year, resulting in the decrease in provision for slow moving.

Inventories are pledged in respect of the bank facilities granted to the Group and the Company.

### 14. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Trade receivables (i)	460,060	315,321	367,879	253,071
Loss allowance (ii)	(39,215)	(20,721)	(38,455)	(17,510)
	420,845	294,600	329,424	235,561
Advances to related parties (iii)	67,159	31,545	73,574	64,145
Other receivables from related parties (iii)	69,073	48,810	53,494	34,758
Other receivables and prepayments	46,396	26,226	38,155	26,863
	603,473	401,181	494,647	361,327

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 14. TRADE AND OTHER RECEIVABLES (CONT'D)

#### (i) Trade Receivables

The average credit period on sales of goods and services ranges between 1 to 3 months. No interest is charged on outstanding trade receivables.

#### (ii) Loss allowance on trade receivables

The Group and the Company measure the loss allowance on trade receivables at an amount equal to lifetime ECL. The expected credit losses and trade receivables are estimated using a provision matrix by reference to past default experiences of the debtors adjusted by the general economic conditions of the industry in which the debtors operate at the reporting date. The Group and the Company have recognised a loss allowance of 100% against debtors who are in significant financial difficulty or bankruptcy position as historical experience has indicated that these receivables are generally not recoverable.

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

The Group and the Company write off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
At 1 July	20,721	17,576	17,510	13,981
Movement in loss allowance	18,496	4,150	20,945	3,800
Written off	(2)	(1,005)	-	(271)
At 30 June	39,215	20,721	38,455	17,510

The Group and the Company do not hold any collateral over the impairment losses recognised on trade receivables.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 14. TRADE AND OTHER RECEIVABLES (CONT'D)

#### (ii) Loss allowance on trade receivables (Cont'd)

The following table details the risk profile of trade receivables based on the Group's and the Company's provision matrix. As the Group's and the Company's historical credit loss experience does not show significantly different loss patterns for different local customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer bases.

30 June 2022	THE GROUP				
	Local trade receivables - past due				Total
	Not past due	31-60	61-90	>90days	
Motor vehicles					
Expected credit loss rate	0.00%	0.01%	0.00%	16,82%	4,63%
Estimated total gross carrying amount at default (Rs'000)	135,614	55,172	22,405	80,853	294,044
Lifetime ECL (Rs'000)	4	4	7	13,600	13,615
Aftersales					
Expected credit loss rate	1,45%	2,63%	3,6%	29,81%	15,42%
Estimated total gross carrying amount at default (Rs'000)	27,918	26,038	33,983	78,077	166,016
Lifetime ECL (Rs'000)	405	686	1,234	23,275	25,600

30 June 2022	THE COMPANY				
	Local trade receivables - past due				Total
	Not past due	31-60	61-90	>90days	
Motor vehicles					
Expected credit loss rate	0.00%	0.01%	0.00%	16.52%	5.88%
Estimated total gross carrying amount at default (Rs'000)	88,169	43,361	17,640	82,307	231,477
Lifetime ECL (Rs'000)	4	4	7	13,600	13,615
Aftersales					
Expected credit loss rate	1.30%	3.62%	4.11%	36.50%	18.21%
Estimated total gross carrying amount at default (Rs'000)	31,092	16,283	26,704	62,323	136,402
Lifetime ECL (Rs'000)	405	590	1,098	22,747	24,840

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 14. TRADE AND OTHER RECEIVABLES (CONT'D)

#### (ii) Loss allowance on trade receivables (Cont'd)

30 June 2021	THE GROUP				
	Local trade receivables - past due				Total
	Not past due	31-60	61-90	>90days	
Motor vehicles					
Expected credit loss rate	0.00%	0.00%	0.00%	12.18%	3.17%
Estimated total gross carrying amount at default (Rs'000)	122,183	29,108	7,280	55,696	214,267
Lifetime ECL (Rs'000)	-	-	-	6,785	6,785
Aftersales					
Expected credit loss rate	0.00%	0.74%	0.00%	29.78%	11.06%
Estimated total gross carrying amount at default (Rs'000)	33,827	22,379	8,247	36,601	101,054
Lifetime ECL (Rs'000)	-	166	115	10,900	11,181

30 June 2021	THE COMPANY				
	Local trade receivables - past due				Total
	Not past due	31-60	61-90	>90days	
Motor vehicles					
Expected credit loss rate	0.00%	0.00%	0.00%	15.95%	3.88%
Estimated total gross carrying amount at default (Rs'000)	98,197	22,879	7,276	41,276	169,628
Lifetime ECL (Rs'000)	-	-	-	6,585	6,585
Aftersales					
Expected credit loss rate	0.00%	1.52%	1.49%	19.55%	9.79%
Estimated total gross carrying amount at default (Rs'000)	24,504	11,026	7,547	40,366	83,443
Lifetime ECL (Rs'000)	-	167	112	7,893	8,171

#### (iii) Other related party receivables

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Advances to related parties	84,840	48,346	91,255	80,946
Other receivables from related parties	71,606	51,960	56,027	37,908
Loss allowance	(20,214)	(19,951)	(20,214)	(19,951)
	136,232	80,355	127,068	98,903

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 14. TRADE AND OTHER RECEIVABLES (CONT'D)

#### (iii) Other related party receivables (Cont'd)

Trade and other receivable balances with related parties, including terms and conditions, are disclosed under Note 30: Related party transactions.

Advances to related parties include Rs 17,681,050 which are considered to be in stage 3 and on which full impairment has been made. The remaining balance are not considered to be impaired.

The Group and the Company apply IFRS 9 to measure loss allowances for expected credit losses on other related party receivables by reference to the related party's financial position and performance and general economic cash flows in which it operates. A loss allowance of Rs 282,615 has been recognised during the year (2021: Rs Nil) against those related parties receivable balances.

### 15. STATED CAPITAL

THE GROUP AND THE COMPANY		
	30 June 2022 Rs '000	30 June 2021 Rs '000
6,175,680 ordinary shares of Rs 10 each	61,757	61,757
Share premium	147	147
	61,904	61,904

The fully paid ordinary shares carry one vote per share, right to dividends and entitlement to surplus assets on winding up.

### 16. OTHER RESERVES

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Regulatory reserve	20,224	17,357	-	-
Investments revaluation reserve	161,189	112,137	115,408	82,187
Properties revaluation reserve	278,261	278,067	202,892	202,892
	459,674	407,561	318,300	285,079

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 16. OTHER RESERVES (CONT'D)

#### (a) Regulatory reserve

The regulatory reserve represents transfer from retained earnings by the associate in accordance with the Banking Act 2004.

#### (b) Investments revaluation reserve

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of investments in equity instruments designated as at FVTOCI, net of cumulative gain/loss transferred to retained earnings upon disposal.

#### (c) Properties revaluation reserve

The properties revaluation reserve arises on the revaluation of land and buildings, net of deferred tax.

### 17. NON-CONTROLLING INTERESTS

	THE GROUP	
	30 June 2022 Rs '000	30 June 2021 Rs '000
At 1 July	61,326	57,658
Share of profit for the year	15,731	9,199
Share of other comprehensive income for the year	1,236	(645)
Dividend paid	(7,714)	(4,886)
At 30 June	70,579	61,326

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 18. LOANS

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Non-current				
Bank and other borrowings (Note a)	192,353	208,314	160,733	187,594
Current				
Bank and other borrowings (Note a)	563,177	499,374	449,446	405,379
Total	755,530	707,688	610,179	592,973

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Repayable within one year				
Loans repayable with interest ranging between 1.50% - 9.00% p.a (2021: 2.30% - 4.85%)	563,177	499,374	449,446	405,379
Repayable between two to five years				
Loans repayable with interest ranging between 1.50 % - 4.85% p.a (2021: 4.10 % - 4.85%)	120,784	96,786	102,484	90,916
Repayable after five years				
Loans repayable with interest ranging between 4.10 % - 4.60% p.a (2021: 4.10 % - 4.60%)	71,569	111,528	58,249	96,678
	192,353	208,314	160,733	187,594
	755,530	707,688	610,179	592,973

- a) The bank and other borrowings are secured by fixed and floating charges on movable and immovable properties (including land and buildings and shares in quoted investments) of the Group and the Company's assets and are repayable by monthly, half yearly and yearly instalments.
- b) The carrying amounts of borrowings are not materially different from their fair values.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 19. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
<b>Amount recognised in Statements of financial position</b>				
Defined benefit plan (Note a)	63,168	46,292	63,168	46,292
Other Retirement benefits (Note b)	37,634	42,026	27,513	33,267
	100,802	88,318	90,681	79,559
<b>Amount recognised in Statements of profit or loss and other comprehensive income</b>				
Amount recognised in profit or loss	9,304	4,987	8,384	4,120
Amount recognised in other comprehensive income	13,097	6,460	12,653	4,837

#### (a) Defined benefit plan

The pension plan is a final salary defined benefit plan for employees and is wholly funded. The assets of the plan are held and administered by Swan Life Ltd. The plan provides for a pension at retirement and a benefit in death or disablement in service before retirement.

The retirement benefit obligations reporting figures have been based on the latest actuarial report as at 30 June 2022 issued by Swan Life Ltd.

The amount included in the statements of financial position arising from the entity's obligations in respect of its defined benefit plans are as follows:

	THE GROUP AND THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000
Present value of funded defined benefit obligations	118,408	93,750
Fair value of planned assets	(55,240)	(47,458)
	63,168	46,292

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

#### (a) Defined benefit plan (Cont'd)

Amount recognised in Statements of profit or loss and other comprehensive income.

Pension expense components	THE GROUP AND THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000
Current service cost	4,184	3,312
Cost of insuring risk benefits	579	579
Scheme expenses	372	386
Net interest cost	1,303	1,162
Net periodic pension cost per IAS 19	6,438	5,439

Movement in liability recognised in the Statements of financial position were as follows:

	THE GROUP AND THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000
At 1 July	46,292	44,411
Total expenses as per above	6,438	5,439
Actuarial losses recognised in other comprehensive income	19,955	6,228
Employer's contributions	(9,517)	(9,786)
	16,876	1,881
At 30 June	63,168	46,292

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

#### (a) Defined benefit plan (Cont'd)

Movement in the present value of the defined benefit obligations were as follows:

Pension expense components	THE GROUP AND THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000
At 1 July	93,750	81,470
Current service cost	4,184	3,312
Interest cost	2,841	2,354
Net actuarial losses	21,857	7,187
Benefits paid	(4,224)	(573)
At 30 June	118,408	93,750

Movement in the present value of the plan assets were as follows:

	THE GROUP AND THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000
At 1 July	47,458	37,059
Interest income	1,538	1,193
Employer's contribution	9,517	9,785
Scheme expenses	(371)	(386)
Cost of insuring risk benefits	(579)	(579)
Actuarial gains	1,901	959
Benefits paid	(4,224)	(573)
At 30 June	55,240	47,458



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

## 19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

### (a) Defined benefit plan (Cont'd)

Analysis of amount recognised in Other comprehensive income

	THE GROUP AND THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000
Gains on pension scheme assets	(1,901)	(959)
Experience losses/(gains) on the liabilities	7,791	(2,491)
Changes in assumptions underlying the present value of the scheme	14,065	9,678
Actual losses recognised in Other comprehensive income	19,955	6,228

	THE GROUP AND THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000
Cumulative actuarial losses at start of year	39,703	39,703
Actuarial losses recognised this year	6,227	6,227
Cumulative actuarial losses at end of year	45,930	45,930

Amounts for the current and previous periods	THE GROUP AND THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000
Defined benefit obligation	(118,408)	(93,750)
Plan assets	55,240	47,458
Deficit	(63,168)	(46,292)
Experience losses on plan liabilities	21,857	7,187
Experience losses on plan assets	(1,901)	(959)

## 19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

### General description of the plan

The funded plan is a defined benefit arrangement, with benefits based on final salary. It provides for a pension at retirement and a benefit on death or disablement in service before retirement. The unfunded liabilities are in respect of employees who are entitled to the statutory benefits under The Workers' Rights Act 2019. For those who are members of the pension plan, half of any lump sum and five years of pension (relating to Employer's share of contribution only) payable from the pension plan have been offset from the retirement gratuities.

### Description of assets

The assets of the plan are invested in the Deposit Administration Policy underwritten by Swan Life Ltd. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes. It is a long-term investment policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as Equity Funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4% per annum.

### Risks associated with the Plan

The Defined Benefit Plan exposes the Group and the Company to actuarial risks such as longevity risk, interest rate risk, market (investment) risk and salary risk.

Longevity risk:- The liabilities disclosed are based on the Swan buyout rate. Should there be an improvement in mortality, the buyout rate will be reviewed and hence the liabilities will increase.

Interest rate risk :- If the yields on Government Bonds and Treasury Bills decrease, the liabilities would be calculated using a lower discount rate and would therefore increase.

Investment risk :- The present value of the liabilities of the plan are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.

Salary risk :- If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

#### Sensitivity analysis

The sensitivity analyses have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

	THE GROUP AND THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000
Increase in defined benefit obligations due to 1% decrease in discount rate	<b>4,042</b>	3,787
Decrease in defined benefit obligations due to 1% increase in discount rate	<b>6,735</b>	5,462
Increase in defined benefit obligations due to 1% increase in future long-term salary assumption	<b>5,506</b>	4,917
Decrease in defined benefit obligations due to 1% decrease in future long-term salary assumption	<b>5,204</b>	4,615

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations liability recognised in the statements of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The weighted duration of the liabilities as at 30 June 2022 is 5 years.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

#### (a) Defined benefit plan (Cont'd)

	THE GROUP AND THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000
Expected employer contributions for next financial year	10,000	10,400

The principal accounting assumption used for accounting purposes were:

	THE GROUP AND THE COMPANY	
	30 June 2022 %	30 June 2021 %
Discount rate	3.30	3.10
Future long-term salary increase	1.50	2.00
Post retirement mortality tables increases	Swan Annuity rates 2022	Swan Annuity rates 2021

#### Actual return on plan assets:

The notional return on plan assets was Rs 3,439,129 for the year ended 30 June 2022 (2021: Rs 2,152,709).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

#### (b) Other retirement benefits

Other retirement benefits relate to unfunded obligations in respect to The Workers' Rights Act 2019. The unfunded retirement obligations provide for lump sum based on company service and final salary to be paid at retirement.

The retirement benefit obligations reporting figures have been based on the latest actuarial report as at 30 June 2022 issued by MUA Pension Ltd.

Amount recognised in Statements of financial position:

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Present value of obligations	37,634	42,026	27,514	33,267
Fair value of planned assets	-	-	(1)	-
	37,634	42,026	27,513	33,267

Amount recognised in Statements of profit or loss and other comprehensive income:

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Current service cost	2,279	2,924	1,562	2,184
Net interest cost	1,964	1,138	1,536	943
Past service cost	-	-	-	-
Curtailment / settlement (gain)	(1,377)	(4,514)	(1,152)	(4,446)
Net cost for the year recognised in profit or loss	2,866	(452)	1,946	(1,319)
Remeasurement recognised in Other Comprehensive Income	(6,858)	232	(7,302)	(1,391)
Net cost for the year	(3,992)	(220)	(5,356)	(2,710)
Net interest cost for the year:				
Interest on obligations	1,964	1,138	1,536	943
Remeasurement recognised in Other Comprehensive Income for the year:				
Actuarial (gains)/losses on the obligations	(6,858)	232	(7,302)	(1,391)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

#### (b) Other retirement benefits (Cont'd)

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Changes in the present value of the obligation				
At 1 July	42,026	42,444	33,267	36,002
Interest cost	1,964	1,138	1,536	943
Current service cost	2,279	2,924	1,562	2,184
Past service cost	-	-	-	-
Benefits paid	(400)	(198)	(397)	(25)
Curtailment / settlement gain	(1,377)	(4,514)	(1,152)	(4,446)
Expected obligation at end of the year	44,492	41,794	34,816	34,658
Remeasurement (gains)/losses recognised in Other Comprehensive Income at the end of the year	(6,858)	232	(7,302)	(1,391)
Present value of obligation at end of the year	37,634	42,026	27,514	33,267
Principal actuarial assumptions at end of the year:				
Normal retirement age	65	65	65	65
Discount rate	3.26%-5.13%	3.15%-5.05%	3.26%-5.13%	3.15%-5.05%
Future salary increases	2.5%-3.50%	3.75%	2.50%	3.75%
Annual proportion of employees leaving service	5% up to age 40, decreasing to 0% at age 45 & nil thereafter	5% up to age 40, decreasing to 0% at age 45 & nil thereafter	5% up to age 40, decreasing to 0% at age 45 & nil thereafter	5% up to age 40, decreasing to 0% at age 45 & nil thereafter
Actuarial table for employee mortality	PMA92_PFA92	PMA92_PFA92	PMA92_PFA92	PMA92_PFA92

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

#### (b) Other retirement benefits (Cont'd)

##### Sensitivity

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

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Effect on present value of the obligations				
1% increase in discount rate	<b>(9,864)</b>	(11,098)	<b>(7,026)</b>	(8,536)
1% decrease in discount rate	<b>12,705</b>	13,942	<b>9,038</b>	10,652
1% increase in salaries	<b>10,745</b>	11,990	<b>7,543</b>	9,104
1% decrease in salaries	<b>(8,412)</b>	(9,563)	<b>(5,907)</b>	(7,300)
Effect of changing longevity - rate up	<b>(765)</b>	(729)	<b>(586)</b>	(576)
Effect of changing longevity - rate down	<b>732</b>	685	<b>557</b>	541

The sensitivity analysis presented above may not be representative of the actual change in the other retirement benefit obligations as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the other retirement benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

#### (b) Other retirement benefits (Cont'd)

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Average duration of the retirement benefits (years)	<b>15.30-34.80</b>	17.50-22.50	<b>15.30</b>	17.50

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Experience adjustments on:				
Plan liabilities	<b>(4,705)</b>	306	<b>(3,291)</b>	1,710

#### (c) State pension plan

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
National pension scheme contribution charges	<b>12,025</b>	10,738	<b>9,516</b>	8,503

### 20. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Cash at banks and in hand	<b>100,332</b>	110,493	<b>72,534</b>	88,287
Bank overdrafts	<b>(172,147)</b>	(301,991)	<b>(99,740)</b>	(218,674)
	<b>(71,815)</b>	(191,498)	<b>(27,206)</b>	(130,387)

The bank overdrafts are secured by floating charges on assets of the Group and the Company. The interest rate profile is disclosed in note 31.

While cash and cash equivalents are also subject to impairment requirements of IFRS 9, there is no evidence of impairment loss.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 21. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Trade payables	<b>263,496</b>	123,780	<b>270,666</b>	108,481
Other payables and accruals	<b>91,037</b>	77,905	<b>66,599</b>	67,364
	<b>354,533</b>	201,685	<b>337,265</b>	175,845

The average credit period of trade payables is 1 to 3 months. No interest is charged on trade payables. The Group and the Company have financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Trade and other payable balances to related parties, including terms and conditions, are disclosed under Note 30: Related party transactions.

The directors consider that the carrying amount of trade payables approximates to their fair value.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 22. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging/(crediting) the following items:

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Cost of operations	<b>1,653,063</b>	1,757,562	<b>1,109,110</b>	1,065,993
Depreciation of property, plant and equipment	<b>38,356</b>	39,921	<b>26,236</b>	27,413
Depreciation of leased assets	<b>24,339</b>	24,935	<b>16,132</b>	17,097
Amortisation of intangible assets	<b>269</b>	316	<b>196</b>	243
Other Selling and marketing costs	<b>86,480</b>	68,710	<b>55,753</b>	45,475
Other Administrative costs	<b>30,192</b>	39,003	<b>26,267</b>	16,848
Other operating costs	<b>62,240</b>	41,261	<b>47,114</b>	30,023
Loss on forward contracts	<b>(684)</b>	(35)	<b>(684)</b>	(35)
Net exchange gain	<b>(11,156)</b>	(12,584)	<b>(9,189)</b>	(8,370)
Other income	<b>(30,846)</b>	(27,197)	<b>51,935</b>	(41,870)
Included in cost of operations:				
Cost of inventories expensed	<b>1,653,062</b>	1,595,515	<b>1,005,520</b>	968,167
Other income				
Interest receivable	<b>(3,140)</b>	(3,153)	<b>(3,879)</b>	(4,913)
Rental income	<b>(10,235)</b>	(5,167)	<b>(12,640)</b>	(9,135)
Sundry income	<b>(9,615)</b>	(9,150)	<b>(16,860)</b>	(14,668)
Profit on disposal of property, plant and equipment	<b>(774)</b>	(1,091)	<b>(599)</b>	(1,094)
Profit on disposal of investments	-	8	-	8
Refund GWAS	-	(4,599)	-	(3,363)
Dividend received	<b>(7,082)</b>	(4,045)	<b>(17,957)</b>	(8,705)
	<b>(30,846)</b>	(27,197)	<b>(51,935)</b>	(41,870)
Staff costs				
Wages and salaries, including gratuity	<b>266,672</b>	267,033	<b>192,860</b>	202,766
Social security costs	<b>12,068</b>	10,738	<b>9,516</b>	8,503
Pension and other post retirement benefits	<b>21,607</b>	17,995	<b>21,046</b>	17,127
	<b>300,347</b>	295,766	<b>223,422</b>	228,396
Allocated as follows:				
Direct overheads	<b>109,393</b>	94,519	<b>86,540</b>	82,818
Administrative expenses	<b>190,954</b>	201,247	<b>136,882</b>	145,578
	<b>300,347</b>	295,766	<b>223,422</b>	228,396
Loss allowance on financial assets				
Loss allowance on financial assets	<b>1,000</b>	-	<b>1,000</b>	-
Loss allowance on other receivables from related parties	<b>263</b>	-	<b>263</b>	-
	<b>1,263</b>	-	<b>1,263</b>	-
Movement in loss allowance on trade receivables	<b>18,496</b>	4,150	<b>20,945</b>	3,800

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 23. FINANCE COSTS

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Interest on:				
- Bank and other borrowings	17,992	19,266	15,903	18,576
- Bills payable	12,971	10,339	8,974	6,451
- Lease obligations	5,314	6,036	4,036	4,741
- Bank overdrafts	6,212	11,184	3,905	6,866
	42,489	46,825	32,818	36,634

### 24. EARNINGS PER SHARE

The earnings and number of ordinary shares used in the calculation of basic earnings per share are as follows:-

	THE GROUP	
	30 June 2022 Rs '000	30 June 2021 Rs '000
Profit for the year attributable to owners of the Company (Rs '000)	53,320	18,269
Number of ordinary shares	6,175,680	6,175,680
Earnings per share (Rs)	8.63	2.96

### 25. NOTES TO THE STATEMENTS OF CASH FLOWS

#### Purchase of property and equipment

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Additions to property, plant and equipment (note 5)	29,964	25,782	14,204	9,729
Financed as follows:				
Cash	29,964	25,504	14,204	9,424
Included under other payables	-	278	-	305
	29,964	25,782	14,204	9,729
Cash disbursed	29,964	25,504	14,204	9,424

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's and the Company's liabilities arising from financing activities. Liabilities from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows from financing activities.

	THE GROUP			
	Opening balance Rs '000	Financing Cash flows Rs '000	Non-cash movements Rs '000	Closing balance Rs '000
30 June 2022				
Loans	707,688	47,842	-	755,530
Lease liabilities	80,785	(30,772)	30,572	80,585
	788,473	17,070	30,572	836,115

	THE COMPANY			
	Opening balance Rs '000	Financing Cash flows Rs '000	Non-cash movements Rs '000	Closing balance Rs '000
30 June 2022				
Loans	592,973	17,206	-	610,179
Lease liabilities	65,649	(20,914)	14,603	59,338
	658,622	(3,708)	14,603	669,517

	THE GROUP			
	Opening balance Rs '000	Financing Cash flows Rs '000	Non-cash movements Rs '000	Closing balance Rs '000
30 June 2021				
Loans	932,690	(225,002)	-	707,688
Lease liabilities	101,468	(27,974)	7,291	80,785
	1,034,158	(252,976)	7,291	788,473

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

	THE COMPANY			
	Opening balance Rs '000	Financing Cash flows Rs '000	Non-cash movements Rs '000	Closing balance Rs '000
30 June 2021				
Loans	818,400	(225,427)	-	592,973
Lease liabilities	79,729	(19,371)	5,291	65,649
Decrease in amount due to subsidiary	9,500	(9,500)	-	-
	907,629	(254,298)	5,291	658,622

The cash flows from loans and obligations under finance leases represent the net amount of proceeds and repayments in the statements of cash flows.

### 27. OTHER FINANCIAL ASSETS/(LIABILITIES)

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Financial assets measured at amortised cost (note (a))	161	1,161	5,711	6,711
Financial liabilities measured at amortised cost (note (b))	(450)	(450)	-	-
Other financial assets/(liabilities) (note (c))	684	35	684	35
	395	746	6,395	6,746

#### (a) Financial assets measured at amortised cost

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
At 1 July	1,161	1,161	6,711	4,861
Additions	-	-	-	1,850
Less: loss allowance on financial assets at amortised cost	(1,000)	-	(1,000)	-
At 30 June	161	1,161	5,711	6,711

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 27. OTHER FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

#### (a) Financial assets measured at amortised cost (Cont'd)

The financial assets carry interest at 6% p.a. payable on an annual basis. There is no exposure to price risk as the financial assets will be held to maturity.

#### (b) Financial liabilities measured at amortised cost

	THE GROUP	
	30 June 2022 Rs '000	30 June 2021 Rs '000
At 1 July	450	300
Additions	-	150
At 30 June	450	450

The financial liabilities carry interest of 5% and 6.5% p.a. payable on an annual basis.

#### (c) Other financial assets/(liabilities)

##### Foreign currency forward contracts

It is the policy of the Group and the Company to enter into foreign currency forward contracts to manage the foreign currency risk associated with anticipated purchases (imports) transactions denominated in foreign currencies.

The following table details the forward foreign currency contracts outstanding at reporting date:-

		Forward exchange rate	Foreign currency '000	Currency national value '000	Fair value assets/ (liabilities) Rs '000
30 June 2022					
Forward exchange contract - buy	ZAR:MUR	2.74	ZAR 20,400	MUR 55,974	892
Forward exchange contract - sell	USD:ZAR	16.42	USD 200	ZAR 3,038	(691)
Forward exchange contract - sell	USD:ZAR	16.20	USD 250	ZAR 4,055	483
					684
30 June 2021					
Forward exchange contract - buy	ZAR:MUR	2.98	ZAR 2,000	MUR 5,965	35
					35

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 27. OTHER FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

#### (c) Other financial assets/(liabilities)

##### Foreign currency forward contracts (Cont'd)

The above forward exchange contracts are classified under Level 2 of the fair value hierarchy. The foreign currency risk management is disclosed in note 31.

### 28. DIVIDENDS

	THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000
Final dividend paid of Rs nil per share	-	-

On 28<sup>th</sup> December 2022, the directors approved the payment of a dividend of Rs 1.20 per share in respect of the year ended 30 June 2022.

### 29. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Contingent liabilities	<b>148,584</b>	132,410	<b>143,385</b>	125,131
Group's share of associates' contingent liabilities	<b>185,572</b>	160,796		

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 29. CONTINGENT LIABILITIES (CONT'D)

The contingent liabilities represent guarantees provided to bankers and third parties which have not been provided for in these financial statements as the directors consider that the probability for default in respect of those guarantees is remote.

Included in contingent liabilities above is a corporate guarantee by the Company in favour of the bank for Expert Leasing Ltd in consideration of banking facilities and financial accomodation of Rs 60,000,000.

The Group's share of associates' contingent liabilities represents financial guarantees, undrawn credit facilities and letters of credit and other obligations on account of customers.

### 30. RELATED PARTY TRANSACTIONS

The subsidiaries and associates are disclosed in notes 9 and 10.

During the year, the following significant transactions were carried out with related parties :-

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Transactions during the year				
Subsidiaries				
Rendering of services	-	-	31,082	26,747
Receipts of goods and services	-	-	49,154	28,829
Interest expense on advances	-	-	-	148
Interest received	-	-	1,266	2,584
Dividend received	-	-	8,002	5,398
Advances granted	-	-	21,888	-
Refund of advances granted to subsidiaries	-	-	41,088	60,488
Advances repaid to subsidiaries	-	-	-	9,500
Purchase/(redemption) of preference shares	-	-	-	1,850
Associates				
Rendering of goods and services	4,913	5,803	3,442	3,208
Receipts of goods and services	12,639	32,510	9,714	5,311



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 30. RELATED PARTY TRANSACTIONS (CONT'D)

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Transactions during the year (Cont'd)				
Associates (Cont'd)				
Dividend received	3,916	-	3,916	-
Advances granted	12,500	-	12,500	-
Advances repaid	1,000	-	1,000	-
Refund of loan from associate	-	-	-	-
Leases repaid	2,401	2,391	2,401	2,391
Purchase of investments	-	-	-	-
Interest paid	1,939	2,869	1,922	2,869
Interest received	628	499	628	499
Investment activities with associates have been disclosed in notes 10.				
Enterprises that have a member of key management / directors in common				
Rendering of goods and services	84,963	64,655	36,760	39,025
Receipts of goods and services	84,360	88,130	67,048	56,795
Dividend received	1,089	710	1,089	710
Advances granted	22,310	8,581	18,310	8,581
Advances repaid	1,300	8,884	1,300	8,884
Loan received	-	13,000	-	-
Loan repaid	9,258	2,723	-	-
Interest paid	417	394	-	-
Interest received	1,328	1,174	1,230	1,714
Purchase of other investments	2,855	613	2,855	613
Loss allowance on financial assets	1,263	-	1,263	-
Outstanding balances with related parties				
Subsidiaries				
Advances and loans	-	-	14,400	32,600
Receivables	-	-	52,515	45,755
Payables	-	-	27,736	15,530
Associates				
Advances and loans	21,500	10,000	21,500	10,000
Receivables	42,953	12,287	41,907	2,764
Bank overdraft	91,679	35,017	91,679	35,017
Payables	6,692	1,674	6,294	1,175
Obligations under finance leases	389	2,790	389	2,790

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 30. RELATED PARTY TRANSACTIONS (CONT'D)

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Outstanding balances with related parties (Cont'd)				
Enterprises that have a member of key management / directors in common				
Advances receivables	56,894	35,131	37,674	26,646
Advances payables	-	10,277	-	-
Receivables	74,448	57,233	42,214	41,882
Payables	49,406	32,267	32,479	23,524

The outstanding balances with related parties (as disclosed above) bear an average interest rate of 5.15% – 6.25% per annum (2021: 5.00% - 7.25%). These balances are unsecured and do not have any fixed terms of repayment unless stated otherwise.

#### Compensation of key management personnel:

The remuneration of directors and other members of key management during the year was as follows:

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Short term benefits	92,268	76,219	75,287	70,931

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 31. FINANCIAL INSTRUMENTS

#### Capital risk management

The Group and the Company manage their capital to ensure that entities in the Group and the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from 2021.

The Capital structure of the Group and the Company consist of debt, net of cash and cash equivalents, and equity attributable to owners of the Company comprising issued capital, reserves and retained earnings.

#### Gearing ratio

The gearing ratio at the year end was as follows:

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Debt	1,008,261	1,090,464	769,257	877,296
Cash in hand and at bank	(100,332)	(110,493)	(72,534)	(88,287)
<b>Net debt</b>	<b>907,929</b>	<b>979,971</b>	<b>696,723</b>	<b>789,009</b>
Total equity	1,269,516	1,169,027	959,932	908,256
Net debt to equity ratio	0.72	0.84	0.73	0.87
Net debt to equity ratio (excluding Impact of IFRS16)	0.65	0.77	0.67	0.80

- (i) Debt is defined as long and short term borrowings as described in notes 6(b), 18, 20 and 29.
- (ii) Equity includes all capital and reserves of the Group and the Company.

#### Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Categories of financial instruments

	THE GROUP		THE COMPANY	
	Financial assets Rs '000	Financial liabilities Rs '000	Financial assets Rs '000	Financial liabilities Rs '000
30 June 2022				
<b>At amortised cost</b>				
Trade and other receivables	572,464	-	480,831	-
Other financial assets	161	-	5,711	-
Cash and cash equivalents	100,332	-	72,534	-
Loans	-	755,530	-	610,179
Bank overdrafts	-	172,147	-	99,740
Lease liabilities	-	80,585	-	59,338
Trade and other payables	-	343,481	-	327,774
<b>Financial assets at fair value through other comprehensive income</b>	313,190	-	302,052	-
<b>Derivative financial assets/liabilities</b>	684	450	684	-
	986,831	1,352,193	861,812	1,097,031

	THE GROUP		THE COMPANY	
	Financial assets Rs '000	Financial liabilities Rs '000	Financial assets Rs '000	Financial liabilities Rs '000
30 June 2021				
<b>At amortised cost</b>				
Trade and other receivables	379,508	-	352,853	-
Other financial assets	1,161	-	6,711	-
Cash and cash equivalents	110,493	-	88,287	-
Loans	-	707,688	-	592,973
Bank overdrafts	-	301,991	-	218,674
Lease liabilities	-	80,785	-	65,649
Trade and other payables	-	193,915	-	169,669
Amount due to subsidiary	-	-	-	-
<b>Financial assets at fair value through other comprehensive income</b>	275,590	-	265,976	-
<b>Derivative financial assets/liabilities</b>	35	450	35	-
	766,787	1,284,829	713,862	1,046,965

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Categories of financial instruments (Cont'd)

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
<b>(i) Financial assets exclude the following:</b>				
Prepayments	28,765	24,427	13,719	11,227
Valued added tax	2,023	-	-	-
Income taxes withheld under tax deduction at source	221	-	97	-
	<b>31,009</b>	<b>24,427</b>	<b>13,816</b>	<b>11,227</b>
<b>(ii) Financial liabilities exclude the following:</b>				
Valued added tax	7,723	7,233	6,897	6,560
Contract Liabilities	72,022	32,745	22,833	15,411
National Pension Funds/Income taxes retained	2,933	3,133	2,468	2,272
Tax deduction at source	396	158	126	98
	<b>83,074</b>	<b>43,269</b>	<b>32,324</b>	<b>24,341</b>

### Financial risk management

#### Market risk

The Group's and the Company's activities expose them primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group and the Company manage their exposure to interest rate and foreign currency risk by use of a proper mix of fixed and floating rate borrowings and use of natural hedging and monitoring of forward exchange rates respectively.

#### Foreign currency risk management

The Group and the Company undertake certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arises.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial risk management (Cont'd)

##### Foreign currency risk management (Cont'd)

The currency profile of the financial assets and financial liabilities is summarised as follows:

30 June 2022	THE GROUP		THE COMPANY	
	Financial assets Rs' 000	Financial liabilities Rs '000	Financial assets Rs' 000	Financial liabilities Rs '000
Currency				
Mauritian Rupee	896,417	850,089	794,515	666,402
US Dollar	13,569	389,652	12,000	380,110
South African Rand	38,466	27,090	38,466	27,088
Japanese Yen	7,276	24,340	6,834	23,431
Euro	29,714	61,022	8,721	-
Great Britain Pound	193	-	80	-
Singapore Dollar	-	-	-	-
Australian Dollar	1,196	-	1,196	-
	986,831	1,352,193	861,812	1,097,031

30 June 2021	THE GROUP		THE COMPANY	
	Financial assets Rs' 000	Financial liabilities Rs '000	Financial assets Rs' 000	Financial liabilities Rs '000
Currency				
Mauritian Rupee	660,588	1,074,939	628,128	870,359
US Dollar	44,297	149,570	29,840	149,570
South African Rand	13,938	17,379	13,935	17,378
Japanese Yen	13,377	36,299	11,574	7,275
Euro	33,433	4,672	29,235	439
Great Britain Pound	499	1,821	495	1,795
Singapore Dollar	-	149	-	149
Australian Dollar	655	-	655	-
	766,787	1,284,829	713,862	1,046,965

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial risk management (Cont'd)

##### Foreign currency risk management (Cont'd)

The Group and the Company are significantly exposed to Japanese Yen, US Dollar, South African Rand and Euro.

The following table details the Group and the Company's sensitivity to a 5% increase (based on historical observations) in the Rupee against the relevant significant foreign currencies on profit and equity. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

	Impact on profit or loss <b>THE GROUP</b>		Impact on profit or loss <b>THE COMPANY</b>	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
US Dollar	(18,804)	(5,264)	(15,277)	(4,969)
Japanese Yen	(853)	(1,146)	(689)	178
South African Rand	569	(172)	472	(143)
Euro	(1,565)	1,438	362	1,195

A decrease of 5% in the Rupee against the above relevant foreign currencies would have an equal and opposite impact on the profit or loss.

#### Currency derivatives - foreign currency forward contracts

It is the Group's and the Company's policy to enter into foreign currency forward contracts to cover specific foreign currency payments. The Group and the Company enter into foreign currency forward contracts to manage the risks associated with purchase transactions. Exchange rate exposures are managed within approved policy parameters utilising foreign currency forward contracts. The instruments purchased are primarily denominated in the currency of the Group's and the Company's principal market.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial risk management (Cont'd)

##### Foreign currency risk management (Cont'd)

##### Currency derivatives - foreign currency forward contracts (Cont'd)

The Group and the Company perform a qualitative assessment of the effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movement in the underlying exchange rates.

The following table details the effectiveness of the hedge relationships and the amounts reclassified from hedging reserve to profit or loss:

Cash flow hedge	30 June	Changes in fair value of hedging instrument recognised in OCI	Hedges ineffectiveness recognised in profit or loss	Amount reclassified from cost of hedging reserve to profit or loss	Line item in profit or loss affected by the reclassification
<b>Forecast purchases</b>	<b>2022</b>	-	<b>684</b>	-	<b>Profit from operations</b>
Forecast purchases	2021	-	35	-	Profit from operations

##### Interest rate risk management

The Group and the Company are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings.

The interest rate profile of the Group and the Company at 30 June 2022 was:

		THE GROUP		THE COMPANY	
		30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Financial Assets					
Non-interest bearing	N/A	823,490	624,553	709,308	554,684
Fixed interest bearing	5.00% - 7.25%	161	1,161	5,711	6,711
Variable interest rate instruments	5.00%	162,496	141,038	146,109	152,432
Derivative financial instruments	N/A	684	35	684	35
		986,831	766,787	861,812	713,862



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial risk management (Cont'd)

##### Interest rate risk management (Cont'd)

The above comprise mainly of advances to related parties, cash at bank and preference shares.

		THE GROUP		THE COMPANY	
		30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
<b>Financial liabilities</b>					
Non-interest bearing	N/A	<b>343,482</b>	193,915	<b>327,774</b>	169,669
Lease liabilities	5.00% - 8.00%	<b>80,585</b>	80,785	<b>59,338</b>	65,649
Fixed interest bearing	2.95% - 3.30%	<b>200,000</b>	160,000	<b>200,000</b>	160,000
Variable interest rate instruments	2.45% - 9.00%	<b>727,676</b>	849,679	<b>509,919</b>	651,647
Derivative financial instruments	N/A	<b>450</b>	450	-	-
Derivative financial instruments		<b>1,352,193</b>	1,284,829	<b>1,097,031</b>	1,046,965

The above comprise mainly of loans, import loans, lease contracts and bank overdrafts. The fixed rates financial liabilities comprise of leases contracts bearing interest rates fixed in advance up last repayment of instalments. The floating rates financial liabilities are bank overdrafts, loans and import loans bear varying interest rates.

##### Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to the interest rates at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial risk management (Cont'd)

Interest rate risk management (Cont'd)

Interest rate sensitivity analysis (Cont'd)

If interest rates had been 50 basis points (based on historical observations) higher/lower and all other variables were held constant, the effect on the Group and the Company's profit would have been as follows:

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Profit or Loss	2,826	3,543	1,819	2,496

Other comprehensive income would have been unaffected as there is no interest bearing financial instruments designated as at FVTOCI.

#### Other price risk

The Group and the Company are exposed to equity price risks arising from quoted equity investments. Equity investments are held for strategic rather than trading purposes. The Group and the Company do not actively trade these investments.

The sensitivity analyses below have been determined based on the exposure to equity price risks of quoted investments at the reporting date.

If equity prices had been 5% higher/lower:

- Profit for the year ended 30 June 2022 and 30 June 2021 would have been unaffected as the quoted equity investments are classified as FVTOCI; and
- Other comprehensive income would have increased/decreased by Rs 5,670,279 (2021: Rs 5,392,154) for the Group and the Company as a result of the changes in fair value of the investments in quoted equity instruments.

The methods and assumptions used in preparing the sensitivity analysis above have not changed significantly from prior year.

The Group and the Company's sensitivity to equity prices have changed significantly due to fair value loss recognised during the year on quoted equity investments.

## 31. FINANCIAL INSTRUMENTS (CONT'D)

### **Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group and the Company use publicly available financial information and its own trading records to rate its major customers. The Group's and the Company's exposure and the credit ratings of its counterparties are continuously monitored.

Before accepting any new customer, the credit control department of the Group and the Company assess the credit quality of the customer and define the credit facilities accordingly. Trade receivables are monitored on a monthly basis through internal management meetings.

The Group and the Company have policies to ensure that the vetting criteria are assessed and reviewed in order to take into consideration economic realities. All credit applications go through a vetting process and are subject to management approval. At the level of operations, outstanding debts are continuously monitored and relevant diminution in value is recognised as and when they become apparent. The recoverable amount of each past due debt is reviewed on an individual basis at each reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. As such, the Group's and the Company's credit risk is significantly reduced.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

The Group and the Company do not have any concentration of credit risk.

All bank balances are assessed to have low credit risk at reporting date since they are held with reputable banking institutions.

The carrying amount of the financial assets presented in the financial statements represent the maximum exposure of the Group and the Company to credit risk at reporting date.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who monitors the Group and the Company's short, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities. Despite the advent of Covid-19, the Group and the Company have been able to meet their contractual obligations, including the obligations towards the banks. With the improved performance, it is not expected that the Group and the Company will be impacted by any liquidity issues.

#### Liquidity risk tables

The following tables detail the Group and the Company's remaining contractual maturity for its non-derivative financial liabilities. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

	THE GROUP			
	Less than 1 year Rs '000	1 - 5 years Rs '000	5+ years Rs '000	Total Rs '000
<b>30 June 2022</b>				
Non-interest bearing	343,481	-	-	343,481
Lease liabilities	25,814	48,676	76,198	150,688
Fixed interest bearing	200,912	-	-	200,912
Variable interest rate instruments	585,308	128,065	82,782	796,165
Derivative financial instruments	450	-	-	450
	1,155,965	176,741	158,990	1,491,696
<b>30 June 2021</b>				
Non-interest bearing	193,912	-	-	193,912
Lease liabilities	25,783	36,313	64,683	126,779
Fixed interest bearing	163,633	-	-	163,633
Variable interest rate instruments	625,737	121,533	125,273	872,543
Derivative financial instruments	450	-	-	450
	1,009,515	157,846	189,956	1,357,317

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Liquidity risk management(Cont'd)

Liquidity risk tables (Cont'd)

	THE COMPANY			
	Less than 1year Rs '000	1 - 5 years Rs '000	5+ years Rs '000	Total Rs '000
<b>30 June 2022</b>				
Non-interest bearing	327,774	-	-	327,774
Lease liabilities	15,536	36,317	76,183	128,036
Fixed interest bearing	200,912	-	-	200,912
Variable interest rate instruments	377,507	121,849	68,806	568,162
	921,729	158,166	144,989	1,224,884
<b>30 June 2021</b>				
Non-interest bearing	169,669	-	-	169,669
Lease liabilities	18,638	27,543	64,683	110,864
Fixed interest bearing	163,633	-	-	163,633
Variable interest rate instruments	488,795	114,922	110,210	713,927
	840,735	142,465	174,893	1,158,093

#### Fair value of financial instruments

Except as stated elsewhere, the directors consider that the carrying amounts of financial assets and financial liabilities to approximate their fair values due to their short term nature and the long term instruments having variable rates.

#### Fair value hierarchy

The following table provides an analysis of financial assets that are measured subsequently to initial recognition at fair value.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Fair value of financial instruments (Cont'd)

##### Fair value hierarchy (Cont'd)

	THE GROUP			
	Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000	Total Rs '000
<b>30 June 2022</b>				
Quoted shares	113,407	-	-	113,407
Unquoted shares	-	-	199,783	199,783
Forward foreign exchange contracts	-	684	-	684
	113,407	684	199,783	313,874
<b>30 June 2021</b>				
Quoted shares	107,845	-	-	107,845
Unquoted shares	-	-	167,745	167,745
Forward foreign exchange contracts	-	35	-	35
	107,845	35	167,745	275,625

	THE COMPANY			
	Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000	Total Rs '000
<b>30 June 2022</b>				
Quoted shares	113,407	-	-	113,407
Unquoted shares	-	-	188,645	188,645
Forward foreign exchange contracts	-	684	-	684
	113,407	684	188,645	302,736
<b>30 June 2021</b>				
Quoted shares	107,845	-	-	107,845
Unquoted shares	-	-	158,131	158,131
Forward foreign exchange contracts	-	35	-	35
	107,845	35	158,131	266,011

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Fair value of financial instruments (Cont'd)

##### Fair value hierarchy (Cont'd)

Fair value of the Group's and the Company's financial assets that are measured at fair value on a recurring basis.

Financial assets	Valuation techniques	Significant unobservable inputs	Relationship and sensitivity of unobservable inputs to fair value
Quoted shares	Market value	N/A	N/A
Unquoted shares	Net Assets Value	N/A	N/A
Forward foreign exchange contracts	Future cash flows are estimated based on forward exchange rates and contract forward rates.	N/A	N/A

### 32. COMMITMENTS FOR EXPENDITURE

#### THE GROUP AND THE COMPANY

30 June 2022  
Rs '000

30 June 2021  
Rs '000

Commitments for the acquisition of property and equipment

-

-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 33. SEGMENTAL REPORTING

#### Primary segment-business

The non automobile segment remains insignificant (i.e. less than 10%) both in terms of revenue and trading results compared to the Group which is regarded as one segment, except for the share of profits from ABC Banking Corporation Ltd which amounts to Rs 19,112,792 (2021: Rs 9,296,995) and investment in associate of Rs 312,794,315 (2021: Rs 279,439,000). The directors thus consider that there is no relevance in disclosing segmental information at this level.

#### Secondary segment-business

Since all business activities take place in Mauritius, the directors do not consider this segment as reportable.

### 34. REVENUE

(a) The following is an analysis of the Group's and the Company's revenue for the year :

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
Sale of goods	<b>2,095,857</b>	1,995,456	<b>1,321,073</b>	1,241,528
Rendering of services	<b>154,478</b>	135,718	<b>94,949</b>	93,935
	<b>2,250,335</b>	2,131,174	<b>1,416,022</b>	1,335,463
Timing of revenue recognition				
At a point in time	2,095,857	1,995,456	1,321,073	1,241,528
Overtime	154,478	135,718	94,949	93,935
	<b>2,250,335</b>	<b>2,131,174</b>	<b>1,416,022</b>	<b>1,335,463</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

### 34. REVENUE (CONT'D)

#### (b) Contract liabilities related to contracts with customers

	THE GROUP		THE COMPANY	
	30 June 2022 Rs '000	30 June 2021 Rs '000	30 June 2022 Rs '000	30 June 2021 Rs '000
At 1 July	32,745	44,716	15,411	18,356
Amount included in contract liabilities that was recognised as revenue during the period net of expenses	(32,745)	(44,716)	(15,411)	(18,356)
Cash received in advance of performance or amount due and not recognised as revenue during the period	72,022	32,745	22,833	15,411
At 30 June	72,022	32,745	22,833	15,411

The Contract liabilities arise from advance payment from customers to be recognised over the next financial year on delivery of goods.

## NOTES

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***Cautionary note:***

The report contains several forward-looking statements with respect to the financial position and business strategy of ABC MOTORS COMPANY LIMITED. By their very nature, forward-looking statements are based on a number of assumptions and management's current views; thus subject to inherent risks and uncertainties. Hence, there is a significant risk that the statements contained herein may not prove to be accurate.

Readers of this report are thus cautioned not to place undue reliance on the forward-looking statements as numerous factors could cause future results and actions to differ materially from the declarations of future expectations expressed herein. A number of factors ranging from the evolution of the economic and political landscape to technological headway, regulatory developments, interest rate and currency value fluctuations, management actions, level of competition in the local and global industry are bound to influence the future outcomes that relate to forward-looking statements.

ABC MOTORS COMPANY LIMITED does not undertake to update any forward-looking statement that may be made from time to time by the organisation or on its behalf.



**ABC MOTORS CO.LTD**

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