THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD
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FOR YEAR ENDED JUNE 30, 2021

Dear Shareholders,

The Board of Directors is pleased to present the Annual Report of The Mauritius Civil Service Mutual Aid Association Ltd for the year ended June 30, 2021, contents of which are listed below.

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Approved by the Board of Directors on 28 SEP 2021
and signed on its behalf by:

Mr. P. Neerunjun
Chairperson

Mr. M.Bheekhee
Director

MANAGEMENT DISCUSSION AND ANALYSIS

Macroeconomic outlook

According to the IMF, the global economy is projected to grow 6.0 percent in 2021 and 4.9 percent in 2022. The 2021 global forecast is unchanged from the April 2021 World Economic Outlook (WEO), but with offsetting revisions. Prospects for emerging markets and developing economies have been marked down for 2021, especially for Emerging Asia. By contrast, the forecast for advanced economies is revised up. These revisions reflect pandemic developments and changes in policy support. The 0.5 percentage-point upgrade for 2022 derives largely from the forecast upgrade for advanced economies, particularly the United States, reflecting the anticipated legislation of additional fiscal support in the second half of 2021 and improved health metrics more broadly across the group

As far as the Mauritius economic outlook is concerned, the African Development Bank Group (ADBG) stated that the medium-term outlook is for a strong recovery with real GDP growth projected to average 7.1% over the next two years. Still, the fiscal deficit is projected to widen to 10.8% of GDP in 2021, fueled by high public investment and continued support to businesses and jobs. The deficit will narrow in 2022 to 5.0%, with economic recovery supporting growth in tax revenues. The current account deficit is projected to improve starting in 2021 because of improvement in the trade balance and a gradual recovery in tourist receipts as air links resume between Mauritius and Europe, the main source of tourists. Inflation is projected to rise, averaging 3.4% over the medium-term as domestic demand increases. The main risk to the outlook stems from a potential second or a third wave of COVID–19 in key tourism markets.

According to Statistics Mauritius, the GDP at market price is forecasted to rebound by 5.4 % in 2021, after a severe contraction of 14.9% in 2020 due to COVID-19 pandemic. Year-on-year (Y-o-y) inflation worked out to 5.9% in June 2021, compared to 1.7% in June 2020. Headline inflation for the 12-months ending June 2021 worked out to 2.2%, compared to 1.8% for the 12-months ending June 2020.

Financial Environment

During the financial year under review, the Monetary Policy Committee of the Bank of Mauritius met on three occasions and the Key Repo Rate remained constant at 1.85%. The weighted yield on 364-day Treasury Bills took the upward trend during the year under review. It has increased from 1.04% in June 2020 to reach 1.51% in June 2021.

The Mutual Aid Association continued to offer competitive interest rates on deposits and had maintained a premium of 25 basis points to Pensioner depositors during the year under review. Furthermore, the interest rate on Retirement Savings Scheme was 3.45% and the average savings rate in the market was about 0.33% during the year under review. As far as loans and advances are concerned, the Association is offering interest rate starting from 4.15% per annum.

Furthermore, the Association deals mainly with public sector employees. Consequently, Covid-19 did not have a major impact on its activities. Regarding IFRS 9, a forward-looking framework was used for the Expected Credit Loss Model, incorporating actual economic indicators.

Association's Outlook

Looking forward, the business segment in which the Association operates is set to remain volatile, with continuing challenges which are outside its span of control. The Association has enhanced its level of preparedness to better perform in a turbulent environment. In view of better serving its members, the Association has been revisiting its products and services without compromising on risk management.

Principal Activities and nature of customers

The principal activities of the Association are to grant loans to its members and accept deposits from the public. All such activities are carried out at its registered office in Mauritius. The Association has a sub-office in Rodrigues, where loan applications are collected for onward processing in Mauritius.

As regards to its loan activities, the Association deals exclusively with its members based on the principle of mutuality. Regarding deposit taking activities, the Association mobilizes fund from the general public as well as from institutional investors.

Review by business lines

Income

Net interest income and Profitability

Notwithstanding the pressure on margins, the Mutual Aid Association is continuing to offer competitive interest rates for both its loan and deposit products, a net interest income of Rs 1.8bn was generated for the financial year ended June 2021. As regards to profit before tax, the Association (the group) achieved a performance of Rs 1.5bn compared to Rs 1.4bn last year.

Cost to Income

The Association continues to maintain a relatively low cost to income ratio. For the financial year ended June 2021, the cost to income ratio stood at about 16%, thus testifying in a real way the high level of operational efficiency achieved.

Loans and advances to members

Loans and advances are granted solely to public sector employees and pensioners. Net loans and advances increased from Rs. 31.9bn to Rs. 33.5bn during the financial year under review.

Cash and cash equivalents and Placements with bank and non-bank financial institutions

The Association maintained cash and cash equivalents to the tune of Rs. 1.8bn as at end of June 2021. Placements made by the Mutual Aid Association in other financial institutions stood at Rs. 2.0bn at the end of June 30, 2021.

High Quality Liquid Assets

During the year under review, the Association invested in treasury bills and notes in order to create a pool of High-Quality Liquid Assets (HQLAs). Investment in HQLAs stood at Rs 2.5bn as at end of June 2021.

Liquid Assets

Cash and cash equivalents, HQLAs, and placements with banks and non-banks financial institutions have been undertaken to meet the minimum requirement of 10% investment in liquid assets. As at end of June 2021, the ratio stood comfortably at 25% which is in line with the liquidity risk management strategy of the Association.

Liabilities

Deposits from customers

The total deposits as at June 2021 stood at Rs. 24.3bn thus showing the high level of trust placed in the Association by its depositors.

Funds

The Funds consist of the Guarantee Benevolent Scheme (GBS), Mutual Solidarity Contribution (MSC) and Retirement Savings Scheme (RSS). The Funds stood at Rs. 3.5bn as at June 30, 2021. For the financial year ended June 2021, the interest rate of 3.45% has been paid to RSS holders during the year under review, whereas the average savings rate was about 0.33%.

Shareholders' equity

Shareholders' equity stood at Rs. 13.1bn as at end of June 2021 compared to Rs. 11.7bn as at end of June 2020.

Capital Structure and Capital Adequacy Ratio (CAR)

The Tier 1 and Tier 2 capital of the Association were to the tune of Rs. 12.6bn and Rs. -31m respectively for the year ended June 2021. The weighted amount of on-balance sheet assets was Rs. 18.7bn for the same period. Consequently, the CAR of the Association has increased to about 67% thus confirming once more the financial soundness of the Association.

Provisions under IFRS 9

The Association has adopted the IFRS 9 model and an amount of Rs. 1.1bn has been recognized in the statements of financial position as regards to Expected Credit Loss. However, there has been a released of Rs4.2m in the profit and loss account compared to a charge of Rs 319m of last year.

The financial statements for the Group's operation in Mauritius presented in these annual report have been prepared by Management, who are responsible for their integrity, consistency, objectivity and reliability. International Financial Reporting Standards as well as the requirements of the Banking Act 2004, and the guidelines issued thereunder, have been applied and Management has exercised their judgement and made best estimates where deemed necessary.

The Group has designed and maintained its accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These supporting procedures include careful selection and training of qualified staff, the implementation of organisation and governance structures providing a well defined division of responsibilities, authorisation levels and accountability for performance, and the communication of the Group's policies, procedures manuals and guidelines of the Bank of Mauritius throughout the Group.

The Group's Board of Directors, acting in part through the Audit Committee and Corporate Governance Committee which comprises independent directors, oversees Management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

The Group's Internal Auditor has full and free access to the Audit Committee, conducts a well designed program of internal audits. In addition, the Group's compliance function maintains policies, procedures and programs directed at ensuring compliance with regulatory requirements.

Pursuant to the provisions of the Banking Act 2004, the Bank of Mauritius makes such examination and inquiry into the operations and affairs of the Group, as it deems necessary.

The Group's external auditors, Ernst and Young, have full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.

Mr. P. Neerunjun	Mr M. Bheekhee	Mr. N. Dabeesingh
Chairperson	Director	Chief Executive Officer

Date: 28 SEP 2021

DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits received or due and receivable were as follows:

	FROM THE GROUP		FROM THE COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Executive/Non-executive directors	13,743,934	14,465,421	12,807,934	13,529,421
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DONATIONS

There was no donation made in 2021 (2020: Rs 5,005,000) as disclosed in the Corporate Governance report.

AUDITORS

	THE GROUP		THE COMPANY	
The fees payable to the auditors were:	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Ernst and Young				
Audit	2,640,355	1,987,205	2,510,171	1,928,550
Other services (Note 1)	1,492,125	-	1,492,125	-
	4,132,480	1,987,205	4,002,296	1,928,550

Note 1

For 2021, the other services relates to IFRS 9 training session, ECL computation review and cyber secuirty services.

OBJECTIVES AND CORPORATE GOVERNANCE STRUCTURE

Corporate Governance is the process and framework used to direct and manage the business and affairs of 'The Mauritius Civil Service Mutual Aid Association Ltd' (thereafter referred to as 'Mutual Aid' or 'Company') with the objective of ensuring its safety and soundness and enhancing shareholders' value. The process and framework define the division of power and establishes mechanisms for achieving accountability between Board of Directors, Management and shareholders, while protecting the interests of depositors and taking into account the effects on other stakeholders such as creditors, employees, customers and the community.

Because of its special position of trust towards its various stakeholders, its Corporate Governance is a matter of paramount importance. The Mutual Aid is a highly leveraged institution with most of its funds coming from depositors. The guideline on Corporate Governance issued by the Bank of Mauritius and the National Code on Corporate Governance applies to Mutual Aid as a non-bank deposit taking institution. The relevant requirements of the Banking Act 2004 and the Companies Act 2001 have also been taken into account.

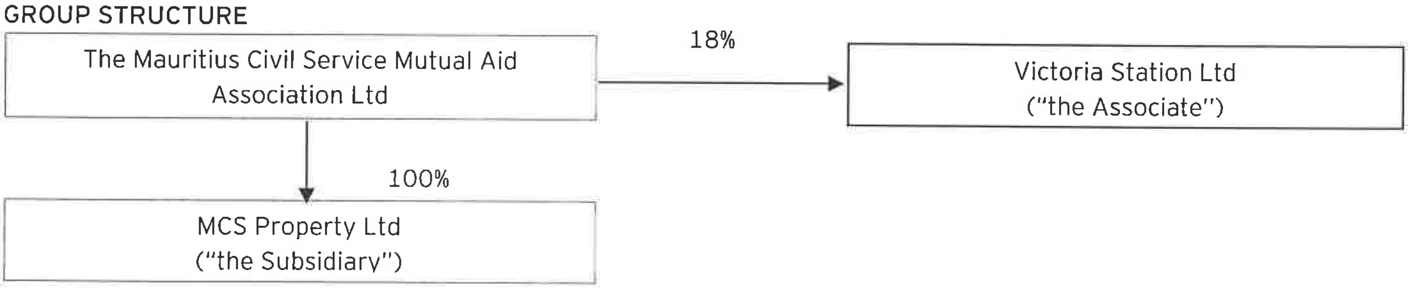
CORPORATE GOVERNANCE PRACTICES AND POLICIES

Mutual Aid's Corporate Governance system consists of the Board of Directors, Board Committees, Management, Internal and External Auditors, industry best practices as well as established policies and procedures across all operations. This framework ensures that the business and affairs of Mutual Aid are managed in a transparent and ethical manner and in the best interest of stakeholders in general and in particular the shareholders.

COMPLIANCE STATEMENT

Mutual Aid is committed to the highest standard of business integrity, transparency and professionalism in all its activities to ensure that the Company is managed ethically and responsibly to enhance business value for all stakeholders. As an essential part of this commitment, the Board subscribes to and is fully committed to complying with the National Code of Corporate Governance for Mauritius.

GROUP STRUCTURE



NATIONAL CODE OF CORPORATE GOVERNANCE FOR MAURITIUS

Principle 1: Governance Structure

The Mauritius Civil Service Mutual Aid Association Ltd is headed by an effective Board of Directors. Responsibilities and accountabilities within the Mutual Aid are clearly identified.

The Board of Directors affirms that the Mutual Aid is a public interest entity as defined by law. According to the Financial Reporting Act, a public interest entity includes a financial institution regulated by the Bank of Mauritius, and therefore includes The Mauritius Civil Service Mutual Aid Association Ltd.

The Board of Directors affirms that Mutual Aid has applied all of the Principles contained in the National Code of Corporate Governance and assumes responsibility for leading and controlling Mutual Aid, as per legal and regulatory requirements applicable to the Company.

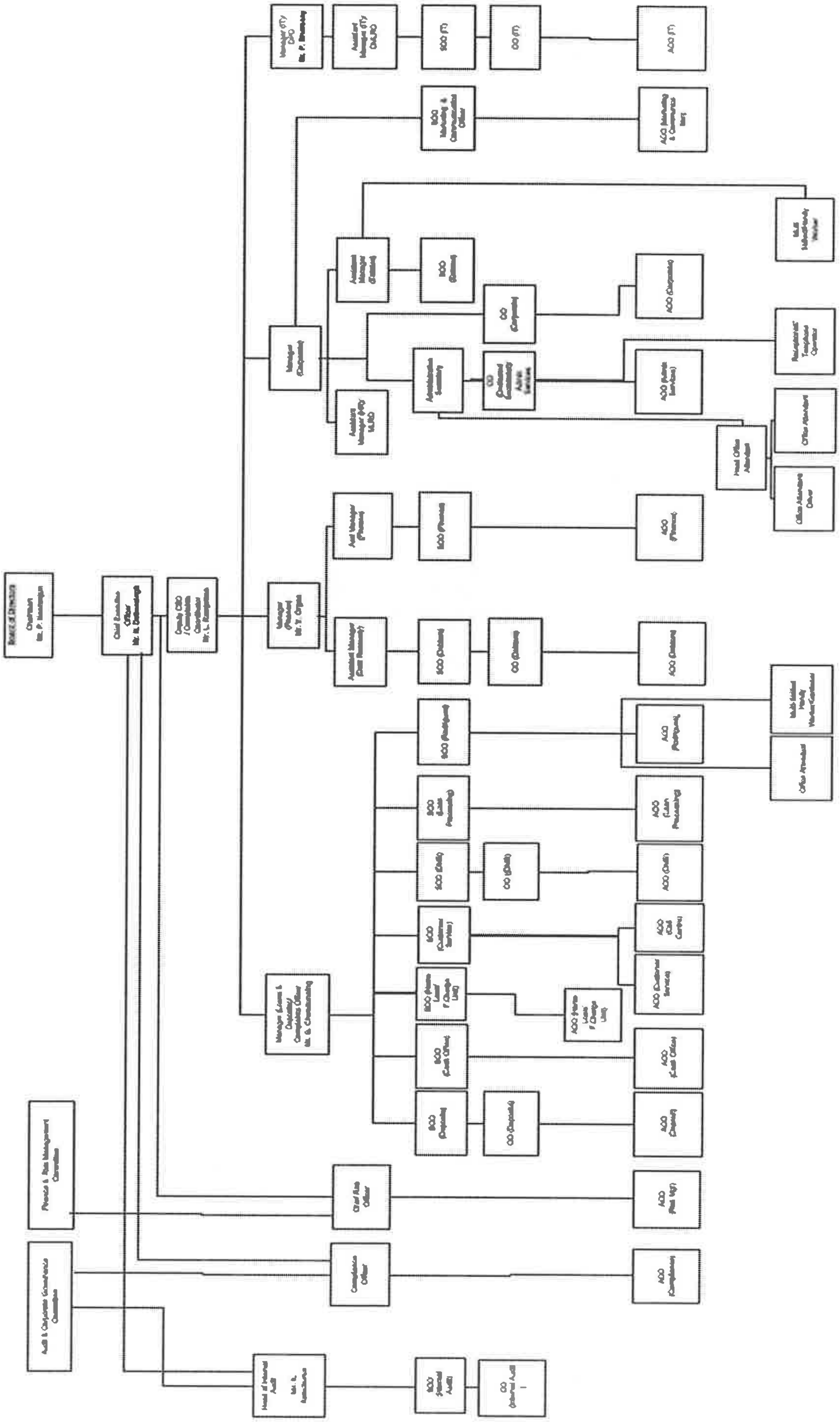
The Board has approved all the key guiding documents and policies and affirms each key governance role, as follows:

1. Its charter
2. Code of Ethics
3. Job description of the CEO
4. Organizational chart (See below)
5. Statement of major accountabilities

The job description of the CEO, who is also the Company Secretary, has been approved by the Board of Directors in 2012. For other key senior governance positions, it is as per Section 143 of the Companies Act.

The Board does not approve the Organisational structure (in full) each and every time except in the context of a salary review. However, once a change is made, e.g., creation of a post or unit, the structure is deemed amended accordingly.

Organisation Structure - MCS Mutual Aid Association Ltd as at June 2021



SOO: Senior Operations Officer
OO: Operations Officer
AOO: Assistant Operations Officer

The Board as a whole is collectively responsible for promoting the success of the organisation by directing and supervising the Company's affairs.

The following are available on the website of the Mutual Aid:

- The Mutual Aid's constitution.
- Board of Directors' charter.
- Code of Ethics.
- Organisational Chart

Principle 2: The Structure of the Board and its Committees

The Board of Directors contains independently minded directors. It includes an appropriate combination of executive, independent and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board's decision taking. The Board of Directors is of a size and level of diversity that commensurate with the sophistication and scale of the Mutual Aid. Appropriate Board committees have been set up to assist the Board of Directors in the effective performance of its duties.

BOARD OF DIRECTORS

The Board has a unitary structure comprising independent directors. The Board of Directors is "balanced", that is, there is a mix of gender and executive and independent directors. There is one executive director appointed by the Board of Directors and 8 other directors appointed by the Minister of Finance as per the Constitution of the Mutual Aid.

The Board of Directors affirms that the independent directors do not have a relationship (other than as per normal market conditions as members) with Mutual Aid and affirms that none of the directors have a relationship with the majority shareholder. The Board consists of more than two independent directors.

As per the Mauritius Civil Service Mutual Aid Association Act, the Board of directors of the Company (size and composition) is appointed by the Minister of Finance. The Board consists of 9 directors which is considered of adequate size and represents various interests. All directors are residents of Mauritius. There are currently 3 women among the 9 directors.

The Board Charter, including powers and duties of Directors are set out in the Company's Constitution. The Board formulates the strategic objectives and plans of Mutual Aid, sets corporate objectives and budgets, oversees the operations and delegates authority to Management to implement strategies, plans and policies approved by the Board.

The Board charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

DIRECTORATE AND MANAGEMENT

Board of Directors Profile

The Board is comprised of nine directors as at June 30, 2021. Their profiles as at June 30, 2021 are provided below:

1. **Mr Premode Neerunjun** (Independent Director) is the Chairperson of the Board and Chairperson of the Mutual Aid Foundation Committee. He has a Graduate Diploma in Business (Curtin University), a BSc in Economics and Management (University of London) and an MSc in Public Policy and Administration (University of Mauritius).

2. **Mr Mahensingh Bheekhee** (Non-executive Director) is the vice Chairperson of the Board and acts as Chairperson of the Finance and Risk Management Committee. He is the holder of a BSc (Hons) Economics from University of Mauritius and an MSc in Financial Economics.

3. **Mr Hurry Premchand Hookoom** (Independent Director) is the Vice Chairperson of the Board and acts as Chairperson of the Staff Committee. He is the holder of a BSc (Hons) Human Resource Management from University of Technology Mauritius.

4. **Mr Jean Bruneau Dorasami** (Non-executive Director) is a Member of the Board. He is the holder of a Diploma in Personnel Management and Industrial Relations from the College of Professional Management, Great Britain. He is also holder of a Certificate in Sugar Analysis from Robert Antoine Sugar Industry Training Centre (MSIRI).

5. **Mr Vishnoorow Luximon** (Independent Director) is a Member of the Board and acts as Chairperson of the Audit and Corporate Governance Committee. He is the holder of a BA Hons Mathematics from University of Delhi. He was appointed on June 17, 2019.

6. **Mrs Nisha Devi Manic** (Independent Director) is a Member of the Board and acts as Chairperson of the Conduct Review Committee. She is the holder of a BSc. (Hons) Horticulture, MSc in Environmental Management and a Commonwealth Executive Master of Business Administration. She was appointed on June 17, 2019.

7. **Miss Marie Claudine Josiane Lilette Paya** (Independent Director) is a Member of the Board and acts as Chairperson of the Investment Committee. She is the holder of a Diploma in Law & Management and BA in Legal Studies & Management. She was appointed on June 17, 2019.

8. **Miss Khatidia Rajabalee** (Independent Director) is a Member of the Board and acts as Chairperson of the Superannuation & Pension Fund Committee. She is the holder of a Teacher's Diploma in English & French, MIE and B.Ed Hons (French) from the University of Mauritius. She was appointed on June 17, 2019.

9. **Mr Nityanandsingh Dabeesingh** (Executive Director) is a Member of the Board and the Chief Executive Officer of the Mutual Aid Association. He is the holder of a Diploma in Economics & Social Studies, and a Fellow Member of the Association of Chartered Certified Accountants (FCCA). He is also a Fellow Member of the Mauritius Institute of Directors (MIOD) and a member of the Mauritius Institute of Professional Accountants (MIPA). He is also the Company Secretary of the Mutual Aid Association and joined as General Manager of the Company in October 1993.

SN.	Directors	Type of Directorship at MCS Mutual Aid	Internal Directorship at MCS Property Ltd	Type of Directorship for MCS Property
1	NEERUNJUN, Mr Premode	Independent Director	No	
2	BHEEKHEE, Mr. Mahensingh	Non-executive Director	Yes	Non-executive Director
3	HOOKOOM, Mr Hurry Premchand	Independent Director	No	
4	DORASAMI, Mr. Jean Bruneau	Non-executive Director	Yes	Non-executive Director
5	LUXIMON, Mr Vishnoorow	Independent Director	No	
6	MANIC, Mrs Nisha Devi	Independent Director	No	
7	PAYA, Miss Marie Claudine Josiane Lilette	Independent Director	No	
8	RAJABALEE, Miss Khatidia	Independent Director	No	
9	DABEESINGH, Mr. Nityanandsingh	Executive Director	Yes	Non-executive Director

The directors consider the requirement for external directorship in other organisations to be commercially sensitive information and regard it as not being in the interest of Mutual Aid to make such disclosure.

OTHER DIRECTORSHIP OF DIRECTORS IN LISTED COMPANIES

None of the directors listed above have directorship in listed companies.

DIRECTORS OF MCS Property Ltd

The directors of the Mutual Aid's subsidiary as at June 30, 2021 were as follows:

SN.	NAME OF DIRECTORS
1.	Mr Jean Bruneau DORASAMI
2.	Mr Nundlall BASANT ROI
3.	Mr Poonit RAMJUG
4.	Mr Mahensingh BHEEKHEE
5.	Mr Nityanandsingh DABEESINGH

ROLE OF EXECUTIVE AND NON-EXECUTIVE DIRECTORS

An Executive Director means a member of the board who is in full time employment of the financial institution whereas a Non-Executive Director means a member of the board who is not an executive director and who is not associated with the day to day activities of the financial institution.

A. Executive Directors.

Where a director also holds office as an executive, the director shall exercise that degree of care, diligence and skill which a reasonably prudent and competent executive in that position would exercise.

B. Non-Executive Directors.

Non-executive directors have the same general legal responsibilities to the organisation as any other director.

In addition, the role of the non-executive director has the following key elements:

Strategy: Non-executive directors should constructively challenge and contribute to the development of strategy;

Performance: Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

Risk: Non-executive directors should satisfy themselves that financial information is accurate, and that financial controls and systems of risk management are robust and defensible; and

People: Non-executive directors are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and, where necessary, removing senior management and in succession planning.

MANAGEMENT PROFILE

1. **Mr Nityanandsingh DABEESINGH** is the Chief Executive Officer of the Mutual Aid Association. He is the holder of a Diploma in Economics & Social Studies and a Fellow Member of the Association of Chartered Certified Accountants (FCCA). He is also a Fellow Member of the Mauritius Institute of Directors (MIOD) and a member of the Mauritius Institute of Professional Accountants (MIPA). He is also the Company Secretary of the Mutual Aid Association and joined as General Manager of the Company in October 1993.

2. **Mr Lutchmansing RAMJATTON** is the Deputy Chief Executive Officer of Mutual Aid. He is the holder of a degree in Accounting (BSc (Hons)), is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and has a Master's Degree in Finance. He is also a member of the Mauritius Institute of Professional Accountants (MIPA). He joined Mutual Aid in June 2008 after several years as Financial Controller at the National Transport Corporation.

3. **Mr Rajendranath BHAROSAY** is the Manager (IT) of Mutual Aid. He holds a degree from the British Computer Society and is the holder of the ITIL Foundation Certificate and possesses an MBA from the AMITY Institute of Higher Education. He is a member of the Information Systems Audit and Control Association (ISACA) and has successfully completed the CISA (Certified Information System Auditor) exam. He also holds a Honours Diploma in Network-Centered Diploma from NIIT and a Diploma from the Institute for the Management of Information Systems (IMIS). He joined the Company in April 2008.

4. **Mr Rajnish RAMCHURUN** is the Head of Internal Audit of Mutual Aid as from October 2020. He holds a Master's in Business Administration (MBA), is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and is also a member of the Mauritius Institute of Professional Accountants (MIPA). He also possesses a Degree in Management. He joined the Association in January 2012 and he has over ten years of auditing and compliance experience, mainly in the Banking sector. He has been the Manager (Compliance) of Mutual Aid from January 2012 to September 2020.

5. **Mr Gujsensing CHUNDUNSING** is the Manager (Loans and Deposits) of Mutual Aid. He is a qualified management accountant from the Chartered Institute of Management Accountants (CIMA) and possesses an MBA from the AMITY Institute of Higher Education. He joined the Company in January 2012 after several years as Manager (Finance, Commercial, Office and Administrative) in the Textile, Manufacturing and Global Business sectors.

6. **Mr Varma ORGOO** is the Manager (Finance) of Mutual Aid and the Company Secretary of the MCS Property Ltd. He holds a degree in Accounting and Finance and has an MBA from Heriot-Watt University, Edinburgh Business School, Scotland. He is also a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and of the Mauritius Institute of Professional Accountants (MIPA). He started his career in the offshore sector prior to joining the banking sector. After several years in the Accounting and Treasury Department in the Banking sector, he joined Mutual Aid in August 2005.

ROLE OF CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

In line with the requirement of the National Code of Corporate Governance of Mauritius and the Bank of Mauritius Guidelines, the roles of the Chairperson and the Chief Executive Officer are separate. The Board is currently led by the Chairperson, Mr. Premode Neerunjun and the executive management of the Mutual Aid is the responsibility of the Chief Executive Officer, Mr. Nityanandsingh Dabeesingh.

ROLE OF CHAIRPERSON

The chairperson is responsible for:

- Directing and chairing board meetings
- Facilitating the effective contribution and encouraging active engagement by all members of the board.
- Ensuring that new directors participate in a full, formal and tailored induction programme, facilitated by the company secretary.
- Ensuring effective communication with shareholders.
- Arranging for the chairmen of board committees to be available to answer questions at the Annual Meeting and for the directors to attend.

In addition, the chairperson should:

i. Set the ethical tone for the board and the company and uphold the highest standards of integrity and probity.
ii. Set the agenda, style and tone of board discussions to promote effective decision making and constructive debate.
iii. Ensure that they are fully informed about all issues on which the board will have to make a decision, through briefings with the chief executive, the company secretary, and members of the executive management as appropriate.
iv. Ensure clear structure for, and the effective running of board committees.
v. Ensure effective implementation of board decisions.
vi. Promote effective relationships and open communication between executive and non- executive directors both inside and outside the boardroom, ensuring an appropriate balance of skills and personalities.
vii. Building and maintaining stakeholders trust and confidence in the company and in conjunction with the CEO, representing the company to key stakeholders.

viii. With the assistance of the company secretary, promote the highest standards of corporate governance. If full compliance is not possible, ensure that the reasons for non-compliance are fully understood, agreed by the board and explained to shareholders.
ix. Ensure an appropriate balance is maintained between the interests of shareholders and other stakeholders (employees, customers, suppliers and the community).
x. Ensure the long-term sustainability of the business.
xi. Ensure the continual improvement in quality and calibre of the executives.
xii. Establish a close relationship of trust with the CEO and managers, providing support and advice while respecting executive responsibility.
xiii. Ensuring effective communication with shareholders and other stakeholders.

ROLE OF CHIEF EXECUTIVE OFFICER

Consistent with the direction given by the board, the Chief Executive Officer (CEO) implements business strategies, risk management systems, risk culture, processes and controls for managing the risks to which the financial institution is exposed and concerning which it is responsible for complying with laws, regulations and internal policies. This includes comprehensive and independent risk management, compliance and audit functions as well as an effective overall system of internal controls. The CEO recognises and respects the independent duties of the risk management, compliance and internal audit functions and does not interfere in the exercise of such duties.

The CEO provides adequate oversight of those they manage and ensure that the financial institution's activities are consistent with the business strategy, risk appetite and the policies approved by the board.
The CEO is responsible for delegating duties to staff. It should establish a management structure that promotes accountability and transparency throughout the financial institution.

The CEO provides the board with the information it needs to carry out its responsibilities. In this regard, the CEO should keep the board regularly and adequately informed of material matters, including: changes in business strategy, risk strategy/risk appetite; the financial institution's performance and financial condition; breaches of risk limits or compliance rules; internal control failures; legal or regulatory concerns; and issues raised as a result of the financial institution's whistleblowing procedures.

The CEO is directly responsible for the day to day operations of the financial institution and shall be conversant with the state of internal control, the prevailing legislation as well as current issues impinging the financial sector.

ROLE AND FUNCTION OF THE COMPANY SECRETARY

Mr Nityanandsingh Dabeesingh is the Company Secretary of Mutual Aid. The role and functions of the Company Secretary are as follows:

(a) providing the Board with guidance as to its duties, responsibilities and powers:
(b) informing the Board of all legislation relevant to or affecting meetings of shareholders and directors and reporting at any meetings and the filing of any documents required of the company and any failure to comply with such legislation;
(c) ensuring that minutes of all meetings of shareholders or directors are properly recorded, and all statutory registers are properly maintained;
(d) certifying in the annual financial statements of the company that the company has filed with the Corporate and Business Administrative Department all such returns as are required of the company;
(e) ensuring that a copy of the company's annual financial statements and, where applicable, the annual report is available to every person entitled to such statements.

BOARD COMMITTEES

The Board Committee structure is designed to assist the Board in the discharge of its duties and responsibilities. Each committee has its own charter which has been approved by the Board. Through the deliberations and reporting of its various committees, the Board ensures that Management's daily actions are in line with the Board's objectives and regulatory requirements. The current Board Committees are as follows:

- Audit and Corporate Governance Committee.
- Finance and Risk Management Committee.
- Staff Committee.
- Mutual Aid Foundation Committee
- Conduct Review Committee.
- Investment Committee.

Audit and Corporate Governance Committee

This committee has been set up to assist the Board in fulfilling part of its duties and responsibilities, providing a link between the Board, internal audit and external auditors. It has also been established to determine and develop Mutual Aid's general policy on Corporate Governance in accordance with the applicable Code of Corporate Governance.

(a) Terms of Reference

The Committee shall focus on and make recommendations to the Board on matters pertaining to:

- the functioning of the internal control system;
- the functioning of the Compliance Department;
- the risk areas of the Company's operations to be covered in the scope of the internal and external audits;
- the reliability and accuracy of the financial information provided by Management to the Board and other users of financial information;
- whether the Company should continue to use the services of the current external and internal auditors;
- any accounting or auditing concerns identified as a result of the internal or external audits;
- the Company's compliance with legal and regulatory requirements with regard to financial matters;
- the scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditors;
- the nature and extent of non-audit services provided by the external auditors, where applicable;
- the financial information to be published by the Board.

The Committee meets each quarter and fulfills its responsibilities for the year in compliance with its terms of reference. The Chairperson of the Committee informs the Board of the Mutual Aid on any matter which it should be made aware of.

The members of the Audit and Corporate Governance Committee are:
- Luximon, Mr Vishnoorow (Independent Director) - Chairperson
- Paya, Miss Marie Claudine Josiane Lilette (Independent Director) - Member
- Manic, Mrs Nisha Devi (Independent Director) - Member
- Ramchurun, Mr Rajnish - Secretary (Up to to 30.09.20)
- Ramasawmy, Mr Narasimha - Secretary (as from 01.10.20)

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

Finance and Risk Management Committee

The Finance and Risk Management Committee monitors the treasury management of Mutual Aid and looks after finance and risks matters.

(a) Terms of Reference
The Committee shall focus and make recommendations to the Board mainly on matters pertaining to:

- liquidity position;
- finance and risk management matters;
- Performance and Financial Statements;
- Funding requirements;
- Strategies relating to products and investment;
- Rates of interest;
- Procurement as per Section 16 of the Financial Management and Procurement Handbook;
- Valuation of Funds.

The members of the Finance and Risk Management Committee are:
- Bheekhee, Mr Mahensingh (Non-executive Director) - Chairperson
- Dorasami, Mr Jean Bruneau (Non-executive Director) - Member
- Rajabalee, Miss Khatidia (Independent Director) - Member
- Dabeesingh, Mr Nityanandsingh (Executive Director) - Member
- Orgoo, Mr Varma - Secretary

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board

Staff Committee

The Staff Committee is responsible to look after appointment, welfare and conditions of service of staff.

(a) Terms of Reference

(i) The Committee shall focus on and make recommendations to the Board mainly on matters pertaining to:

- recruitment
- appointment
- remuneration
- conditions of service
- discipline
- industrial Relations
- staff welfare
- training and productivity

(ii) Where necessary, the Committee shall, with the concurrence of the Board, have recourse to the services of consultants/experts. The Committee shall, together with the Chief Executive Officer, ensure:

- the promotion of sound industrial relations;
- a staff development programme and a clear succession plan;
- that the procedures laid down regarding recruitment, appointment and discipline as approved by the Board are complied with
- that the statutory provision relating to Health and Safety are observed.

The members of the Staff Committee are:

- Hookoom, Mr Hurry Premchand (Independent Director) - Chairperson
- Manic, Mrs Nisha Devi (Independent Director) - Member
- Dorasami, Mr Jean Bruneau (Non-executive Director) - Member
- Fokeerchand, Mrs. Pooranjanee Luxmee - Secretary

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

Mutual Aid Foundation Committee

The above Committee is responsible to look after Corporate Social Responsibility of Mutual Aid.

The members of the Mutual Aid Foundation Committee are

Director and Management Level

- Neerunjun, Mr Premode (Independent Director) - President
- Bheekhee, Mr Mahensingh (Non-executive Director) - Vice-President
- Luximon, Mr Vishnoorow (Independent Director) - Member
- Dabeesingh, Mr Nityanandsingh (Executive Director) - Member
- Ramjatton, Mr Lutchmansing - Secretary/Treasurer

Staff Level

- Boyjonauth Naginlal-Modi, Mrs Dalicha-Assistant Secretary/Treasurer
- Ramtanon, Mr Didier- Member
- Lochun, Miss Ambika- Member

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

Conduct Review Committee

This Committee is responsible to review and approve related party transactions.

(a) Terms of Reference

(i) The Committee shall focus on and make recommendations to the Board on the following matters:

- require Management to establish policies and procedures to comply with the requirements of Bank of Mauritius Guideline on related party transactions.
- review the policies and procedures periodically to ensure their continuing adequacy and enforcement, in the best interests of the Company;
- review and approve each credit exposure to related parties;
- ensure that market terms and conditions are applied to all related party transactions;
- review the practices of the Company to ensure that any transaction with related parties that may have a material effect on the stability and solvency of the Company is identified and dealt with in a timely manner;
- report periodically and in any case not less frequently than on a quarterly basis to the Board of directors on matters reviewed by it, including exceptions to policies, processes and limits.

The members of the Conduct Review Committee are:

- Manic, Mrs Nisha Devi (Independent Director) - Chairperson
- Luximon, Mr Vishnoorow (Independent Director) - Member
- Rajabalee, Miss Khatidia (Independent Director) - Member
- Fokeerchand, Mrs. Pooranjanee Luxmee - Secretary

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

Investment Committee

The Committee is responsible to:

- develop investment strategies to meet objectives approved by the Board;
- review the monthly statements of account and investment returns;
- review and monitor accounting and investment policies;
- provide financial and investment recommendations; and
- assess and recommend to the Board the appointment and termination of investment managers and monitor their performance.

The members of the Investment Committee are:

- Paya, Miss Marie Claudine Josiane Lilette (Independent Director) - Chairperson
- Bheekhee, Mr Mahensingh (Non-executive Director) - Member
- Hookoom, Mr Hurry Premchand (Independent Director) - Member
- Dabeesingh, Mr Nityanandsingh (Executive Director) - Member
- Orgoo, Mr Varma - Secretary

The charter is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

BOARD ATTENDANCE

SN.	Directors	Board meeting	Staff Committee	Finance and Risk Management Committee	Audit & Corporate Governance Committee	Mutual Aid Foundation Committee	Investment Committee	Conduct Review Committee
1	Neerunjun, Mr Premode	10/10	N/A	N/A	N/A	6/9	N/A	N/A
2	Bheekhee, Mr Mahensingh.	10/10	N/A	9/9	N/A	8/9	1/1	N/A
3	Hookoom, Mr Hurry Premchand	9/10	9/9	N/A	N/A	N/A	1/1	N/A
4	Dorasami, Mr Jean Bruneau	10/10	9/9	9/9	N/A	N/A	N/A	N/A
5	Dabeesingh, Mr Nityanandsingh	10/10	9/9	9/9	N/A	9/9	1/1	N/A
6	Luximon, Mr Vishnoorow	9/10	N/A	N/A	7/7	9/9	N/A	6/6
7	Manic, Mrs Nisha Devi	10/10	8/9	N/A	6/7	N/A	N/A	6/6
8	Paya, Miss Marie Claudine Josiane Lilette	10/10	N/A	N/A	7/7	N/A	1/1	N/A
9	Rajabalee, Miss Khatidia	10/10	N/A	9/9	N/A	N/A	N/A	6/6

TRANSPARENCY AND DISCLOSURES FROM BOARD COMMITTEES TO THE BOARD OF DIRECTORS

All papers tabled to the committees and discussions recorded in minutes of meeting of all Board committees are sent to the Board of Directors for analysis and discussion.

INDEPENDENCE OF BOARD COMMITTEES

All Board committees are chaired by independent or non-executive directors, where all issues are independently analyzed, reviewed and discussed.

MEETINGS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

The Board and the sub-committees of the Board meet regularly in compliance with the guidelines and the ground rules approved by the Board.

The details of attendances of Board instances by each Director are as above.

Principle 3: Director Appointment Procedures

As per the Mauritius Civil Service Mutual Aid Association Act, the directors of the Company are appointed by the Minister of Finance. There is a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. The search for Board candidates is conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the Board of Directors, including gender). The Board of Directors ensures that a formal, rigorous and transparent procedure is in place for planning the succession of all key officeholders.

With regards to succession planning, the Board assumes its responsibilities for it and affirms that a succession plan has been developed. Whilst for the appointment of directors, it is the prerogative of the Minister of Finance to appoint the Board of Directors every 3 years as per the Constitution of the Company.

The Board confirms that there were no new directors appointed for the period July 01, 2020 to June 30, 2021 and assumes its responsibilities for induction of new directors to the Board.

Refer to biography of directors on Pg. 4(c) - Pg. 4(d).

TRAINING OF STAFFS

The Mutual Aid follows a policy of ensuring that it has skilled, knowledgeable and competent staff to meet both its present and future needs. To that effect, in the context of a human resource development strategy, it promotes a continuous learning environment and the staffs are being sponsored to attend both local and international training events in order to enhance their skills and knowledge.

TRAINING OF DIRECTORS

For the orientation program, these are done for new directors. The refresher programs are done regularly whereby management tables to the Board, through the Finance and Risk Management Committee, various risk management concepts, financial and liquidity ratios and other technical concepts for the benefits of Board members. Also, members of the Board are informed of updates in banking laws through the Audit and Corporate Governance Committee. During board meetings, the directors are apprised of market trends, products and risks.

The Board of Directors has reviewed the professional development and ongoing education of directors. At the Board level itself, the directors are briefed on news regulations and on the market and competitor environment. This is also done at yearly strategic meeting.

Principle 4: Director Duties, Remuneration and Performance

The directors are aware of their legal duties. They observe and foster high ethical standards and a strong ethical culture in the Company. Each director allocates sufficient time to discharge his or her duties effectively. Conflicts of interest is disclosed and managed. The Board of Directors is responsible for the governance of Mutual Aid's Information Strategy, Information Technology and Information Security. The Board of Directors, committees and individual directors are supplied with information in a timely manner and in an appropriate form and quality in order to perform to required standards. The Board of Directors, committees and individual directors have their performance evaluated and are held accountable to appropriate stakeholders. The Board of Directors is transparent, fair and consistent in determining the remuneration policy for senior executives.

The Directors are aware of their legal duties. The Board of Directors regularly monitors and evaluates compliance with its code of ethics which is regularly reviewed.

The Board of Directors affirms that all conflicts-of-interest (if any) and related-party transactions have been conducted in accordance with the Conflicts-of-interest Policy, related-party transactions policy and the Code of Ethics.

DIRECTORS' AND SENIOR OFFICERS' INTERESTS AND DEALING

The direct interest of directors of Mutual Aid in the equity capital of the Mutual Aid as at June 30, 2021 is given below:

SN.	NAME	NO. OF ORDINARY SHARES
1	Neerunjun, Mr Premode	24
2	Bheekhee, Mr Mahensingh	24
3	Hookoom, Mr Hurry Premchand	32
4	Dorasami, Mr Jean Bruneau	24
5	Manic, Mrs Nisha Devi	24
6	Luximon, Mr Vishnoorow	64
7	Paya, Mrs Marie Claudine Josiane Lilette	24
8	Rajabalee, Miss Khatidia	24
9	Dabeesingh, Mr Nityanandsingh	NIL

The directors do not have significant shareholding in Mutual Aid. Furthermore, they already had shares prior to being nominated by the Minister of Finance.

No shares were bought and sold for year ended June 30, 2021. Senior officers did not hold any share in the equity capital of the Mutual Aid during the period under review.

The Board of Directors affirms that all conflicts-of-interest (if any) and related-party transactions have been conducted in accordance with the Conflicts-of-interest Policy, related-party transactions policy and the Code of Ethics.

INFORMATION TECHNOLOGY AND IT SECURITY

The right of access to information is in accordance with Companies Act 2001, Section 206 as follows:

(1) The Board of a company shall ensure that an auditor of the company has access at all times to the accounting records and other documents of the company

(2) An auditor of a company is entitled to receive from a Director or employee of the company such information and explanations as he thinks necessary for the performance of his duties as auditor.

(3) Where the Board of a company fails to comply with subsection (1), every director shall commit an offence and shall, on conviction, be liable to a fine not exceeding 200,000 rupees.

(4) A Director or employee who fails to comply with subsection (2) shall commit an offence and shall, on conviction, be liable to a fine not exceeding 200,000 rupees.

(5) It shall be a defence to an employee charged with an offence under subsection (4) where the employee proves that:
(a) he did not have the information required in his possession or under his control; or
(b) by reason of the position occupied by him or the duties assigned to him, he was unable to give the explanations required as the case may be.

Authority for Procurement
Depending on the size of the expenditure, the prior sanction of the Chief Executive Officer or the Chairperson of the Finance Committee is required as follows for initiating any procurement exercise:

Value of Procurement	Approval Mode
Up to Rs 200,000	By the CEO without covering approval of the Finance Committee subject to all procedures being followed.
More than Rs200,000 and up to Rs500,000	By the CEO with covering approval of the Finance Committee.
Rs500,000 and above	With prior approval of the Board

Procurement Methods
The procurement method relating to IT expenditures adopted may vary according to the nature of the procurement, the size of the expenditure, the requirement, the circumstances, and the market. For example, there may be no need for complicated, expensive procurement processes when purchasing low risk, low value products or services. A procurement method of some complexity may be appropriate where risks are greater and/or the requirement is of high value or strategic importance.
Taking into account the above, any of the following methods (among others) considered most suitable for a specific procurement exercise may be adopted: (i) Direct purchase; (ii) Request for Quotation (Shopping Method); (iii) Limited Tender; (iv) Open Tender; or (v) Direct Contracting.

Request for Quotation (Shopping Method)
Shopping consists of comparing quotations from not less than three suppliers and subject to ready availability. This method is suitable for readily available off-the-shelf goods and commodities, and where smaller value items are needed or urgently needed for follow-up order on repetitive procurement. This method may also be used for procurement of works and services (e.g. works for maintenance/repairs, catering services etc.). The value of procurement under this method shall not exceed Rs100,000 or Rs25, 000/commodity.

Limited Tender
Under this method, a limited number of suppliers are, after pre-selection or prequalification, invited to submit offers. This method is suitable for standard items or where, in view of the structure in technology market environment, only a limited number of suppliers are capable to participate.

The limited solicitation is also suitable where due to certain technical characteristics open solicitation is not amenable or where the market structure justifies the use of limited competitive proceedings.

Direct Contracting
Direct Contracting means a contract directly awarded to a supplier without formal solicitation. At the Mutual Aid, Direct Contracting is used mainly for renewal of specialized services, for e.g. Annual Technical Support and Maintenance.

Direct Contracting may be resorted: (i) to meet a situation of emergency; (ii) to effect maintenance where goods and supplies are readily available from a single source; (iii) where goods are obtainable only from one source; (iv) where there is a permissible extension of contract; and (v) where a tender exercise is not considered practical e.g. procurement of an art work, or services of an artist; and (vi) for items directly related to security, requiring utmost discretion and strict confidentiality.

Procurement Committees
The Committees involved in procurement shall be as follows (i) Committee for Opening of Tenders / Quotations; (ii) Committee for Technical Evaluation; and (iii) Committee for Financial Evaluation.
The powers and functions of the Procurement Committees shall be as follows: (i) to approve solicitation documents; (ii) to prequalify/preselect suppliers; (iii) to invite, examine and evaluate offers; (iv) to appoint evaluators, where necessary; and (v) to recommend the award of contracts as the case may be.

Committee for Opening of Tenders / Quotations
Chairperson: Manager (Loan and Deposits)
Member: Assistant Manager (Estates)
Member: Administrative Secretary

Committee for Technical Evaluation
Chairperson: Manager (IT)
Member: Assistant Manager (HR)
Member: Senior Operations Officer (Estates)

The Technical Evaluation Committee shall make a technical evaluation of proposals received by reference to compliance with specifications as follows:

1) Scope of Works - Whether the proposal address each requirement and goal set forth in the scope of works;
- Ability to demonstrate a firm understanding of the requirements and goals set forth in the scope of works
- Whether the proposal provide technical solutions to indicated requirements and goals to be met on schedule
2) General Experience of Bidder: - Successful project experience of similar nature and complexity

3) Personnel Capabilities - Furnish a resume for proposed key personnel (supervisory and technical) Equipment Capabilities - Type, characteristics, minimum number and availability of key equipment

4) Equipment Capabilities - Type, characteristics, minimum number and availability of key equipment

Committee for Financial Evaluation
Chairperson: The Deputy Chief Executive Officer
Member: Manager (Finance)
Member: SOO (Examiner)

Other Officers, depending on the nature of the procurement, may be co-opted to form part and assist the above Committees, whenever required.
(i) If required, resource persons from relevant fields may be called upon to form part of the Committees;
(ii) Each paper qualified to be tabled to the Committee shall consist of a report of the Technical Evaluation Committee with mandatory disclosure as to whether a bid is "responsive";
(iii) The pass mark and terms of marking should be well reference.

STATEMENT OF REMUNERATION AND COMPENSATION POLICY

The remuneration of Directors of the Company is determined by the Minister of Finance. The policy is governed by Section 159 of the Companies Act 2001 and is reviewed whenever there are changes in legislation and/or at the discretion of the Board.

When the Minister of Finance appoints the directors under the Mutual Aid Act, the terms and conditions of remuneration are also specified. For executive director, the remuneration is reviewed and approved by the Board of Directors.

The authority to determine the remuneration of Directors is delegated to the Minister of Finance while that of Senior Executives is delegated to the Board. Executive remuneration packages are prudently designed to attract, motivate and retain executive management and senior management of high calibre needed to maintain Mutual Aid's position in the market. They are also designed to reward them for enhancing Mutual Aid's performance.

REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES AND KEY EMPLOYEES

Aggregate Remuneration / Fees (Annual)	2021 - Rs.	2020 - Rs.
Non-executive directors.	3,996,000	4,454,202
Senior Executives and Key Employees.	23,451,087	24,644,296

The Board of Directors is of opinion that it is not in the best interest of the company to disclose the detailed remuneration of its directors to the full extent recommended. This is due to the sensitivity and confidentiality surrounding the issue of remuneration and consequently its ability to retain its key talents in a competitive environment. The non-executive directors have not received any remuneration in the form of share options.

The remuneration of Directors which is fixed by the Minister of Finance includes a fixed and variable proportion and there are no long-term incentive plans.

The payment of a bonus based on the profitability and performance of the Company shall be at the discretion of the Board. Such payment will be effected after the end of each financial year after the approval of the Company's accounts at the Annual Meeting and the quantum will be determined by the Board.

The distribution of bonus will be based on the performance of employees and their department, or in such manner as determined by the Company's Performance Management System (PMS) procedure.

The linkages of the PMS Assessment results to the payout of the productivity bonus are as follows:
(i) For financial year 2018/2019 onwards - The bonus is determined by the Board at due time.

CONFLICTS OF INTEREST

In terms of the constitution of the Company, the Directors are required to disclose their interest in any matter placed before the Board for a decision.

On the recommendation of the Bank of Mauritius (BOM), the Board has also set up a Conduct Review Committee (CRC) to look into any case of related party transactions at Mutual Aid.

The company secretary maintains an interest register. The interest register is available for consultation to shareholders upon written request to the company secretary.

SHARE OPTION PLANS

There were no share option plans during the year under review.

BOARD SELECTION PROCESS

As per the Mauritius Civil Service Mutual Aid Association Act, the directors of the Company are appointed by the Minister of Finance.

BOARD AND BOARD SUB-COMMITTEES APPRAISAL

It is well known that effective Board evaluations produce value and improves Board performance. It is to be noted that no independent board evaluator was employed; to that effect, an annual self-evaluation of the Board of Directors through survey questionnaire is made every year after the audited Financial Statements have been released. The evaluation has been carried out in January 2021.

DIRECTORS' SERVICE CONTRACT

The Directors have no service contract with Mutual Aid.

Principle 5: Risk Governance and Internal Control

The Board of Directors is responsible for risk governance and ensures that Mutual Aid develops and executes a comprehensive and robust system of risk management. The Board ensures the maintenance of a sound internal control system.

The Board of Directors is responsible for the governance of risk and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.
Risk Management forms an integral part of Mutual Aid's business strategy and business planning processes. The Company's process for identifying and managing risks is set by the Board of Directors and delegated to the Finance and Risk Management Committee. Risks are identified and managed on a monthly basis by the members of the Finance and Risk Management Committee and reported accordingly to the Board of Directors.

Liquidity and credit risk are currently monitored by the Finance and Risk Management department. Liquidity risk is monitored on a daily, weekly, monthly, quarterly and yearly basis through reports, analysis, stress testing and forecasting. As regards to credit risk, such risk is identified through arrears and impairment reports.

The liquidity and cash flow reports are tabled to senior management on a daily basis and on a monthly basis to the Finance and Risk Management Committee. As regard to credit risk, the number and amount of impaired credits are reported to the Manager Finance on a monthly basis. The Finance and Risk Management Committee is appraised on the number of defaults and status of action taken on a monthly basis.

The risks are managed on an ongoing basis and the Company has adopted a more prudential approach as regards to liquidity requirement and provisioning.

The directors derive assurance that the risk management processes are in place and are effective by reviewing on a monthly basis the reports of the Finance and Risk Management Committee. The risk management mechanisms include development of strategies in respect of risks identified, the communication of policies to all levels of the organisation as appropriate, and processes that reduce or mitigate identified risks. Regular reports are submitted in the Finance and Risk Management Committee on risk issues such as stress test, capital adequacy, concentration of depositors, information on liquidity gaps and appropriate decisions are taken and reported to the Board of Directors.
Liquidity ratios and cash flow forecast are tabled to the Finance and Risk Management Committee on a monthly basis. As regards to credit risk, the number of default and all new cases of arrears are also tabled to the Finance and Risk Management Committee on a monthly basis. The Finance and Risk Committee thereafter report the matter to the Board of Directors.

The principal risks and uncertainties faced by the Mutual Aid and the way in which each is managed are described as follows:

Credit risk
The Company takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises principally from the Company's loans granted.
Such risk is managed through regular review of loan arrears, followed by appropriate actions taken by management. Exposure to credit risk is also managed by obtaining personal guarantee of at least one guarantor for the main personal loan scheme. For home loan and fixed charge loan, credit risk is managed by obtaining collateral from the loanee.
Given the nature of the Company's activities which is to lend to members who are civil servants, the loan instalments are deducted at source from the members' salaries and remitted to the Company by the respective employers, thereby limiting the risk of default. Furthermore, in case the loanees who passed away, the loans are written off against the Mutual Solidarity Contribution Fund.
The Company is also performing stress test on its Capital Adequacy, whereby a worst-case scenario of a 10 per cent loan loss is considered. Under this scenario, the Company is still maintaining a Capital Adequacy Ratio of more than 10 per cent.

Market risk

Market risk is the risk that future cash flows of assets and liabilities will fluctuate because of changes in market interest rates. This is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company exercises a close follow-up on the market interest rates and adapts its interest margins in response to changes in the market rates.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset. Being a financial institution, the Company is subject to statutory obligations whereby it has to meet the Bank of Mauritius requirements in respect of liquidity ratio. The liquidity situation is reviewed regularly by the Finance and Risk Management Committee.

The Company manages its liquidity risk by ensuring timely collection of receivables and also by availing credit facilities from banks. Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow and does not foresee any major liquidity risk over the next two years.

Uncertainties could be a sudden run down of deposits. Consequently, the Company is maintaining a Liquid Asset Ratio of more than 10 per cent and investing in high quality liquid assets such as treasury bills.

The risks that threaten the **business model,** the **future performance,** the **solvency and liquidity** of Mutual Aid are **credit risk and liquidity risk.** The risks are managed as described above.

The Board of Directors affirms that the Board has monitored and evaluated Mutual Aid's **strategic** risk, **financial** risk, **operational** risk and **compliance** risk.

Strategic risk is evaluated and monitored on a yearly basis in a **Strategic meeting in which members of the Board of Directors and Senior Management participates.**

Financial risks are mainly **credit, market** and **liquidity risks** as described above.

Operational risk is the risk of financial loss and business instability arising from failures in internal controls, operational processes or other supporting systems. It is understood that such risks cannot be entirely eliminated and the cost of controls in minimising these risks may outweigh the potential benefits. The operational risk and the financial risks which mainly credit, market and liquidity risks are described above and are monitored by the Finance and Risk Management Committee and the Board of Directors.

Compliance risk is the risk that the company fails to comply with existing statutory regulatory and compliance regulations, thereby impacting adversely on the Company's financial position and reputation. This is managed through continuous review of systems in place, adherence to company's procedure manuals and assignment of the compliance department independent of the normal course of transactions. The Compliance Department is well-structured with qualified staff members. The department ensures that the activities carried out are in conformity with the laws, regulations, and guidelines governing the non-bank deposit taking financial institutions and with the principles of good governance. Any departure is reported to the **Audit and Corporate Governance Committee.**

The Board of Directors provides assurance that by direction of the Board, management has developed and implemented appropriate frameworks and effective processes for the sound management of risk. The credit and liquidity risks are monitored by the Finance and Risk Management Committee. The Company has also implemented a Liquidity Risk Management Framework.

INTERNAL CONTROL

The Board is ultimately responsible for Mutual Aid's system of internal control and for reviewing its effectiveness. The systems and processes in place for implementing, maintaining and monitoring the internal controls is by setting up appropriate policies, procedures and processes in all departments. The Company operates in a highly regulated environment. The internal audit function has been set up in-house and is operational as from October 2020. It reports to the Audit and Corporate Governance Committee on the Company's operational controls and makes its recommendations accordingly. The Board has set up a framework for an effective internal audit function. In that respect, internal audit function adopts a risk-based approach and has been assigned principally with the following duties and responsibilities, inter-alia:

- Review of internal controls in risky areas.
- Examination of operational processes.
- Review of the implementation of policies and procedures on Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation.
- Special investigations, as requested by management.

The process by which the Board of Directors derives assurance that the internal control systems are effective is that all significant risk areas are covered and that the internal audit plan is reviewed annually by the Audit and Corporate Governance Committee.

The internal Audit plan covers the areas of risks that may arise in the business activities of the Company. After each audit, reports are submitted to Management and the Audit and Corporate Governance Committee members for analysis and discussion. These reports are thereafter submitted to the Board of Directors. Further, the Mutual Aid has a Compliance Department which is tasked with ensuring that the activities carried out by the Company are in conformity with the internal and external laws, regulations, and guidelines governing non-bank deposit taking institutions.

There are no restrictions placed over right of access to records of management and employees. All significant risk areas are covered by the internal audit function and the internal audit plan is reviewed annually by the Audit and Corporate Governance Committee.

There were no significant areas not covered by the Internal Control during the financial year ended June 30, 2021.

The Board of Directors acknowledges that there are no deficiencies and significant risks in the organisation's system of Internal Control.

The Company has a whistle-blowing policy whereby the following areas are covered:

Protection of whistleblowers

As per Section 54A, of the Banking Act

(1) Subject to subsection (4), where a director, a senior officer, an employee or an agent of a financial institution:-

(a) discloses to the central bank that the financial institution or a customer of the financial institution may have been involved in an act which constitutes a breach of the banking laws; and
(b) at the time he makes the disclosure, has reasonable grounds to believe that the information he discloses may be true, he shall incur no civil or criminal liability as a result of such disclosure and no disciplinary action shall be initiated against him by reason of such disclosure.

(2) The central bank shall not, without the consent of the person making the disclosure, disclose the identity of that person.

(3) Any person who commits an act of victimisation against a person who has made a disclosure under subsection (1) shall commit an offence and shall, on conviction, be liable to a fine not exceeding one million rupees and to imprisonment for a term not exceeding 5 years.

(4) Any person who wilfully makes a false disclosure under subsection (1) shall commit an offence and shall, on conviction, be liable to a fine not exceeding one million rupees and to imprisonment for a term not exceeding 5 years.

(5) In this section:
"victimisation" means an act:-
(a) which causes injury, damage or loss;
(b) of intimidation or harassment;
(c) of discrimination, disadvantage or adverse treatment in relation to a person's employment; or
(d) amounting to threats of reprisals.

Confidentiality

The identity of the whistleblower will be protected at all stages in any internal matter. While the firm can provide internal anonymity, it cannot guarantee this will be retained if external legal action flows from the disclosure. The firm is not accountable for maintaining confidentiality where the whistleblower has told others of the alleged misdemeanour.

Process for raising the concern

Individuals will have the opportunity to raise concerns through a dedicated email address: whistleblowing@mcsmutualaid.mu or they can make reports by mail. Postal reports should be sent to The Chairperson, Audit and Corporate Governance Committee, Mutual Aid Association, 5 Guy Rozemont Square, Port Louis. Reports should be marked Private and Confidential, with reference "Whistleblowing". All whistleblowing disclosures made to the parties above will be treated as confidential and will be reported to the Board of Directors through the Audit Committee and the CEO. The whistleblower should make it clear that they are making their disclosure within the terms of the firm's whistleblowing policy. This will ensure the recipient of the disclosure realises this and takes the necessary action to investigate the disclosure and to protect the whistleblower's identity. If the whistleblower is making a disclosure in relation to money laundering or bribery, they should follow the firm's Money Laundering Procedures or contact the MLRO for guidance.

Possible outcomes after reporting a concern

There will be no adverse consequences for anyone who reports a whistleblowing concern in good faith. However, any individual found responsible for making allegations maliciously or in bad faith may be subject to disciplinary action(s). The whistleblower policy is reviewed yearly, and any updates are circulated to all staffs by email. The policy is also available online in a shared folder.

Principle 6: Reporting with Integrity

The Board of Directors presents a fair, balanced and understandable assessment of Mutual Aid's financial, environmental, social and governance position, performance and outlook in its annual report and on its website.

The Board of Directors is responsible for the preparation of accounts that fairly presents the state of affairs of Mutual Aid. The accounts adhere to International Financial Reporting Standards, International Accounting Standards and Companies Act. Any departure (if any) shall be disclosed, explained and quantified and any material uncertainties shall be identified in the reports of auditors.

ORGANISATIONAL OVERVIEW

The Mutual Aid created in 1893, is a non-bank financial institution under the Banking Act 2004 and operates as a public company under the Companies Act 2001.The Mutual Aid culture is based on the highest standard of business integrity, transparency and professionalism in all its activities to ensure that it is managed ethically and responsibly to enhance business value for all stakeholders. The Mutual Aid espouses corporate values geared to achieving Customer Delight, Commitment, Team Spirit, Personal Empowerment and Trust.

OVERVIEW OF THE EXTERNAL ENVIRONMENT

The organisation's principal market is mainly customers who are Mauritian citizens and its members are from the public sector. Significant factors affecting the external environment include aspects of the economic and financial issues that influence the organisation's ability to create value.

A more detailed overview of the external environment is in the Management and Discussion Analysis section.

BUSINESS MODEL

The business model of the Mutual Aid is primarily geared towards the needs of its members. Ever since its creation in 1893 as an Association, the Mutual Aid, has been successfully taking bold and concrete steps to achieve its vision of being the best financial partner of its customers. To that end, the Mutual Aid in the context of its mission to serve its members with the highest level of professionalism while adopting and responding to the ever-changing environment of the financial sector, has adopted a business model that constantly leverages on continuous product development, competitive pricing strategy and a high quality of customer service.

The principal output is loans to its members and its input is mainly deposits from the public. As regards to its loan activities, the Mutual Aid deals exclusively with its members on mutual basis. Regarding deposit taking activities, the Mutual Aid mobilizes fund from the general public as well as institutional investors.

KEY PERFORMANCE INDICATORS, PERFORMANCE AND OUTLOOK.

The Board has identified the key performance indicators namely Customer Excellence, Align Information Technology (IT) with Mutual Aid Strategy, Processing Time for Loan Application and Good Corporate Governance amongst others. These are used to evaluate the performance of the organization. Concerning the outlook, the business segment in which the Mutual Aid operates is set to remain volatile, with continuing challenges and constraints that are unfortunately not within its control.

SUSTAINABLE DEVELOPMENT

In line with sustainability concept, Mutual Aid has sought to minimize the dependency on fossil fuels through increased utilization of renewable energy and a more efficient use of energy in general. Mutual Aid has thus installed solar air-conditioning system in its second building and makes maximum use of sunlight during the day. The use of paper has also decreased considerably through the use of pocket computers for meetings of Board of Directors and Board Committees.

ENVIRONMENTAL ISSUES

Environmental issues are vital to the economy of Mauritius, and the Mutual Aid is aware of the importance of these issues. To minimise any negative impact on the environment the Board has decided to go for E-Services to reduce paper use and delivery, so that it decreases overall carbon emissions. As already mentioned, use of solar air-conditioning system in its second building will also help to decrease overall carbon emissions.

HEALTH AND SAFETY ISSUES

The health and safety of staff members and visitors are of paramount importance to us and all reasonable measures are taken to ensure a sound and healthy working environment.

We have a Health and Safety Officer and with the help of the executive management identify Health and Safety risks, undertake assessment and report any discrepancies to the Health and Safety Committee. A Health and Safety Committee is held every two months.

SOCIAL RESPONSIBILITIES

The Company believes in maintenance of harmonious industrial relations in order to achieve its objectives in the interest of both Mutual Aid and its employees. There is an open line of communication with the Employees' Union. Mutual Aid provides a work environment that is free from discrimination. It is an equal opportunity employer.

SOCIAL ISSUES

Being conscious of the fact that pursuing economic interest needs to be balanced with social and environmental responsibility, the Association has set up the Mutual Aid Foundation to address its Corporate Social Responsibility (CSR) obligations. Funds devoted to CSR activities are channeled through the Foundation. The aim is to make a perceptible difference in people's lives by working closely with the community and ensuring that CSR funds are allocated to those in need via a more direct channel.

DONATIONS DURING THE FINANCIAL YEAR ENDED 2021

There were no donations during the financial year ended 2021.

POLITICAL CONTRIBUTIONS

No political contribution was made during the year under review.

THIRD PARTY MANAGEMENT AGREEMENT

There was no management agreement between third parties and the Company or its subsidiary during the year under review.

SUBSIDIARY

The Mutual Aid has incorporated a wholly owned subsidiary (the MCS Property Ltd) in 2017 to own, manage and rent immovable properties.

SHAREHOLDER RELATIONS AND COMMUNICATION

The Board aims at understanding properly the information needs of its shareholders and places great importance on an open and meaningful dialogue with all those involved with Mutual Aid. It ensures that shareholders are kept informed on matters affecting Mutual Aid. Besides official press communiqués and occasional letters to shareholders where appropriate, Mutual Aid's website is used to provide relevant information. Open lines of communication are maintained to ensure transparency and optimal disclosure. All Board members are requested to attend the Annual Meeting, to which all shareholders are invited.

MATERIAL CLAUSES OF THE CONSTITUTION

The constitution of Mutual Aid is in conformity with the provisions of the Companies Act 2001. There are no clauses of the constitution deemed material to be disclosed.

SHAREHOLDERS AGREEMENTS

There is currently no shareholders agreement affecting the governance of Mutual Aid by the Board.

SHAREHOLDING PROFILE AND VOTING RIGHTS

None of the shareholders holds more than 5% of the share capital of the Company. Only shareholders holding a permanent and pensionable post in or receiving a retirement pension from the Government of Mauritius are entitled to one vote.

DIVIDEND POLICY

Mutual Aid has adopted a policy of paying dividend depending upon its profitability and the need to conserve resources for further growth subject to prior approval by the Board and the Bank of Mauritius. In declaring and paying dividends, Mutual Aid rigorously complies with the legal requirements.

CALENDAR OF EVENTS

The calendar of events is as follows:

Event	Month
Financial Year end	June
Event	**Month**
Publication of Audited Financial Statements	September
Last Annual Meeting of shareholders	December
Forthcoming Annual Meeting of shareholders	December

INTEGRATED SUSTAINABILITY REPORTING

Mutual Aid is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. The Company has developed and implemented social, health and environmental policies and practices that in all material respects comply with existing legislative and regulatory frameworks. The health and safety of staff and visitors are of paramount importance to us and all reasonable measures are taken to ensure a sound and healthy working environment.

The Executive Management identifies Health and Safety risks, undertake assessment and reports any discrepancies to the Health and Safety Committee. A Health and Safety Committee is held every two months.

Mutual Aid is an equal opportunity employer and does not discriminate in any way with regard to race, religion or gender. Employment opportunities are publicly advertised.

CORPORATE SOCIAL RESPONSIBILITY

Mutual Aid has for long been involved in activities designed to promote the interest of the community and the creation of a sustainable society. In line with government decision, Mutual Aid has dedicated an amount equivalent to 2% of its chargeable income based on June 30, 2020 audited accounts to Corporate Social Responsibility (CSR) activities. However, as per government decision, only 25 % of the CSR fund was available to the Mutual Aid Foundation for use.

To maximize efficiency, funds devoted to CSR activities are channeled through a Foundation. The aim is to make a perceptible difference in people's lives by working closely with the community and ensuring that CSR funds are allocated to those in need via a more direct channel.

For the year ended 30 June 2021, the Association contributed a total CSR amount of Rs 2.5 million to the Foundation which has been allocated as financial assistance for NGO projects, health (for medical treatments) and education (scholarships, laptops, etc).On account of the normal CSR amount being only Rs 1.5m, the Board of the Association provided an additional CSR Fund of Rs 1.0m.

SOME EXAMPLES OF SUPPORT BY THE FOUNDATION:

(i)Education

Scholarships are provided to youth from low income group families to undergo degree and vocational courses so that they may aspire to a brighter future.

Scholarships were given to 10 new students undertaking degree courses at institutions under Government control. The yearly grant is Rs 25,000 per student and a new laptop was also provided to each beneficiary. In addition, payments were effected to scholarship beneficiaries of existing batches.

Scholarships to 10 new students attending vocational courses at the Mauritius Institute of Training & Development (MITD) with a yearly grant of Rs 18,000 were also given.

The total amount of Rs 2.0m was spent on educational projects in this financial year. Due, to the Covid-19 situation, scholarship award ceremony was not held for the new scholarship batch.

(ii)Financial assistance

Financing of several NGOs projects which aim to improve the lives of poor and vulnerable groups in Mauritius and Rodrigues for the sum of Rs 454,000.

(iii)Health

Contribution of Rs 300,000 towards medical treatment to 12 patients who required finance for surgical operations abroad.

RELATED PARTY TRANSACTIONS

Disclosure on related party transactions is made in note 33 of the Financial Statements.

GENERAL

The complete set of Financial Statements and the Corporate Governance report are published in full on the organisation's website.

Principle 7: Audit

Mutual Aid's considers having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board of Directors and management. The Board of Directors has established formal and transparent arrangements to appoint and maintain an appropriate relationship with Mutual Aid's internal and external auditors.

The Board of Directors confirms that they have appointed the Head of Internal Audit, with principally the duties and responsibilities, as detailed below:

- Review of internal controls in risky areas.
- Examination of operational processes.
- Review of the implementation of policies and procedures on Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation.
- Special investigations, as requested by management.

In line with principles as set out by the '*National Code of Corporate Governance for Mauritius*':

- The internal audit function is an independent and objective assurance activity designed to add value and improve the Association's operations. It helps the Mutual Aid to accomplish its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of risk management, control and governance processes.

- The internal audit function helps the Board of Directors and management maintain and improve the process by which risks are identified and managed and helps the Board of Directors discharge its responsibilities for maintaining and strengthening the internal control framework.

- The internal audit function is not responsible for the implementation of controls or for the management and mitigation of risk, the responsibility for which remains with the Board of Directors and management.

- The Head of Internal Audit has regular access to the Chairperson of the Board of Directors and the Chairperson of the Audit and Corporate Governance Committee. The Head of Internal Audit attends and reports at all Audit and Corporate Governance Committees.

- The internal audit function remains independent of the activities audited and is objective in its work. The Audit and Corporate Governance Committee monitors the independence and objectivity of the internal audit function.

The Internal Audit function sends reports regularly to the Audit and Corporate Governance Committee. The areas, systems and processes covered by Internal Audit is risk based and the following areas are covered -

- Loans & Deposits
- Follow up audit reports
- Assessing the Money Laundering/Terrorism Financing (ML/TF) risks to which the Association is exposed and the effectiveness of the AML/CFT controls
- Reviewing that Loans, Deposits and RSS Applications comply with the applicable sections of the Bank of Mauritius Guideline on Related Party Transactions

There were no significant areas that were not covered.

Our internal audit function has been set up in-house and is operational as from October 2020. It is carried out independently and reports are sent to the Audit and Corporate Governance Committee on the internal controls. There is also an independent review on the extent to which the recommendations have been implemented.

There are no restrictions placed over right of access to records, to management and to employees by the internal audit. All significant risk areas are covered by the internal audit. The internal audit plan is reviewed annually by the Audit and Corporate Governance Committee.

The structure, organisation and qualifications of the key member of the internal audit function are listed on Mutual Aid's website and the core team of the in-house internal audit function is led by Mr. Rajnish RAMCHURUN.

Mr. Rajnish RAMCHURUN is the Head of Internal Audit of Mutual Aid as from October 2020. He holds a Master's in Business Administration (MBA), is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and is also a member of the Mauritius Institute of Professional Accountants (MIPA). He also possesses a Degree in Management. He joined the Association in January 2012 and he has over ten years of auditing and compliance experience, mainly in the Banking sector. He has been the Manager (Compliance) of Mutual Aid from January 2012 to September 2020.

Expertise of the members of the Audit & Corporate Governance Committee:

Mr Vishnoorow Luximon (Independent Director)
He is a Member of the Board and acts as Chairperson of the Audit and Corporate Governance Committee. He is the holder of a BA Hons Mathematics from University of Delhi. He was appointed on June 17, 2019.

Mrs Nisha Devi Manic (Independent Director)
She is a Member of the Board and acts as Chairperson of the Conduct Review Committee. She is the holder of a BSc. (Hons) Horticulture, MSc in Environmental Management and a Commonwealth Executive Master of Business Administration. She was appointed on June 17, 2019.

Miss Marie Claudine Josiane Lilette Paya (Independent Director)
She is a Member of the Board and acts as Chairperson of the Investment Committee. She is the holder of a Diploma in Law & Management and BA in Legal Studies & Management. She was appointed on June 17, 2019.

The significant issues in relation to the financial statements were identified and considered through the audit report issued by the external auditors when they audited the financial statements to verify if they are free from material misstatements (whether due to fraud or error) and discussed in a meeting with the partner of the external auditor firm.

The significant issues in relation to the financial statements were addressed by the Audit and Corporate Governance Committee by discussing with both the Partner of external auditor Firm and management concerning the corrective actions taken.

Outline of the approach taken to appoint/reappoint external auditors

In line with Section 39 of the Banking Act and following a tender exercise, Ernst & Young was appointed external auditor for the financial year ended June 30, 2017. The technical and financial evaluation was discussed in relevant committees. The result was then discussed in the Audit and Corporate Governance Committee. In accordance with section 29 of the BOM Guideline on Corporate Governance, the Audit and Corporate Governance Committee recommended the appointment of Ernst & Young as external auditor for the year 2017 onwards.
The Board of Directors affirms that the Audit and Corporate Governance Committee has discussed accounting principles (critical policies, judgements and estimates) with the external auditor. The Audit and Corporate Governance Committee meets the external auditor without management presence on an annual basis.

EY forms part of the big 4 Audit Companies. It has the experience, size, resources required to audit the Company. The External Audit Firm and the Audit Partner are licensed by the Financial Reporting Council. The Bank of Mauritius provided its approval for selection of the firm. The quality processes of EY are based on international best practice.

The individuals assigned to the external audit team have the requisite expertise, including industry knowledge, to effectively audit the Company. The External Audit scope is adequate to address the financial reporting risks facing the Company and includes the provision of an internal control review as required by the Bank of Mauritius.

The External Audit firm has open lines of communication and reporting with the Audit and Corporate Governance Committee: Significant weaknesses in internal controls are appropriately communicated.
Based on the above factors, the external audit process is deemed effective by the Board of Directors.

The length of tenure of the current audit firm for financial year ending 2021 is 5 years. In accordance with the requirement of Banking Act, EY is doing the statutory audit for the last year, given that a firm of auditors shall not be responsible for the external audit of a financial institution for a continuous period of more than 5 years.

Information on audit and **non-audit** services carried out by external auditor and for which the amount was paid in the period July 2020 to June 2021.

SN	Details	Fees (Rs)
1	Audit fees for the year ended 30 June 2021	2,163,939
2	Professional fees for cyber security services for internet banking implementation	744,625
3	IFRS Training Sessions and ECL Computation Review	747,500

Note: There were fees related to services provided as tax advisors for the preparation of Annual Corporate as part of the audit services.

SN	Details	Fees (Rs)
1	Assistance for the preparation of Annual Corporate Tax Return & Related computations	476,416

Whenever the external auditor provides non-auditing services, the auditor's objectivity and independence are safeguarded as the non-audit services are carried out by different partners with different teams.

Principle 8: Relations with Shareholders and Other Key Stakeholders

The Board of Directors is responsible for ensuring that an appropriate dialogue takes place among Mutual Aid, its shareholders and other key stakeholders. The Board of Directors respects the interests of its shareholders and other key stakeholders within the context of its fundamental purpose.

There are no shareholders that hold a significant percentage (more than 5%) of total shares in the Company.

The key stakeholders of the Company are as follows:
1. Members/Customers
2. Public
3. Employees
4. Banks
5. Suppliers
6. Unions
7. Regulators
8. Government

The Company responds to the reasonable expectations and interests of its key stakeholders as follows:

1. Members -by providing loans to its members at favorable conditions
2. Public/Customers - by providing deposits and RSS at attractive interest rates and timely information to the public.
3. Employees -by fostering an environment that supports sustainable performance and promoting continual professional and personal development for all of them.
4. Banks-by dealing with all banks at arm length basis.
5. Suppliers-by dealing through strict procurement procedures where there is fairness and equity.

6. Unions-by having regular meetings and addressing issues that are in the best interest of the Company.
7. Regulators-by complying with all regulatory requirements.
8. Government- by complying with relevant legislations and making appropriate tax payments

The Board of Directors affirms that relevant stakeholders have been involved in a dialogue on the organisational position, performance and outlook.

Mutual Aid aims at understanding properly the information needs of its shareholders and places great importance on an open and meaningful dialogue. It ensures that shareholders are kept informed on matters affecting Mutual Aid. Besides official press communiqués to shareholders, Mutual Aid's website provides relevant information. Open lines of communication are maintained to ensure transparency and optimal disclosure. All Board members are requested to attend the Annual Meeting, to which all shareholders are invited.

All decisions are taken in the best interest of its members and in compliance of relevant legislations. The Company is very attentive to the request of its members and aims at providing good service all the times.

The Board of Directors affirms that Mutual Aid holds an Annual Meeting. The Board of Directors provides sufficient notice of the annual meeting and other shareholder meetings. The Company encourages attendance of the shareholders at the annual meeting and the opportunity to provide questions by publishing notice. The Board of Directors provides appropriate papers for the annual meeting and other shareholder meetings by preparing a pack. All resolutions were unanimously approved in the Annual Meeting held in December 2020.

For the financial year ended June 30, 2021, no dividend was declared to shareholders.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors acknowledge their responsibilities for:

(i) adequate accounting records and maintenance of effective internal control systems;
(ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS);
(iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

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

The directors report that:

(i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
(iii) International Financial Reporting Standards have been adhered to. Any departure in the interest in fair presentation has been disclosed, explained and quantified.
(iv) The Code of Corporate Governance has been adhered to, except for some sections where reasons have been provided.

Signed on behalf of the Board of Directors on 28 SEP 2021 .

Mr. Premode Neerunjun
CHAIRPERSON

Mr Mahensingh Bheekhee
DIRECTOR

STATEMENT OF COMPLIANCE BY THE BOARD OF DIRECTORS
(As per the National Code of Corporate Governance)

Reporting Period: 1st July 2020 to 30th June 2021

Throughout the year ended June 30, 2021, to the best of the Board's knowledge, The Mauritius Civil Service Mutual Aid Association Ltd has not fully applied the Principle Four of the Code. The areas of non-compliance are in respect of non-distinction in the remuneration of executive directors as explained in the report.

SIGNED BY: ....

Chairperson and one Director

Names: Mr Premode Neerunjun
CHAIRPERSON

DATE: 28 SEP 2021

....

Mr Mahensingh Bheekhee
DIRECTOR

DATE: 28 SEP 2021

STATEMENT OF COMPLIANCE WITH THE CODE IN ACCORDANCE WITH THE FINANCIAL REPORTING ACT AND GENERAL NOTICE 1016 (2013)
(To the Financial Reporting Council)

Name of Public Interest Entity: The Mauritius Civil Service Mutual Aid Association Ltd

Reporting Period: 1st July 2020 to 30th June 2021

"We, the directors of The Mauritius Civil Service Mutual Aid Association Ltd confirm that to the best of our knowledge, the Mutual Aid has not fully complied with Principle Four of the Code. Reasons for non-compliance are in respect of non-distinction in the remuneration of executive directors as explained in the report."

SIGNED BY: ....

Chairperson and one Director

Names: Mr Premode Neerunjun
CHAIRPERSON

DATE : 28 SEP 2021

Mr Mahensingh Bheekhee
DIRECTOR

DATE : 28 SEP 2021

I certify that to the best of my knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.

Secretary

Date: 28 SEP 2021

Ernst & Young Mauritius
9th Floor, NeXTeracom Tower I
Cybercity, Ebene
Mauritius

Tel: +230 403 4777
Fax: +230 403 4700
www.ey.com

Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of The Mauritius Civil Service Mutual Aid Association Ltd (the "Company") and its subsidiary (the "Group") set out on pages 13 to 100 which comprise the consolidated and separate statement of financial position as at June 30, 2021, 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 significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Company as at June 30, 2021 and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001, the Financial Report Act 2004 and the Banking Act 2004 as applicable to non-bank financial institutions.

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 Consolidated and Separate the Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") and other independence requirements applicable to performing audits of financial statements of the Group and Company and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in Mauritius. 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 judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in the audit
Expected credit losses (ECL) - facilities which are not credit impaired The Group has net loans and advances to members of Rs 33.5 billion at June 30, 2021. As detailed in Note 14 to the financial statements, these are measured at amortised cost less allowance for credit losses amounting to Rs 1.1 billion. The determination of ECL on loans and advances to members which are not credit impaired involves a very high level of management judgement, thereby requiring greater audit attention. Specific areas of judgement and estimation uncertainty include: • Identification of significant increase in credit risk (SICR), and in particular the selection of criteria to identify a SICR. These criteria are highly judgemental and can materially impact the ECL recognised for certain portfolios where the life of the facilities is greater than 12 months; • Complexity of the ECL model involving a number of critical assumptions in the determination of probabilities of default (PD), loss given default (LGD) and exposure at default (EAD). • Use of forward-looking information to determine the likelihood of future losses being incurred. • Consideration of the impact of COVID-19 on the credit worthiness of several borrowers employed in specific sectors such as aviation sector. Special considerations should be allocated to these areas in order to bring about a forward-looking approach based on the portfolio concentration. • Qualitative adjustments made to model driven ECL results raised to address model limitations, emerging risks and trends in underlying portfolios which are inherently judgemental. • Accuracy and adequacy of the financial statement disclosures Given the size of the loans and advances to members of the Group (82 % of total assets), we identified the determination of the allowance for expected credit losses on loans and advances as a key audit matter.	The following procedures have been performed: • We reviewed and assessed the design of the controls over the identification of facilities that are not credit impaired and the related calculations of expected credit losses, including the quality of underlying data and systems. • Reviewing the criteria for staging of loans and ensure these are in line with the requirements of IFRS 9; • For a sample of loans, we tested the classification between the different categories. For stage 1 and stage 2 loans, we assessed the appropriateness of the model used including the inputs and assumptions by performing the following procedures: • Reviewing the methodology adopted by the Group for calculation of ECL and in particular the segmentation of loans in appropriate portfolios reflecting different risk factors. Our review also includes an assessment of the design of the models used for determination of PD, LGD and EAD; • Checking the adequacy and quality of the data used for the calculation of PD, LGD and EAD; • Assessing the key assumptions used in PD, LGD and EAD models and ensure such assumptions reflect the actual behaviours of the loans; • Review of the PD and LGD calculations including the incorporation of relevant forecast macro-economic information by our data modelling specialists; • With the assistance of our data modelling specialists, we have assessed the appropriateness of the macro-economic forecasts by benchmarking these against external evidence and economic data. Through our model reperformance, we tested the incorporation of the forecasts into the model; • Our data modelling specialist has also assessed the conceptual soundness of the model construct and statistical/mathematical techniques applied;

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

Key Audit Matters (Continued)

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td></td><td>

Alignment of the implemented SICR triggers with the approved staging criteria set out in management's IFRS 9 policy and/or model documentation;
Tested accuracy of arrears reports for a sample of loans to confirm data integrity;
Ensured that the population used for computation of stage 1 and stage 2 ECL are complete by comparing to loan book;
Tested the accuracy and completeness of the ECL model by performing an independent re-run of management's model;
We assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards;

With regards to the impact of COVID-19, we reviewed the assessment of several scenarios on ECL figures with respect to potential redundancy events occurring on specific sectors. We also reviewed the weights assigned to the different scenarios and assessed the reasonableness of the weights.</td></tr>
<tr><td>Expected credit losses (ECL) -impaired facilities

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

significant financial difficulty of the issuer or the borrower;
a breach of contract, such as a default or past due event;
the lender 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 would not otherwise consider;
it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.
</td><td>For credit impaired facilities, the following procedures have been performed:

We reviewed and assessed the design of the controls over the identification of facilities that are credit impaired and the related calculations of expected credit losses, including the quality of underlying data and systems.

For impairment of loans in stage 3, judgement is required to determine expected credit loss which include cash flow forecasts. The Group grants loan to its members only and the members can only be employees of the public and parastatal sector. As such the recoverable amount of loans are derived either by estimating the future cash flows from these financial assets or from the value of collateral securing the credits. The area of focus is over the major type of loan granted by the Group which is personal loan. We thus assessed the reasonableness in computing the present value of the future cash flows.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in the audit
Identification of credit-impaired facilities and determination of the expected credit losses thereon involves significant judgement, estimates and assumptions regarding (i) the determination of whether a facility is credit impaired and (ii) in estimating the forecasted cash flows that the Group expects to receive from the obligors. This includes an estimate of what the Group can realise from the guarantors and the collaterals it holds as security on the impaired facilities. Refer to Note 8 and 14 for accounting policy on loans and advances to members and allowance for credit impairment (stage 3).	We ensured that all credit impaired loans have been properly identified by management by: • Reviewing the minutes; • Obtaining and testing loan arrears reports and ensuring that all arrears exceeding 90 days are included in the stage 3 impairment list of the ECL model; • Identifying loan facilities meeting certain criteria such as financial difficulties of the borrower, restructured loans, redundancies, temporary layoff and insufficient deductions and ensuring these are included in the list of credit impaired facilities. For credit impaired loans, we independently assessed the appropriateness of provisioning methodologies and policies and formed an independent view on the credit losses booked based on the loan and guarantor information. We re-performed calculations within a sample of discounted cash flow models and assessed the reasonableness of assumptions used to support the timing and extent of the cash flows. Where the borrowers' or guarantors' cash flow forecasts are used to determine recoverable amounts, we ensured that these are supported by objective and unbiassed evidence.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD ANNUAL REPORT FOR THE YEAR ENDED JUNE 30,2021", which includes the Management Discussion and Analysis, the Statement of Management's responsibility for financial reporting, Statutory disclosures, Corporate Governance Report, and the Company Secretary's Certificate as required by the Companies Act 2001. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Information (Continued)

Corporate Governance Report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance ("the 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 Group has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Responsibilities of the Directors 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 the requirements of the Companies Act 2001and the Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of 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 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 intends to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

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 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 judgement and maintain professional scepticism 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 the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and 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/or the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

- 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

We also provide the directors 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 the directors, 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.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors, tax advisors and dealings in the ordinary course of business.

We have obtained all the 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Banking Act 2004

In our opinion, the financial statements have been prepared on a consistent basis and are complete, fair and properly drawn up and comply with the Banking Act 2004 as applicable to non-bank financial institutions and the regulations and guidelines of the Bank of Mauritius.

The explanations or information called for or given to us by the officers or agents of the Group and Company were satisfactory.

ERNST & YOUNG
Ebène, Mauritius

PATRICK NG TSEUNG, A.C.A.
Licensed by FRC

Date: 29 SEP 2021

		THE GROUP			THE COMPANY		
	Notes	2021	2020	2019	2021	2020	2019
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest income using effective interest rate	6	2,562,940	2,980,444	3,224,111	2,562,940	2,980,444	3,224,111
Interest expense	6	(790,601)	(1,148,550)	(1,356,416)	(790,601)	(1,148,550)	(1,356,416)
Net interest income	6	1,772,339	1,831,894	1,867,695	1,772,339	1,831,894	1,867,695
Other income	7	7,795	6,553	9,073	10,501	13,910	60,150
Rental income	21(h)	17,248	17,126	14,755	-	-	5,934
Other gains		5	7	903	5	7	903
Operating income		1,797,387	1,855,580	1,892,427	1,782,845	1,845,811	1,934,683
Net release/(credit loss allowance) on financial assets	8	4,205	(318,614)	(58,846)	4,205	(318,614)	(58,846)
Personnel expenses	9	(121,256)	(94,416)	(92,634)	(121,256)	(94,416)	(92,634)
Depreciation and amortisation	19, 20	(41,289)	(41,533)	(19,601)	(50,550)	(51,742)	(17,649)
Operating lease expenses		-	-	(1,255)	-	-	(11,275)
Other expenses	10	(124,761)	(105,938)	(78,978)	(114,342)	(95,966)	(71,496)
Fair value adjustments of funds	26 (a) & (b)	(17,700)	116,750	20,900	(17,700)	116,750	20,900
Fair value gain on investment properties	22 (a), (b) & (c)	8,590	4,837	3,856	-	-	-
Fair value gain/(loss) on financial assets at fair value through profit or loss	18	12,095	(11,443)	(2,433)	12,095	(11,443)	(2,433)
Share of loss of associate	21	(1,862)	-	-	(1,862)	-	-
		(281,978)	(450,356)	(228,990)	(289,410)	(455,431)	(233,433)
Profit before income tax		1,515,409	1,405,223	1,663,437	1,493,435	1,390,380	1,701,250
Income tax expense	11(a)	(107,684)	(57,209)	(256,128)	(104,902)	(52,820)	(253,028)
Profit for the year		1,407,724	1,348,015	1,407,309	1,388,533	1,337,560	1,448,222
Other comprehensive income:							
Items that will not be reclassified to profit or loss:							
Remeasurements of pension benefit obligations	27	101,598	(162,715)	(15,821)	101,598	(162,715)	(15,821)
Income tax relating to components of other comprehensive income	11(b)	(17,272)	5,532	538	(17,272)	5,532	538
Net other comprehensive income/(loss)		84,326	(157,183)	(15,283)	84,326	(157,183)	(15,283)
Total comprehensive income for the year		1,492,050	1,190,832	1,392,026	1,472,859	1,180,378	1,432,939
Earnings per share - Basic and Diluted	12	0.75	0.71	0.73	-	-	-

		THE GROUP			THE COMPANY		
	Notes	2021	2020	2019	2021	2020	2019
ASSETS		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents	13	1,792,414	1,856,278	1,220,514	1,759,847	1,839,069	1,205,727
Loans and advances to members	14	33,542,883	31,875,792	33,257,794	33,542,883	31,875,792	33,257,794
Placements with bank and non-bank financial institutions	16	2,026,098	3,157,200	3,214,384	2,026,098	3,157,200	3,214,384
Financial assets at amortised cost	17	2,506,017	3,679,503	3,282,754	2,506,017	3,679,503	3,282,754
Financial assets at fair value through profit or loss	18	77,475	38,714	45,245	77,475	38,714	45,245
Investment in subsidiary	15	-	-	-	433,802	433,802	433,802
Property, equipment and right of use assets	19	300,491	236,678	178,146	160,274	106,004	27,479
Intangible assets	20	36,404	48,907	24,290	36,177	48,707	24,033
Investment in Associates	21	98,113	-	-	98,113	-	-
Investment properties	22	624,017	247,170	241,934	368,129	-	-
Current tax receivable	11(a)	-	26,956	39,922	-	25,949	38,915
Deferred tax assets	11(b)	163,483	30,664	17,757	174,682	39,081	21,785
Other assets	23	72,685	18,684	91,320	70,770	15,745	98,335
Total assets		41,240,080	41,216,545	41,614,060	41,254,267	41,259,565	41,650,252
LIABILITIES							
Deposits from customers	24	24,320,767	26,034,567	27,713,162	24,320,767	26,034,567	27,713,162
Interest bearing loans	25	-	-	2,286	-	-	2,286
Current tax liabilities	11(a)	83,279	-	-	84,087	-	-
Funds	26	3,490,647	3,272,532	3,326,990	3,490,647	3,272,532	3,326,990
Pension benefit obligations	27	46,648	139,994	563	46,648	139,994	563
Other liabilities	28	154,879	118,387	66,276	160,393	134,351	64,958
Total liabilities		28,096,220	29,565,479	31,109,277	28,102,541	29,581,443	31,107,959
Shareholders' equity							
Share capital	29	226,273	225,530	225,065	226,273	225,530	225,065
Retained earnings	30(e)	12,577,871	11,082,412	9,900,552	12,589,217	11,112,950	9,941,544
Revalution reserve	30(a)	3,481	3,481	3,481	-	-	-
Statutory reserve	30(b)	226,273	225,530	225,065	226,273	225,530	225,065
Actuarial reserves	30(c)	(158,301)	(242,627)	(85,444)	(158,301)	(242,627)	(85,444)
Other reserves	30(d)	268,264	356,741	236,064	268,264	356,741	236,064
Total equity		13,143,860	11,651,066	10,504,783	13,151,726	11,678,122	10,542,293
Total equity and liabilities		41,240,080	41,216,545	41,614,060	41,254,267	41,259,565	41,650,252

These financial statements have been approved for issue by the Board of Directors on 28 SEP 2021 and signed on its behalf by:

Mr. P. Neerunjun
Chairperson

Mr. M. Bheekhee
Director

Mr. N. Dabeesingh
Chief Executive Officer

The notes on pages 18 to 100 form an integral part of these financial statements.
Independent auditors' report on pages 6 to 12.

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2021

THE GROUP	Share capital	Statutory reserve	Revaluation reserves	Other Reserve	Actuarial reserves	Retained earnings	Total equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at July 1, 2018	224,563	224,563	3,481	257,008	(70,161)	8,538,110	9,177,563
Impact of adopting IFRS 9	-	-	-	-	-	(20,396)	(20,396)
Restated opening balance under IFRS 9	224,563	224,563	3,481	257,008	(70,161)	8,517,714	9,157,167
Issue of shares (note 29)	502	-	-	-	-	-	502
Profit for the year	-	-	-	-	-	1,407,309	1,407,309
Other comprehensive income for the year	-	-	-	-	(15,283)	-	(15,283)
Total comprehensive income	-	-	-	-	(15,283)	1,407,309	1,392,026
Transfer made to reserves for the year (note 30)	-	502	-	(20,944)	-	20,442	-
Dividend declared (note 31)	-	-	-	-	-	(44,913)	(44,913)
Balance at June 30, 2019	225,065	225,065	3,481	236,064	(85,444)	9,900,552	10,504,783
Balance at July 1, 2019	225,065	225,065	3,481	236,064	(85,444)	9,900,552	10,504,783
Issue of shares (note 29)	464	-	-	-	-	-	464
Profit for the year	-	-	-	-	-	1,348,015	1,348,015
Other comprehensive income for the year	-	-	-	-	(157,183)	-	(157,183)
Total comprehensive income	-	-	-	-	(157,183)	1,348,015	1,190,832
Transfer made to reserves for the year (note 30)	-	464	-	120,677	-	(121,142)	-
Dividend declared (note 31)	-	-	-	-	-	(45,013)	(45,013)
Balance at June 30, 2020	225,530	225,530	3,481	356,741	(242,627)	11,082,412	11,651,066
Balance at July 1, 2020	225,530	225,530	3,481	356,741	(242,627)	11,082,412	11,651,066
Issue of shares (note 29)	743	-	-	-	-	-	743
Profit for the year	-	-	-	-	-	1,407,724	1,407,724
Other comprehensive income for the year	-	-	-	-	84,326	-	84,326
Total comprehensive income	-	-	-	-	84,326	1,407,724	1,492,050
Transfer made to reserves for the year (note 30)	-	743	-	(88,477)	-	87,734	-
Dividend declared (note 31)	-	-	-	-	-	-	-
Balance at June 30, 2021	226,273	226,273	3,481	268,264	(158,301)	12,577,871	13,143,860

The notes on pages 18 to 100 form an integral part of these financial statements.

Independent auditors' report on pages 6 to 12.

THE COMPANY	Share capital	Statutory reserve	Revaluation reserves	Other Reserve	Actuarial reserves	Retained earnings	Total equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at July 1, 2018	224,563	224,563	3,481	257,008	(70,161)	8,538,188	9,177,641
Impact of adopting IFRS 9	-	-	-	-	-	(20,396)	(20,396)
Restated opening balance under IFRS 9	224,563	224,563	3,481	257,008	(70,161)	8,517,792	9,157,245
Issue of shares (note 29)	502	-	-	-	-	-	502
Profit for the year	-	-	-	-	-	1,448,222	1,448,222
Other comprehensive income for the year	-	-	-	-	(15,283)	-	(15,283)
Total comprehensive income	-	-	-	-	(15,283)	1,448,222	1,432,939
Transfer made to reserves for the year (note 30)	-	502	-	(20,944)	-	20,442	-
Dividend declared (note 31)	-	-	-	-	-	(44,913)	(44,913)
Recycle to profit or loss*	-	-	(3,481)	-	-	-	(3,481)
Balance at June 30, 2019	225,065	225,065	-	236,064	(85,444)	9,941,544	10,542,293
Balance at July 1, 2019	225,065	225,065	-	236,064	(85,444)	9,941,544	10,542,293
Issue of shares (note 29)	464	-	-	-	-	-	464
Profit for the year	-	-	-	-	-	1,337,560	1,337,560
Other comprehensive income for the year	-	-	-	-	(157,183)	-	(157,183)
Total comprehensive income	-	-	-	-	(157,183)	1,337,560	1,180,378
Transfer made to reserves for the year (note 30)	-	464	-	120,677	-	(121,142)	-
Dividend declared (note 31)	-	-	-	-	-	(45,013)	(45,013)
Balance at June 30, 2020	225,530	225,530	-	356,741	(242,627)	11,112,950	11,678,122
Balance at July 1, 2020	225,530	225,530	-	356,741	(242,627)	11,112,950	11,678,122
Issue of shares (note 29)	743	-	-	-	-	-	743
Profit for the year	-	-	-	-	-	1,388,533	1,388,533
Other comprehensive income for the year	-	-	-	-	84,326	-	84,326
Total comprehensive income	-	-	-	-	84,326	1,388,533	1,472,859
Transfer made to reserves for the year (note 30)	-	743	-	(88,477)		87,734	-
Dividend declared (note 31)	-	-	-	-	-	-	-
Balance at June 30, 2021	226,273	226,273	-	268,264	(158,301)	12,589,217	13,151,726

*The revaluation reserve was recycled to statement of comprehensive income, as part of gain on disposal, when the related assets were disposed during the year.

The notes on pages 18 to 100 form an integral part of these financial statements.

Independent auditors' report on pages 6 to 12.

		THE GROUP			THE COMPANY		
	Notes	2021	2020	2019	2021	2020	2019
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash flows from operating activities							
Profit before income tax		1,515,409	1,405,223	1,663,437	1,493,435	1,390,380	1,701,250
Adjustments for:							
Net release/(credit loss allowance) on financial assets	8	(4,205)	318,614	58,846	(4,205)	318,614	58,846
Depreciation of property, equipment and right of use assets	19	26,330	27,152	11,327	35,797	37,430	9,439
Derecognition of right of use assets	19	153	-	-	-	-	-
Amortisation of intangible assets	20	14,959	14,381	8,274	14,753	14,312	8,210
Interest income	6	(2,562,940)	(2,980,444)	(3,224,111)	(2,562,940)	(2,980,444)	(3,224,111)
Interest expense	6	790,601	1,148,550	1,356,416	790,601	1,148,550	1,356,416
Pension expense	27(iv)	18,575	3,561	3,644	18,575	3,561	3,644
Share of loss of associate	21	1,862	-	-	1,862	-	-
Fair value gain on investment properties	22	(8,590)	(4,837)	(3,856)	-	-	-
Transfer gain on sale of property, plant and equipment	7	-	-	-	-	-	(51,077)
Interest expense on lease liabilities	10	618	669	-	1,113	1,704	-
Fair value (gain)/loss on financial assets at fair value through profit or loss	18	(12,095)	11,443	2,433	(12,095)	11,443	2,433
Realised loss on disposal of financial assets at fair value through profit or loss	18	118	51	-	118	51	-
Translation loss/(gain) on revaluation of cash balance denominated in foreign currency		5	7	(806)	5	7	(806)
Fair value adjustments of funds	26(a)&(b)	17,700	(116,750)	(20,900)	17,700	(116,750)	(20,900)
		(201,500)	(172,380)	(145,297)	(205,281)	(171,142)	(156,657)
Changes in operating assets and liabilities:							
Decrease/(increase) in loans and advances to members		(1,853,524)	892,708	375,012	(1,853,524)	892,708	375,012
Decrease/(Increase) in other assets		(55,253)	74,223	(63,592)	(55,022)	80,880	(70,607)
(Decrease)/Increase in deposits from customers		(1,532,265)	(1,517,481)	(697,285)	(1,532,265)	(1,517,481)	(697,285)
Increase/(decrease) in other liabilities		36,976	28,549	1,024	39,403	30,531	(215)
Decrease in pension benefit obligation *	27(i)	(10,323)	(26,845)	(26,593)	(10,323)	(26,845)	(26,593)
Increase in funds		325,102	153,130	167,213	325,102	153,130	167,213
		(3,290,786)	(568,096)	(389,518)	(3,291,910)	(558,220)	(409,131)
Interest received		2,563,062	2,986,175	3,199,742	2,563,062	2,986,175	3,199,742
Interest paid		(906,470)	(1,236,836)	(1,329,043)	(908,201)	(1,236,836)	(1,329,043)
Interest and penalty paid		-	-	(67,120)	-	-	(67,120)
Income tax refund	11(a)	41,338	-	-	41,138	-	-
Income tax paid	11(a)	(188,878)	(51,618)	(918,184)	(188,878)	(51,618)	(918,104)
Net cash (used in)/generated from operating activities		(1,781,735)	1,129,624	495,878	(1,784,789)	1,139,500	476,344
Cash flows from investing activities							
Addition to placements with bank and non-bank financial institutions	16	-	(3,275,000)	(1,550,000)	-	(3,275,000)	(1,550,000)
Proceeds from matured placements with bank and non-bank financial institutions	16	1,150,000	3,335,000	1,685,000	1,150,000	3,335,000	1,685,000
Proceeds from matured financial assets at amortised costs and fair value through profit or loss	17, 18	4,159,426	2,333,496	5,033,071	4,159,426	2,333,496	5,033,071
Addition to financial assets at amortised cost and at fair value through profit or loss	17, 18	(3,030,840)	(2,736,673)	(5,690,021)	(3,030,840)	(2,736,673)	(5,690,021)
Purchase of property and equipment	19	(89,655)	(75,612)	(12,861)	(89,425)	(74,912)	(8,546)
Purchase of intangible assets	20	(2,456)	(38,998)	(26,970)	(2,224)	(38,986)	(26,648)
Acquisition of investment in associate	21	(99,975)	-	-	(99,975)	-	-
Purchase of investment property	22	(368,258)	(399)	(1,267)	(368,129)	-	(1,157)
Net cash generated from/(used in) investing activities		1,718,242	(458,187)	(563,048)	1,718,833	(457,076)	(558,301)
Cash flows from financing activities							
Proceeds from issuing shares	29	743	464	502	743	464	502
Decrease in interest bearing loans	25	-	(2,347)	(177,407)	-	(2,347)	(177,407)
Payment of the principal portion of the lease liability	28	(997)	(1,131)	-	(13,891)	(14,540)	-
Dividend paid	31	(112)	(32,654)	(33,117)	(112)	(32,654)	(33,117)
Net cash used in financing activities		(366)	(35,666)	(210,022)	(13,260)	(49,076)	(210,022)
Net (decrease)/increase in cash and cash equivalents		(63,859)	635,771	(277,192)	(79,216)	633,349	(291,979)
Effect of foreign exchange rate changes		(5)	(7)	806	(5)	(7)	806
Cash and cash equivalents at beginning of year		1,856,278	1,220,514	1,496,899	1,839,068	1,205,727	1,496,899
Cash and cash equivalents at end of year	13	1,792,414	1,856,278	1,220,514	1,759,847	1,839,068	1,205,727

* Decrease in pension benefit obligation presentation has been amended where it was previously accounted under ' Adjustments for'.

The notes on pages 18 to 100 form an integral part of these financial statements.
Independent auditors' report on pages 6 to 12.

1. GENERAL INFORMATION

The Mauritius Civil Service Mutual Aid Association Ltd was incorporated in Mauritius on July 29, 1913 under the Companies Ordinance No.35 of 1912 as a limited liability company. The address of its registered office is 5, Guy Rozemont Square, Port Louis. The activities of the Company are mainly to grant loans to its associates and staffs; to make provisions for a scheme of retirement benefits for its associates and the public; and has a deposit taking licence which allows it to accept deposits from the public. The types of deposits accepted by the Company include term deposits.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of The Mauritius Civil Service Mutual Aid Association Ltd (the "Company") and its subsidiary (collectively known as the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for

(i) relevant financial assets and liabilities are stated at their fair values; and

(ii) investment properties are stated at fair value

(iii) pension benefit obligations

(iv) included in the line item 'Funds', the Guarantee Benevolent Scheme and Mutual Solidarity Scheme are stated at fair value.

The financial statements are presented in Mauritian Rupees ('Rs'), and all values are rounded to the nearest thousand rupees, except where otherwise indicated.

2.1.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at June 30, 2021. The Company consolidates a subsidiary when it controls it. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations adopted in the year commencing July 1, 2020:

Amendments	Effective for accounting period beginning on or after
IFRS 3 Business Combinations - Amendments regarding definition of a business	January 1, 2020
IFRS 7 Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 1, 2020
IFRS 9 Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 1, 2020
IFRS 16 Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	June 1, 2020
IAS 1 Presentation of Financial Statements - Amendments regarding the definition of material	January 1, 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material	January 1, 2020
IAS 39 Financial Instruments: Recognition and Measurement - Amendments regarding pre replacement issues in the context of the IBOR reform	January 1, 2020

2. SIGNIFICANT ACCOUNTING POLICIES

2.2 Changes in accounting policies and disclosures (Continued)

Where the adoption of the standard or interpretation or improvement is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

2.3 Accounting standards and interpretations issued but not yet effective

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Group has not early adopted them and intends to adopt those standards when they become effective.

New or revised standards and interpretations:

	Effective for accounting period beginning on or after
<u>New or revised standards</u>	
IFRS 17 Insurance Contracts	January 1, 2023
<u>Amendments</u>	
IFRS 1 First-time Adoption of International Financial Reporting Standards - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (subsidiary as a first-time adopter)	January 1, 2022
Amendments to IAS 8: Definition of Accounting Estimates	January 1, 2023
IFRS 3 Business Combinations - Amendments updating a reference to the Conceptual Framework	January 1, 2022
IFRS 4 Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 1, 2023
IFRS 9 Financial Instrument - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities)	January 1, 2022
Amendments to IAS 1: Disclosure of Accounting Policies	January 1, 2023
IFRS 17 Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	January 1, 2023
IAS 1 Presentation of Financial Statements – Amendments regarding the classification of liabilities	January 1, 2023
IAS 1 Presentation of Financial Statements – Amendment to defer the effective date of the January 2020 amendments	January 1, 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	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	January 1, 2022
IAS 41 Agriculture - Amendments resulting from Annual Improvements to IFRS Standards 2018- 2020 (taxation in fair value measurements)	January 1, 2022

The Group is still assessing the impact of these new standards and interpretations on its financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Mauritian rupees, which is the Group's functional and presentation currency.

(ii) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'.

(b) Investments in subsidiary

In the separate financial statements of the company, investments in subsidiary companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

(c) Financial instruments

(i) Financial assets

Initial recognition and measurement

On initial recognition, financial assets are classified as measured at amortised cost, fair value through profit or loss ("FVTPL"), and fair value through other comprehensive income ("OCI"). The Group measures financial assets at their fair values plus, in the case of financial assets not at fair value through profit or loss, transaction costs, that are directly attributable to the acquisition of the financial assets.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

(i) Financial assets (Continued)

Initial recognition and measurement (Continued)

The solely payments of principal and interest (SPPI) test

As a second step of its classification process the Group assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

The initial recognition of financial assets is disclosed on notes 13,14,16,17,18 and 22.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortised cost, fair value through profit or loss when they are held for trading, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include deposit from customers, interest bearing loans, retirement savings scheme and other liabilities classified as loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method ("EIR") amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(d) Offsetting of financial instruments

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

(e) Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Fair value measurement (Continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings. Involvement of external valuers is decided upon every 3 years. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with their external valuers, which valuation techniques and inputs to use for each case.

(f) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, namely credit risk, interest rate risk, liquidity risk and other risks as detailed below:

The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

Credit risk

The Group takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises principally from the Group's loans granted to members of the Company only.

Such risk is managed through regular review of loan arrears, followed by appropriate actions taken by management. Exposure to credit risk is also managed by obtaining personal guarantee of at least one, depending on loan schemes. Furthermore, in case the loanees pass away, the loans are written off against the Mutual Solidarity Contribution. Given the nature of the Company's activities which is to lend to members who are civil servants, the loan instalments are deducted at source from the members' salaries and remitted to the Company by the respective employers, thereby limiting the risk of default to circumstances such as death, resignation or termination of the employment within the civil service. However, loans are granted to members only after assessing the repayment capacity of the latter as per the Group's policy.

(i) Credit exposure

The maximum exposure to credit risk at the end of the reporting period without taking into account of any collateral held or other credit enhancements as per below:

	THE GROUP			THE COMPANY		
	2021	2020	2019	2021	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents	1,792,414	1,856,278	1,220,514	1,759,847	1,839,069	1,205,727
Loans and advances to members	33,542,883	31,875,792	33,257,794	33,542,883	31,875,792	33,257,794
Placements with bank and non-bank financial institutions	2,026,098	3,157,200	3,214,384	2,026,098	3,157,200	3,214,384
Financial assets at amortised cost	2,506,017	3,679,503	3,282,754	2,506,017	3,679,503	3,282,754
Other assets	3,356	6,288	4,745	2,149	3,614	13,371
	39,870,768	40,575,061	40,980,191	39,836,994	40,555,177	40,974,030

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 **Financial risk factors (Continued)**

(ii) **Impairment assessment**

The references below show where the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies and Note 8 to the financial statements.

Definition of default and cure

For the definition of default and cure, refer to Note 8 to the financial statements.

Internal credit rating

Loans and advances to members

The Group does not provide a risk rating to its customers at origination as due to its business model, loans are provided to public and parastatal employees which have similar risk. The Group receives payment at source, i.e monthly loan instalments are deducted by the employer which are remitted to the Group at each month end. Hence, credit grading is based on days past due as the Group believes that the credit risk deteriorates when the days past due rises.

The loan book and the days past due are closely monitored by management and credit rating are updated on a quarterly basis to reflect current information. The days past due is the primary input used to determine the probability of default.

The Group's internal credit grading are as follows:

Days past due	Internal rating grade
Performing	
0 - 30 days	High grade
31 - 89 days	Standard grade
Non - performing	
Above 90 days	Individually impaired

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(ii) Impairment assessment (Continued)

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the member's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and purchased or originated credit impaired (POCI) financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The EAD for 12mECL is the outstanding amount of the loan at the year end. The EAD for lifetime ECL are adjusted with loan monthly payments and interest accrued on a yearly basis.

Loss given default

Loss given default (LGD) is the magnitude of the likely loss if there is a default. The Group estimates the LGD parameters based on the history of loss of defaulted loans. The business model of the Group is such that it does not hold any major collateral except fixed deposits, retirement savings scheme, fixed/floating charge on assets of loanees and guarantors. In case of default, the monthly instalments are paid by the guarantors.

Probability of default

Probability of default (PD) is defined as the likelihood of default over a particular time horizon. The days past due is the primary input used to determine the probability of default.

Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk when the days past due is more than 30 days and stress situation on specific sectors where employees are being made redundant or are opting for half pay or leave without pay.

Post model adjustments

For the portfolio of obligors operating in the airline sector, there has been an increase in uncertainties with regards to debt recoverability as from July 01, 2020, which is being accounted by a post model adjustment. Based on different risk drivers and scenario such as likelihood of potential redundancy, half pay or leave without pay; a mild (25%) and aggressive (75%) scenario was established resulting in Rs. 59.9m being booked as an overlay to the ECL allowance as at 30 June 2021 (30 June 2020: Rs. 24.5m, 30 June 2019: Nil).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(ii) Impairment assessment (Continued)

Forward looking information

The use of forward-looking information is a key component of the ECL impairment approach. As per industry practices, the forward-looking information is usually embedded within the ECL parameters using quantitative methods. For Mutual Aid, a relationship is built using historical internal default rates and explanatory variables which is inclusive of macroeconomic variables using regression techniques. Prior to the use of macroeconomic variables which shall act as forward-looking triggers, both quantitative and qualitative aspects are considered and analysed.
The current macroeconomic variable which is being considered is unemployment rate. From a business perspective, unemployment rate is a major indicator of credit losses for a retail loan portfolio and likewise, quantitative parameters are also in line with the business views. As per IFRS 9 standard, Expected credit losses should be unbiased and probability-weighted using reasonable and supportable information that is available without undue cost or effort at the reporting date. As such, management has assigned weights to the following scenarios namely Baseline (40%), Downturn (30%) and Upturn (30%). The weightage assigned to the respective scenarios is based on a management insights with reference to external benchmark.

(iii) Credit concentration

Based on the business model of the Group, loans are provided to civil servants only and are disbursed subject to a 50% maximum deduction on gross salary. This reduces the credit concentration risk to a minimal level.

(iv) Collateral and other credit enhancements

The use of credit risk mitigants is an integral part of the credit risk management process and is documented in the Company's Credit Risk policy. The amount and type of collateral required depend on the members' credit quality and repayment capacity. The principal collateral types taken include:

- Fixed / floating charge on assets of members
- Pledge of deposits / RSS

For 2021, 2020 & 2019, there has been no loan and advances to customers for which the company has not recognised a loss allowance because of collaterals.
Interest rate risk

Critical accounting estimates and judgements

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.

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.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group uses an interest rate gap analysis to measure and monitor the interest rate risk.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

Interest rate risk (Continued)

The tables below summarise the Group's and Company's exposure to interest rate risks. It includes the Group's and Company's assets and liabilities at carrying amounts, categorised by either the earlier of contractual repricing or maturity dates. The 'within 1 year' column includes the financial assets and liabilities which have floating rates of interest that do not reprice at set dates, but rather reprice whenever the underlying interest rate index change.

THE GROUP

As at June 30, 2021	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	1,792,414	-	-	-	1,792,414
Placements with bank and non-bank financial institutions	1,771,233	262,737	-	-	2,033,970
Financial assets at amortised cost	498,860	2,008,737	-	-	2,507,597
Financial assets at fair value through profit or loss	-	-	-	77,475	77,475
Loans and advances	34,542,635	4,546	75,307	-	34,622,488
Other assets	-	-	-	3,355	3,355
	38,605,142	2,276,020	75,307	80,829	41,037,297
Liabilities					
Deposits	24,145,886	174,600	280	-	24,320,767
Other liabilities *	772	392	7,254	79,613	88,032
Funds	1,966,745	-	-	1,523,902	3,490,647
	26,113,403	174,992	7,535	1,603,516	27,899,445
Total interest repricing gap	12,491,739	2,101,027	67,772	(1,522,686)	13,137,852

* Dividend payable is not a financial liability and has been excluded from Other liabilities

** The gross amounts of placements with bank and non-bank financial institutions, financial assets at amortised cost and loans and advances have been presented on table above.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

Interest rate risk (Continued)

THE GROUP

As at June 30, 2020	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	1,856,278	-	-	-	1,856,278
Placements with bank and non-bank financial institutions	1,461,875	1,706,897	-	-	3,168,773
Financial assets at amortised cost	3,681,657	-	-	-	3,681,657
Financial assets at fair value through profit or loss	-	-	-	38,714	38,714
Loans and advances	32,854,460	3,259	57,022	-	32,914,741
Other assets	-	-	-	6,288	6,288
	39,854,270	1,710,157	57,022	45,002	41,666,451
Liabilities					
Deposits	25,640,912	393,655	-	-	26,034,567
Interest bearing loans	-	-	-	-	-
Other liabilities*	1,063	543	7,335	39,464	48,405
Funds	1,902,453	-	-	1,370,078	3,272,532
	27,544,428	394,198	7,335	1,409,542	29,355,503
Total interest repricing gap	12,309,842	1,315,958	49,687	(1,364,540)	12,310,947

* Dividend payable is not a financial liability and has been excluded from Other liabilities. The 2020 figures have been amended to exclude the dividend payable as disclosed in Note 28.

** The gross amounts of placements with bank and non-bank financial institutions, financial assets at amortised cost and loans and advances have been presented on table above.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

Interest rate risk (Continued)

THE GROUP

As at June 30, 2019	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	1,220,514	-	-	-	1,220,514
Placements with bank and non-bank financial institutions	2,414,577	816,251	-	-	3,230,828
Financial assets at amortised cost	1,906,198	1,382,476	-	-	3,288,673
Financial assets at fair value through profit or loss	-	-	-	45,245	45,245
Loans and advances	33,915,146	7,983	41,446	-	33,964,575
Other assets	-	-	-	4,745	4,745
	39,456,435	2,206,709	41,446	49,990	41,754,580
Liabilities					
Deposits	27,172,840	540,322	-	-	27,713,162
Interest bearing loans	2,286	-	-	-	2,286
Other liabilities*	-	-	-	11,677	11,677
Funds	1,820,084	-	-	1,506,906	3,326,990
	28,995,210	540,322	-	1,518,583	31,054,115
Total interest repricing gap	10,461,225	1,666,388	41,446	(1,468,593)	10,700,465

* Dividend payable is not a financial liability and has been excluded from Other liabilities. The 2019 figures have been amended to exclude the dividend payable as disclosed in Note 28.

** The gross amounts of placements with bank and non-bank financial institutions, financial assets at amortised cost and loans and advances have been presented on table above.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

Interest rate risk (Continued)

THE COMPANY

As at June 30, 2021

	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	1,759,847	-	-	-	1,759,847
Placements with bank and non-bank financial institutions	1,771,233	262,737	-	-	2,033,970
Financial assets at amortised cost	498,860	2,008,737	-	-	2,507,597
Financial assets at fair value through profit or loss	-	-	-	77,475	77,475
Loans and advances	34,542,635	4,546	75,307	-	34,622,488
Other assets	-	-	-	2,149	2,149
	38,572,575	2,276,020	75,307	79,623	41,003,524
Liabilities					
Deposits	24,145,886	174,600	280	-	24,320,767
Other liabilities*	6,322	87	6,846	80,292	93,546
Funds	1,966,745	-	-	1,523,902	3,490,647
	26,118,953	174,686	7,126	1,604,194	27,904,959
Total interest repricing gap	12,453,622	2,101,333	68,181	(1,524,570)	13,098,565

* Dividend payable is not a financial liability and has been excluded from Other liabilities

** The gross amounts of placements with bank and non-bank financial institutions, financial assets at amortised cost and loans and advances have been presented on table above.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

Interest rate risk (Continued)

THE COMPANY

As at June 30, 2020

	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	1,839,069	-	-	-	1,839,069
Placements with bank and non-bank financial institutions	1,461,875	1,706,897	-	-	3,168,773
Financial assets at amortised cost	3,681,657	-	-	-	3,681,657
Financial assets at fair value through profit or loss	-	-	-	38,714	38,714
Loans and advances	32,854,460	3,259	57,022	-	32,914,741
Other assets	-	-	-	3,614	3,614
	39,837,061	1,710,157	57,022	42,328	41,646,567
Liabilities					
Deposits	25,640,912	393,655	-	-	26,034,567
Other liabilities*	13,857	5,800	6,846	40,889	67,392
Funds	1,902,453	-	-	1,370,078	3,272,532
	27,557,223	399,455	6,846	1,410,967	29,374,490
Total interest repricing gap	12,279,838	1,310,702	50,176	(1,368,639)	12,272,077

* Dividend payable is not a financial liability and has been excluded from Other liabilities. The 2020 figures have been amended to exclude the dividend payable as disclosed in Note 28.

** The gross amounts of placements with bank and non-bank financial institutions, financial assets at amortised cost and loans and advances have been presented on table above.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

Interest rate risk (Continued)

THE COMPANY

As at June 30, 2019

	Within 1 year	1-5 years	Over 5 years	Non interest bearing	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	1,205,727	-	-	-	1,205,727
Placements with bank and non-bank financial institutions	2,414,577	816,251	-	-	3,230,828
Financial assets at amortised cost	1,906,198	1,382,476	-	-	3,288,673
Financial assets at fair value through profit or loss	-	-	-	45,245	45,245
Loans and advances	33,915,146	7,983	41,446	-	33,964,575
Other assets	-	-	-	13,371	13,371
	39,441,648	2,206,709	41,446	58,616	41,748,419
Liabilities					
Deposits	27,172,840	540,322	-	-	27,713,162
Interest bearing loans	2,286	-	-	-	2,286
Other liabilities*	-	-	-	10,358	10,358
Funds	1,820,084	-	-	1,506,906	3,326,990
	28,995,210	540,322	-	1,517,265	31,052,796
Total interest repricing gap	10,446,438	1,666,388	41,446	(1,458,649)	10,695,623

* Dividend payable is not a financial liability and has been excluded from Other liabilities. The 2019 figures have been amended to exclude the dividend payable as disclosed in Note 28.

** The gross amounts of placements with bank and non-bank financial institutions, financial assets at amortised cost and loans and advances have been presented on table above.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

Interest rate risk (Continued)

At June 30, 2021, 2020 and 2019, if interest rates on floating interest bearing assets and liabilities had been 10 basis points higher/lower, with all other variables held constant, post-tax profit for the year would have been as follows:

	THE GROUP			THE COMPANY		
	Effect on post-tax profit 2021	Effect on post-tax profit 2020	Effect on post-tax profit 2019	**Effect on post-tax profit 2021**	Effect on post-tax profit 2020	Effect on post-tax profit 2019
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Effect of an increase in interest rate	**10,368**	10,217	8,683	**10,337**	10,192	8,671
Effect of a decrease in interest rate	**(10,368)**	(10,217)	(8,683)	**(10,337)**	(10,192)	(8,671)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Being a financial institution, the Group is subject to statutory obligations whereby it has to meet Bank of Mauritius requirements and also by availing credit facilities from banks.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow and does not foresee any major liquidity risk over the next two years.

The table below summarises the maturity profile of the Group's and Company's financial assets and liabilities based on contractual undiscounted payments.

As at June 30, 2021

THE GROUP	Within 1 year	1-5 years	Over 5 years	No specified maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	1,792,414	-	-	-	1,792,414
Placements with bank and non-bank financial institutions	1,793,622	281,904	-	-	2,075,526
Financial assets at amortised cost	515,716	2,052,282	-	-	2,567,997
Loans and advances	5,558,202	22,232,808	18,058,240	-	45,849,250
Financial assets at fair value through profit or loss	-	-	-	77,475	77,475
Other assets*	-	-	-	3,355	3,355
	9,659,953	24,566,994	18,058,240	80,829	52,366,017
Liabilities					
Deposits from customers	6,234,035	16,724,197	2,064,346	-	25,022,578
Other liabilities ***	772	392	7,254	79,613	88,032
Funds **	216,496	316,142	2,694,595	1,523,903	4,751,137
	6,451,303	17,040,731	4,766,196	1,603,516	29,861,747
Liquidity gap	3,208,650	7,526,263	13,292,044	(1,522,687)	22,504,270

* Other assets exclude tax deducted at source on rental income, prepayments and advance payment for plant, property and equipments and software.

** Funds include GBS, MSC and RSS (Note 26). GBS and MSC are on demand since they do not have any maturity whereas RSS has been classified within each buckets based on maturity of the funds contributed.

***Dividend payable is not a financial liability and has been excluded from Other liabilities

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

Liquidity risk (Continued)

As at June 30, 2020

THE GROUP	Within 1 year	1-5 years	Over 5 years	No specified maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	**Rs'000**
Assets					
Cash and cash equivalents	1,856,278	-	-	-	1,856,278
Placements with bank and non-bank financial institutions	1,231,302	2,075,161	-	-	3,306,463
Financial assets at amortised cost	3,705,934	-	-	-	3,705,934
Financial assets at fair value through profit or loss***	-	-	-	38,714	38,714
Loans and advances	5,741,398	22,965,591	13,887,443	-	42,594,431
Other assets*	-	-	-	6,288	6,288
	12,534,911	25,040,752	13,887,443	45,002	51,508,108
Liabilities					
Deposits from customers	4,775,354	18,218,602	4,044,818	-	27,038,774
Other liabilities ****	1,063	543	7,335	39,464	48,405
Funds **	501,680	287,407	1,954,990	1,370,078	4,114,156
	5,278,096	18,506,553	6,007,144	1,409,542	31,201,335
Liquidity gap	7,256,815	6,534,199	7,880,299	(1,364,540)	20,306,773

* Other assets exclude tax deducted at source on rental income, prepayments and advance payment for plant, property and equipments and software.

** Funds include GBS, MSC and RSS (Note 26). GBS and MSC are on demand since they do not have any maturity whereas RSS has been classified within each buckets based on maturity of the funds contributed.

*** Financial assets at fair value through profit or loss has been added to the liquidity risk table to improve the quality of the disclosure.

**** Dividend payable is not a financial liability and has been excluded from Other liabilities. The 2020 figures have been amended to exclude the dividend payable as disclosed in Note 28.

As at June 30, 2019

THE GROUP	Within 1 year	1-5 years	Over 5 years	No specified maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	1,220,514	-	-	-	1,220,514
Placements with bank and non-bank financial institutions	2,335,485	974,662	-	-	3,310,147
Financial assets at amortised cost	1,906,136	1,382,476	-	-	3,288,611
Loans and advances	5,620,955	22,483,819	20,808,164	-	48,912,938
Financial assets at fair value through profit or loss***	-	-	-	45,245	45,245
Other assets*	-	-	-	4,745	4,745
	11,083,089	24,840,957	20,808,164	49,990	56,782,199
Liabilities					
Deposits from customers	5,012,941	18,784,692	6,613,509	-	30,411,141
Interest bearing	2,286	-	-	-	2,286
Other liabilities ****	-	-	-	11,677	11,677
Funds **	127,795	306,339	1,787,982	1,517,661	3,739,778
	5,143,021	19,091,031	8,401,491	1,529,338	34,164,881
Liquidity gap	5,940,068	5,749,926	12,406,673	(1,479,348)	22,617,318

* Other assets exclude advance payment for plant , property and equipments and software and prepayments.

** Funds include GBS, MSC and RSS (Note 26). GBS and MSC are on demand since they do not have any maturity whereas RSS has been classified within each buckets based on maturity of the funds contributed.

*** Financial assets at fair value through profit or loss has been added to the liquidity risk table to improve the quality of the disclosure.

**** Dividend payable is not a financial liability and has been excluded from Other liabilities. The 2019 figures have been amended to exclude the dividend payable as disclosed in Note 28.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

Liquidity risk (Continued)

As at June 30, 2021

THE COMPANY	Within 1 year	1-5 years	Over 5 years	No specified maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	1,759,847	-	-	-	1,759,847
Placements with bank and non-bank financial institutions	1,793,622	281,904	-	-	2,075,526
Financial assets at amortised cost	515,716	2,052,282	-	-	2,567,997
Loans and advances	5,558,202	22,232,808	18,058,240	-	45,849,250
Financial assets at fair value through profit or loss	-	-	-	77,475	77,475
Other assets*	-	-	-	2,149	2,149
	9,627,387	24,566,994	18,058,240	79,623	52,332,244
Liabilities					
Deposits from customers	6,234,035	16,724,197	2,064,346	-	25,022,578
Other liabilities ***	6,322	87	6,846	80,292	93,546
Funds **	216,496	316,142	2,694,595	1,523,903	4,751,137
	6,456,853	17,040,426	4,765,787	1,604,195	29,867,260
Liquidity gap	3,170,534	7,526,568	13,292,453	(1,524,571)	22,464,984

* Other assets exclude tax deducted at source on rental income, prepayments and advance payment for property, equipments and software.

** Funds include GBS, MSC and RSS (Note 26). GBS and MSC are on demand since they do not have any maturity whereas RSS has been classified within each buckets based on maturity of the funds contributed.

***Dividend payable is not a financial liability and has been excluded from Other liabilities.

As at June 30, 2020

THE COMPANY	Within 1 year	1-5 years	Over 5 years	No specified maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	1,839,069	-	-	-	1,839,069
Placements with bank and non-bank financial institutions	1,231,302	2,075,161	-	-	3,306,463
Financial assets at amortised cost	3,705,934	-	-	-	3,705,934
Loans and advances	5,741,398	22,965,591	13,887,443	-	42,594,431
Financial assets at fair value through profit or loss ***	-	-	-	38,714	38,714
Other assets*	-	-	-	3,614	3,614
	12,517,702	25,040,752	13,887,443	42,328	51,488,225
Liabilities					
Deposits from customers	4,775,354	18,218,602	4,044,818	-	27,038,774
Other liabilities ****	13,857	5,800	6,846	40,889	67,392
Funds **	501,680	287,407	1,954,990	1,370,078	4,114,156
	5,290,891	18,511,810	6,006,654	1,410,967	31,220,322
Liquidity gap	7,226,811	6,528,942	7,880,789	(1,368,639)	20,267,903

* Other assets exclude tax deducted at source on rental income, prepayments and advance payment for property, equipments and software.

** Funds include GBS, MSC and RSS (Note 26). GBS and MSC are on demand since they do not have any maturity whereas RSS has been classified within each buckets based on maturity of the funds contributed.

*** Financial assets at fair value through profit or loss has been added to the liquidity risk table to improve the quality of the disclosure.

**** Dividend payable is not a financial liability and has been excluded from Other liabilities. The 2020 figures have been amended to exclude the dividend payable as disclosed in Note 28.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

Liquidity risk (Continued)

As at June 30, 2019

THE COMPANY	Within 1 year	1-5 years	Over 5 years	No specified maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets					
Cash and cash equivalents	1,205,727	-	-	-	1,205,727
Placements with bank and non-bank financial institutions	2,335,485	974,662	-	-	3,310,147
Financial assets at amortised cost	1,906,136	1,382,476	-	-	3,288,611
Loans and advances	5,620,955	22,483,819	20,808,164	-	48,912,938
Financial assets at fair value through profit or loss ***	-	-	-	45,245	45,245
Other assets*				13,371	13,371
	11,068,302	24,840,957	20,808,164	58,616	56,776,039
Liabilities					
Deposits from customers	5,012,941	18,784,692	6,613,509	-	30,411,141
Interest bearing loans	2,286	-	-	-	2,286
Other liabilities ****	-	-	-	10,358	10,358
Funds **	127,795	306,339	1,787,982	1,517,661	3,739,778
	5,143,021	19,091,031	8,401,491	1,528,020	34,163,563
Liquidity gap	5,925,281	5,749,926	12,406,673	(1,469,404)	22,612,476

* Other assets exclude advance payment for property, equipments and software and prepayments.

** Funds include GBS, MSC and RSS (Note 26). GBS and MSC are on demand since they do not have any maturity whereas RSS has been classified within each buckets based on maturity of the funds contributed.

*** Financial assets at fair value through profit or loss has been added to the liquidity risk table to improve the quality of the disclosure.

**** Dividend payable is not a financial liability and has been excluded from Other liabilities. The 2019 figures have been amended to exclude the dividend payable as disclosed in Note 28.

Currency risk

As at June 30, 2021, the Group had financial assets denominated in US dollars with respect to accounts held with local commercial banks amounting to Rs. 70,069 (2020: Rs. 61,715 and 2019: Rs. 54,812).

Sensitivity analysis

At June 30, 2021, 2020 and 2019, if the USD had weakened/strengthened by 5% against the MUR with all variables held constant, post-tax profit anc equity of the Company would have as follows:

		THE GROUP			THE COMPANY		
	Increase / (decrease) in foreign exchange rate	**Effect on post-tax profit and equity 2021**	Effect on post-tax profit and equity 2020	Effect on post-tax profit and equity 2019	**Effect on post-tax profit and equity 2021**	Effect on post-tax profit and equity 2020	Effect on post-tax profit and equity 2019
Currency		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
MUR in relation to USD	+5%	3	(3)	(2)	3	(3)	(2)
MUR in relation to USD	-5%	(3)	3	2	(3)	3	2

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Other risks

Compliance risk

Compliance risk is the risk that the Group fails to comply with existing statutory and compliance regulations, thereby impacting adversely on the Group's financial position and reputation. This is managed through continuous review of systems in place, adherence to group's procedure manuals and assignment of the compliance department independent of the normal course of transactions. The Compliance Department is well structured with qualified staffs. The department ensures that the activities carried out are in conformity with the laws, regulations, and guidelines governing the banking sector and with the principles of good governance. Any departure is reported to the Audit and Corporate Governance Committee.

Operational risk management

Operational risk is the risk of financial loss and business instability arising from failures in internal controls, operational processes or other supporting systems.

It is understood that such risks cannot be entirely eliminated and the cost of controls in minimising these risks may outweigh the potential benefits. As part of the implementation of the Group's risk strategy, independent checks on risk issues are undertaken by the Internal Audit unit.

Legal risk

Legal risk is the risk that the business activities of the Group have unintended or unexpected consequences. It includes risk arising from:

- Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency;
- Actual or potential violations of laws or regulations (including activities unauthorised for the financial institution and which attract a civil or criminal fine or penalty);
- Failure to protect the Group's property;
- The possibility of civil claims (including acts or other events which may lead to litigation or other disputes).

The Group identifies and manages legal risk through its legal advisers.

Reputational risk

The Group considers management of reputation as crucial for maintenance of value advantage and it defines reputation as an intangible asset greater than brand. The Group is aware that reputation is affected when something is done that causes stakeholders to lose trust in an organisation. The Group manages reputation risk through:

- Effective framework of prudential management and good governance;
- Efficient communications with all stakeholders;
- Effective Media management;
- Timely and effective operational response.

3.3 Capital risk management

The Group's objectives when managing capital are:

- to comply with the capital requirements set by the Bank of Mauritius and Banking Act 2004,
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for members and benefits for other members, and
- to provide an adequate return to members by adjusting interest rates commensurately with the level of risk.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Capital risk management (Continued)

The Group monitors capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt to capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity.

The target level of debt to capital ratio is 10 times . However, given the high level of capital adequacy ratio of the Group, the debt to equity is relatively low, which testifies the financial strength of the Group. Taking into consideration the business model of the Group and the relatively low level of default, the risk of a high debt to equity is remote. Nevertheless, the Group is constantly monitoring its level of debt so as to maintain it at a level less than 10 times (as shown below). As regards to the capital adequacy ratio, the minimum required is 10 %, whereas for the period under review, the Group has maintained a capital adequacy ratio of approximately 67.03 % (2020: 63:25% and 2019: 54.55%) which is within the minimum requirements.

The debt-to-capital ratios at June 30, 2021, at June 30, 2020 and at June 30, 2019 were as follows:

	THE GROUP			THE COMPANY		
	2021	2020	2019	2021	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Total debt	28,096,220	29,565,479	31,109,277	28,102,541	29,581,443	31,107,959
Less: cash and cash equivalents	(1,792,414)	(1,856,278)	(1,220,514)	(1,759,847)	(1,839,069)	(1,205,727)
Net debt	26,303,806	27,709,202	29,888,763	26,342,695	27,742,374	29,902,232
Total equity	13,143,860	11,651,066	10,504,783	13,151,726	11,678,122	10,542,293
Debt-to-capital ratio	2:1	2.38:1	2.85:1	2:1	2.38:1	2.84:1

3.4 Fair value estimation

All the financial instruments approximate their fair values, except where otherwise stated.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Estimates

(i) Impairment losses on loans and advances: Note 14 (b) Allowances for credit losses & Note 8 Net credit loss allowance on financial

(ii) Pension benefits: Note 27 Pension benefit obligations

(iii) Revaluation of investment properties: Note 22 Investment Properties

(iv) Guarantee Benevolent Scheme (GBS) and Mutual Solidarity Contribution (MSC): Note 26 (a) & (b) Guarantee Benevolent Scheme and Mutual Solidarity Contribution

(v) Determination of interest rate implicit in the lease: Note 19 Property, equipment and right of use assets

Judgement

(i) Limitation of sensitivity analysis: Note 3.1 Financial risk factors

(ii) Determination of significant influence in investment in associate: Note 21 Investment in Associate

5. CLASSIFICATION OF ASSETS AND LIABILITIES BETWEEN CURRENT AND NON-CURRENT

The table below shows an analysis of assets and liabilities classified between current and non-current.

As at June 30, 2021	THE GROUP		
	Within 12 months	After 12 months	Total
	Rs'000	Rs'000	Rs'000
Assets			
Cash and cash equivalents	1,792,414	-	1,792,414
Loans and advances to members	2,886,027	30,656,855	33,542,883
Placements with bank and non-bank financial institutions	1,764,384	261,715	2,026,098
Financial assets at amortised cost	498,860	2,007,157	2,506,017
Financial assets at fair value through profit or loss	-	77,475	77,475
Property, equipment and right of use assets	-	300,491	300,491
Intangible assets	-	36,404	36,404
Investment in Associates	-	98,113	98,113
Investment property	-	624,017	624,017
Deferred tax assets	-	163,483	163,483
Other assets	72,685	-	72,685
	7,014,369	34,225,711	41,240,080
Liabilities			
Deposits from customers	6,060,851	18,259,916	24,320,767
Current tax liabilities	83,279	-	83,279
Funds	209,276	3,281,371	3,490,647
Pension benefit obligations	6,070	40,578	46,648
Other liabilities	80,385	74,494	154,879
	6,439,861	21,656,358	28,096,220

5. **CLASSIFICATION OF ASSETS AND LIABILITIES BETWEEN CURRENT AND NON-CURRENT (CONTINUED)**

The table below shows an analysis of assets and liabilities classified between current and non-current.

As at June 30, 2020	THE GROUP		
	Within 12 months	After 12 months	Total
	Rs'000	Rs'000	Rs'000
Assets			
Cash and cash equivalents	1,856,278	-	1,856,278
Loans and advances to members	2,760,557	29,115,235	31,875,792
Placements with bank and non-bank financial institutions	1,202,619	1,954,581	3,157,200
Financial assets at amortised cost	3,679,503	-	3,679,503
Financial assets at fair value through profit or loss	-	38,714	38,714
Property, equipment and right of use assets	-	236,678	236,678
Intangible assets	-	48,907	48,907
Investment property	-	247,170	247,170
Current tax receivable	26,956	-	26,956
Deferred tax assets	-	30,664	30,664
Other assets	18,684	-	18,684
	9,544,597	31,671,948	41,216,545
Liabilities			
Deposits from customers	4,906,511	21,128,056	26,034,567
Funds	127,795	3,144,737	3,272,532
Pension benefit obligations	-	139,994	139,994
Other liabilities	110,508	7,878	118,387
	5,144,815	24,420,665	29,565,479

The 2020 figures were amended to include ECL allowance in the carrying amount of the loans and advances to members, placements with bank and non-bank financial institutions and financial assets at amortised cost. Previously the carrying amount of those assets excluded ECL. The change was made because ECL were incorrectly excluded from the carrying amount of those assets.

5. CLASSIFICATION OF ASSETS AND LIABILITIES BETWEEN CURRENT AND NON-CURRENT (CONTINUED)

The table below shows an analysis of assets and liabilities classified between current and non-current.

As at June 30, 2019	THE GROUP		
	Within 12 months	After 12 months	Total
	Rs'000	Rs'000	Rs'000
Assets			
Cash and cash equivalents	1,220,514	-	1,220,514
Loans and advances to members	2,413,141	30,844,654	33,257,794
Placements with bank and non-bank financial institutions	2,298,919	915,466	3,214,384
Financial assets at amortised cost	1,900,278	1,382,476	3,282,754
Financial assets at fair value through profit or loss	-	45,245	45,245
Property, equipment and right of use assets	-	178,146	178,146
Intangible assets	-	24,290	24,290
Investment property	-	241,934	241,934
Current tax receivable	39,922	-	39,922
Deferred tax assets	-	17,757	17,757
Other assets	91,320	-	91,320
	7,964,093	33,649,966	41,614,060
Liabilities			
Deposits from customers	5,151,020	22,562,142	27,713,162
Interest bearing loans	2,286	-	2,286
Funds	1,820,084	1,506,906	3,326,990
Pension benefit obligations	-	563	563
Other liabilities	66,276	-	66,276
	7,039,666	24,069,611	31,109,277

The 2019 figures were amended to include ECL allowance in the carrying amount of the loans and advances to members, placements with bank and non-bank financial institutions and financial assets at amortised cost. Previously the carrying amount of those assets excluded ECL. The change was made because ECL were incorrectly excluded from the carrying amount of those assets.

5. CLASSIFICATION OF ASSETS AND LIABILITIES BETWEEN CURRENT AND NON-CURRENT (CONTINUED)

The table below shows an analysis of assets and liabilities classified between current and non-current.

As at June 30, 2021	THE COMPANY		
	Within 12 months	After 12 months	Total
	Rs'000	Rs'000	Rs'000
Assets			
Cash and cash equivalents	1,759,847	-	1,759,847
Loans and advances to members	2,886,027	30,656,855	33,542,883
Placements with bank and non-bank financial institutions	1,764,384	261,715	2,026,098
Financial assets at amortised cost	498,860	2,007,157	2,506,017
Financial assets at fair value through profit or loss	-	77,475	77,475
Investment in subsidiary	-	433,802	433,802
Property, equipment and right of use assets		160,274	160,274
Intangible assets		36,177	36,177
Investment in Associates	-	98,113	98,113
Investment property		368,129	368,129
Deferred tax assets		174,682	174,682
Other assets	70,770	-	70,770
	6,979,888	34,274,379	41,254,268
Liabilities			
Deposits from customers	6,060,851	18,259,916	24,320,767
Current tax liabilities	84,087		84,087
Funds	209,276	3,281,371	3,490,647
Pension benefit obligations	6,070	40,578	46,648
Other liabilities	86,613	73,779	160,393
	6,446,897	21,655,644	28,102,541

5. CLASSIFICATION OF ASSETS AND LIABILITIES BETWEEN CURRENT AND NON-CURRENT (CONTINUED)

The table below shows an analysis of assets and liabilities classified between current and non-current.

As at June 30, 2020	THE COMPANY		
	Within 12 months	After 12 months	Total
	Rs'000	Rs'000	Rs'000
Assets			
Cash and cash equivalents	1,839,069	-	1,839,069
Loans and advances to members	2,760,557	29,115,235	31,875,792
Placements with bank and non-bank financial institutions	1,202,619	1,954,581	3,157,200
Financial assets at amortised cost	3,679,503	-	3,679,503
Financial assets at fair value through profit or loss	-	38,714	38,714
Investment in susidiary	-	433,802	433,802
Property, equipment and right of use assets	-	106,004	106,004
Intangible assets	-	48,707	48,707
Current tax receivable	25,949	-	25,949
Deferred tax assets	-	39,081	39,081
Other assets	15,745	-	15,745
	9,523,442	31,736,123	41,259,565
Liabilities			
Deposits from customers	4,906,511	21,128,056	26,034,567
Funds	127,795	3,144,737	3,272,532
Pension benefit obligations	-	139,994	139,994
Other liabilities	121,705	12,646	134,351
	5,156,011	24,425,432	29,581,443

The 2020 figures were amended to include ECL allowance in the carrying amount of the loans and advances to members, placements with bank and non-bank financial institutions and financial assets at amortised cost. Previously the carrying amount of those assets excluded ECL. The note was also amended to include investment in subsisidiary, previously excluded. The change was made because ECL were incorrectly excluded from the carrying amount of those assets and investment in subsidiary was incorrectly excluded from the note.

5. CLASSIFICATION OF ASSETS AND LIABILITIES BETWEEN CURRENT AND NON-CURRENT (CONTINUED)

The table below shows an analysis of assets and liabilities classified between current and non-current.

As at June 30, 2019	THE COMPANY		
	Within 12 months	After 12 months	Total
	Rs'000	Rs'000	Rs'000
Assets			
Cash and cash equivalents	1,205,727	-	1,205,727
Loans and advances to members	2,413,141	30,844,654	33,257,794
Placements with bank and non-bank financial institutions	2,298,919	915,466	3,214,384
Financial assets at amortised cost	1,900,278	1,382,476	3,282,754
Financial assets at fair value through profit or loss	-	45,245	45,245
Investment in susidiary	-	433,802	433,802
Property, equipment and right of use assets	-	27,479	27,479
Intangible assets	-	24,033	24,033
Current tax receivable	38,915	-	38,915
Deferred tax assets	-	21,785	21,785
Other assets	98,335	-	98,335
	7,955,314	33,694,938	41,650,252
Liabilities			
Deposits from customers	5,151,020	22,562,142	27,713,162
Interest bearing loans	2,286	-	2,286
Funds	1,820,084	1,506,906	3,326,990
Pension benefit obligations	-	563	563
Other liabilities	64,958	-	64,958
	7,038,347	24,069,611	31,107,959

The 2019 figures were amended to include ECL allowance in the carrying amount of the loans and advances to members, placements with bank and non-bank financial institutions and financial assets at amortised cost. Previously the carrying amount of those assets excluded ECL. The note was also amended to include investment in subsisidiary, previously excluded. The change was made because ECL were incorrectly excluded from the carrying amount of those assets and investment in subsidiary was incorrectly excluded from the note.

6. NET INTEREST INCOME

Accounting policy

Interest Income

Interest income is recognised on a time-proportion basis using the effective interest method. Fees and commissions are recognised on an accrual basis, unless collectability is in doubt and except for fees which are an integral part of the effective interest rate of loans.

Interest expense

Interest expense is calculated on deposits from customers, interest bearing loans and retirement savings funds using the effective interest rate method.

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Interest income using an effective interest rate			
Placements and bank balances	99,829	116,656	82,772
Loans and advances to members	2,429,490	2,770,751	3,024,871
Financial assets at amortised cost (Note 17)	33,621	93,037	116,468
Total interest income	2,562,940	2,980,444	3,224,111
Interest expense			
Deposits from customers	(725,553)	(1,075,722)	(1,282,328)
Interest bearing loans (Note 25)	-	(61)	(3,980)
Interest paid on retirement savings fund (Note 26c)	(65,048)	(72,767)	(70,108)
Total interest expense	(790,601)	(1,148,550)	(1,356,416)
Net interest income	1,772,339	1,831,894	1,867,695

7. OTHER INCOME

Accounting policy

Other income include penalty fee income for early encashment of deposits and retirement savings scheme and management fee income on Guarantee Benevolent Scheme. Other income are generally recognised as the services are provided by the Group and consumed by the customer.

	THE GROUP			THE COMPANY		
	2021	2020	2019	2021	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Management fee	957	1,174	1,353	3,664	7,545	1,353
Penalty fee on early withdrawal of deposits	4,429	3,506	6,363	4,429	4,493	6,363
Gain on disposal of property, plant and equipment and investment property	-	-	-		-	51,077
Other fees	2,409	1,873	1,358	2,409	1,873	1,358
	7,795	6,553	9,073	10,501	13,910	60,150

Other fees include Mauritius Credit Information Bureau (MCIB) fees and dividend income.

8. NET RELEASE / (CREDIT LOSS ALLOWANCE) ON FINANCIAL ASSETS

Accounting policy

The Group recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Cash and cash equivalents
- Loans and advances to members;
- Placements with bank and non-bank financial institutions;
- Financial assets at amortised cost.

With the exception of purchased or originated credit impaired (POCI) assets, ECLs are required to be measured through a loss allowance at an amount equal to:
- 12-month ECL, that is, lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as stage 1); or
- full lifetime ECL, that is, lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as stage 2).
- ECL on credit impaired assets, that is the difference between the gross carrying amount and the present value of estimated future cash flows, (referred to as stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since intial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:
- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows

Credit-impaired financial asset

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

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender 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 would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankrupcy or other financial reorganisation;
(e) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

A loan that has been renegotiatied due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered impaired.

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more.

8. NET RELEASE / (CREDIT LOSS ALLOWANCE) ON FINANCIAL ASSETS (CONTINUED)

Accounting policy (Continued)

Definition of default and cure

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

The definition of default is appropriately tailored to reflect different characteristics of different type of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators such as overdue status. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources, for example, BOM guidelines on impairment.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of stage 3 when none of the default criteria have been present in the next month. The decision whether to classify an asset as stage 2 or stage 1 once cured depends on the days past due (if any), at the time of the cure and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

	THE GROUP AND THE COMPANY			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents	-	-	-	-
Loans and advances to members (note 14 (b))	(106,821)	(39,084)	145,975	70
Placements with bank and non-bank financial institutions (note 16)	(3,701)	-	-	(3,701)
Financial assets at amortised cost (note 17)	(574)	-	-	(574)
Total (release)/credit loss expense under IFRS 9	(111,095)	(39,084)	145,975	(4,205)

	THE GROUP AND THE COMPANY			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents	-	-	-	-
Loans and advances to members (note 14 (b))	152,771	46,221	128,258	327,251
Placements with bank and non-bank financial institutions (note 16)	(4,871)	-	-	(4,871)
Financial assets at amortised cost (note 17)	(3,766)	-	-	(3,766)
Total credit loss expense under IFRS 9	144,134	46,221	128,258	318,614

	THE GROUP AND THE COMPANY			
	2019			
	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents	-	-	-	-
Loans and advances to members (note 14 (b))	(7,657)	3,113	62,495	57,951
Placements with bank and non-bank financial institutions (note 16)	(227)	-	-	(227)
Financial assets at amortised cost (note 17)	1,122	-	-	1,122
Total credit loss expense under IFRS 9	(6,762)	3,113	62,495	58,846

9. PERSONNEL EXPENSES

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Wages and salaries	98,444	88,158	86,462
Social security obligations	4,237	2,697	2,528
Pension costs - defined benefit plans (note 27(iv))	18,575	3,561	3,644
	121,256	94,416	92,634

10. OTHER EXPENSES

	THE GROUP			THE COMPANY		
	2021	2020	2019	2021	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Printing, postage and stationery	8,779	10,439	5,739	8,779	10,439	5,739
Electricity and telephone	13,042	11,644	10,721	11,479	9,944	9,735
Security services	4,608	2,920	2,716	1,685	989	1,631
Legal and professional fees	10,406	10,052	16,294	9,913	9,579	16,137
Licences, rates and insurance	3,944	4,198	679	3,187	3,545	420
Repairs and maintenance	53,843	31,331	18,140	48,760	25,458	16,071
Penalty paid to regulator	500	-	-	500	-	-
Director fees and training costs	6,973	9,890	10,274	6,027	8,954	8,326
Bank charges	1,594	1,446	1,662	1,585	1,414	1,654
Interest expense on lease liabilities (Note 28)	618	669	-	1,113	1,704	-
Miscellaneous expenses	20,454	23,349	12,754	21,315	23,941	11,783
	124,761	105,938	78,978	114,342	95,966	71,496

Miscellaneous expenses relate to cleaning expenses, syndic fees, sundry expenses, unrealised exchange difference and motor vehicle expenses.

11. TAXATION

Accounting policy

Current income tax

Current income tax assets and liabilities for the current period 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, at the reporting date in the country where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity or in other comprehensive income is recognised directly in equity or in other comprehensive income and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Corporate social responsibility

Corporate social responsibility (CSR) was legislated by the government of Mauritius in July 2009. In terms of the legislation, the Group is required to remit 2% of its chargeable income of the preceeding financial year to government approved CSR NGOs (Non-governmental organisations). As from July 2017, following amendments to the Finance Act 2017, the Group will now be required as from July 1, 2017 to June 30, 2018 to remit to the Director General at least 50% of the CSR contribution. After January 1, 2019, the Group will be required to remit to the Director General at least 75% of the CSR contribution. This is recorded as part of income tax expense.

The applicable income tax rate in Mauritius is 17% (2020: 17% and 2019: 17%).

11a. INCOME TAX EXPENSE

	THE GROUP			THE COMPANY		
Statement of profit or loss	2021	2020	2019	2021	2020	2019
Income tax expense	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Current tax expense	223,836	57,521	144,859	223,836	57,521	145,677
Corporate social responsibility	29,845	7,669	19,314	29,845	7,669	19,424
Under/(Over) provision of income tax expense	4,094	(606)	16,089	4,094	(606)	16,089
Effect of change in tax rate (Note 11 (b))	(156,323)	-	-	(156,323)	-	-
Deferred tax movement (Note 11(b))	6,233	(7,375)	75,866	3,451	(11,764)	71,838
	107,684	57,209	256,128	104,902	52,820	253,028

11. TAXATION (CONTINUED)

11a. INCOME TAX EXPENSE (CONTINUED)

The taxes on the Company's profits before tax differ from the theoretical amounts that would arise using the basic tax rate of the Company are as follows:

	THE GROUP			THE COMPANY		
	2021	2020	2019	2021	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Profit before tax	1,515,409	1,405,223	1,663,437	1,493,435	1,390,380	1,701,250
Tax calculated at a tax rate year at 17% (2020: 17% and 2019: 17%)	257,619	238,888	282,784	253,884	236,365	289,213
Tax effect on:						
Income not subject to tax	(5,114)	-	(825)	(2,828)	-	(2,562)
Expenses not deductible for tax purposes	8,007	37,032	20,929	6,076	36,546	20,929
Under/ (over) provision of income tax expense	4,094	(606)	16,089	4,094	(606)	16,089
Over provision for deferred tax	(599)	(1,447)	-		(2,828)	-
Effect of partial exemption	-	(79,624)	(44,666)	-	(79,624)	(44,666)
Effect of change in tax rate from 3.4% to 17% on deferred tax as from July 01, 2020	(156,323)	-	-	(156,323)	-	-
Effect of change in tax rate from 17% to 3.4% on deferred tax as from January 01, 2019 till July 01, 2020	-	(137,035)	(18,183)	-	(137,035)	(25,975)
CSR for preceeding year				-	-	-
	107,684	57,208	256,128	104,902	52,819	253,028

For the financial year 2021 and 2019, income not subject to tax includes surplus in valuation of funds.

For the financial year 2021, 2020 and 2019, expenses not deductible for tax purposes include allowance for credit losses and depreciation and amortisation.

Statement of financial position
Current Tax receivable / liabilities

	2021	2020	2019	2021	2020	2019
At July, 1	(26,956)	(39,922)	698,000	(25,949)	(38,915)	698,000
Income tax payable for the year	223,836	57,521	144,859	223,836	57,521	145,677
Corporate social responsibility contribution	29,845	7,669	19,314	29,845	7,669	19,424
Under/Over provision of income tax expense	4,094	(606)	16,089	4,094	(606)	16,089
Income tax refund	41,338	-	-	41,138	-	-
Income tax paid	(188,878)	(51,618)	(918,184)	(188,878)	(51,618)	(918,104)
At June, 30	83,279	(26,956)	(39,922)	84,087	(25,949)	(38,915)

The applicable income tax rate in Mauritius is 17% (2020: 17% and 2019: 15%). A charge of 2% is applicable in respect of Corporate Social Responsibility as mentioned above in the accounting policy. The Income Tax Act has been amended by the Finance (Miscellaneous Provisions) Act 2018 so that 80 % of interest income derived by a company resident in Mauritius is exempted from tax. This is effective as from January 1, 2019 until July 1, 2020. The CSR charge has remained unchanged so that 2% of the preceeding year chargeable income should be paid.

11. TAXATION (CONTINUED)

11b. DEFERRED TAX

Accounting policy

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

-Where the deferred tax liability 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; and

-In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition 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; and

In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognised outside profit or loss are recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

11b. DEFERRED TAX (CONTINUED)

Deferred taxes are calculated on all temporary differences under the liability method at the rate of 3.4% (2020: 17%). The Income Tax Act has been amended by the Finance (Miscellaneous Provisions) Act 2018 so that 80 % of interest income derived by a company resident in Mauritius is exempted from tax. This is effective as from January 1, 2019. The CSR charge has remained unchanged so that 2% of the preceeding year chargeable income should be paid. This implies that the effective tax rate is 3.4%.

Following issuance of Government notice, 295 of 2020, the Company is no longer eligible to apply a partial exemption on its interest income as from July 1, 2020. Thus, the effective tax rate applicable for the year ended June 30, 2021 is 17%.

	THE GROUP			THE COMPANY		
	2021	2020	2019	2021	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	30,664	17,757	92,012	39,081	21,785	92,012
Impact on adoption of IFRS 9	-	-	1,073	-	-	1,073
Credited/(Debited) to profit or loss (Note 11(a))	150,091	7,375	(75,866)	152,873	11,764	(71,838)
(Debited)/Credited to other comprehensive income	(17,272)	5,532	538	(17,272)	5,532	538
At June 30,	163,483	30,664	17,757	174,682	39,081	21,785

There is a legally enforceable right to offset current tax assets against current tax liabilites and deferred tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity.

Deferred tax liabilities	-	-	-	-	-	-
Deferred tax assets	163,483	30,664	17,757	174,682	39,081	21,785
	163,483	30,664	17,757	174,682	39,081	21,785
Accelerated capital allowance/depreciation	(23,748)	(11,254)	(8,195)	(11,488)	(1,470)	(3,338)
Pension benefit obligations	7,930	4,760	19	7,930	4,760	19
Provision for credit impairment	178,240	35,791	25,104	178,240	35,791	25,104
Tax losses	1,061	1,367	829	-	-	-
	163,483	30,664	17,757	174,682	39,081	21,785

12. EARNINGS PER SHARE

	THE GROUP		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Net income for the year	1,407,724	1,348,015	1,407,309
Weighted average number of shares	1,871	1,903	1,941
Effective number of shares	1,871	1,903	1,941
Earnings per share -basic and diluted	0.75	0.71	0.73

13. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents in the statement of financial position comprise of cash at banks and on hand with an original maturity of three months or less. Cash and cash equivalents are measured at amortised cost.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash and cash equivalents are measured at amortised cost. Accounting policy for calculating allowance for credit losses is outlined under note 8.

	THE GROUP			THE COMPANY		
	2021	2020	2019	2021	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash in hand	16	11	21	16	11	21
Balances with commercial banks	1,792,398	1,856,267	1,220,493	1,759,831	1,839,058	1,205,706
	1,792,414	1,856,278	1,220,514	1,759,847	1,839,069	1,205,727

The carrying amount of the Group's and the Company's cash and cash equivalents are denominated in the following currencies:

	THE GROUP			THE COMPANY		
	2021	2020	2019	2021	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Mauritian Rupee	1,792,343	1,856,216	1,220,459	1,759,777	1,839,007	1,205,672
US Dollar	70	62	55	70	62	55
	1,792,414	1,856,278	1,220,514	1,759,847	1,839,069	1,205,727

14. LOANS AND ADVANCES TO MEMBERS

Accounting policy

The Group only measures loans and advances to members at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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 (SPPI) on the principal amount outstanding.

The details of these conditions are outlined in note 2.4(c).

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Members - loans	34,901,612	33,176,851	34,236,568
Deferred processing fee	(279,124)	(262,109)	(271,994)
Less allowances for credit losses	(1,079,605)	(1,038,949)	(706,780)
	33,542,883	31,875,792	33,257,794

Deferred processing fee relates to fees received on disbursement of loans that have been amortised over the term of the loan.

(a) Remaining terms to maturity

	2021	2020	2019
Members - loans			
Up to 3 months	66,549	40,261	36,142
Over 3 months and up to 6 months	20,526	26,684	9,630
Over 6 months and up to 12 months	80,042	115,752	54,621
Over 1 year and up to 5 years	6,059,461	4,143,227	3,790,425
Over 5 years	28,395,910	28,588,817	30,073,756
	34,622,488	32,914,741	33,964,575
Less allowance for credit losses	(1,079,605)	(1,038,949)	(706,780)
	33,542,883	31,875,792	33,257,794

(b) Allowances for credit losses

Accounting policy

The Group records allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

14. LOANS AND ADVANCES TO MEMBERS (CONTINUED)

(b) Allowances for credit losses (Continued)

Accounting policy (Continued)

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in note 3.1. The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 3.

Based on the above process, the company groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired (as outlined in Note 8). The Group records an allowance which is the difference between the carrying amount and the recoverable amount. Recoverable amount equals to the present value of future cash flows as per the term of the loan.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

The Group calculates ECLs based on an economic scenario derived from International Monerary Fund (IMF) to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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

PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 3.

EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 3.

14. LOANS AND ADVANCES TO MEMBERS (CONTINUED)

(b) Allowances for credit losses (Continued)

Accounting policy (Continued)

LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan, as set out in this note below. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Provisions for ECLs for undrawn loan commitments are assessed as set out in Note 8. When estimating ECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down then multiply with the LGD and PD on the loans.

Write-offs

Financial assets are written off either partially or in their entirety only in hardship and death cases. The Group has a scheme known as the mutual solidarity scheme (refer to note 26) where the outstanding amount of loans for deceased borrowers and hardship cases are written off.

Forborne and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral.

The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur.

Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk, as set out in Note 3. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, based on the policy of the Group, the latter will remain forborne.

If modifications are substantial, the loan is derecognised and a new loan is recognised. A substantial modification to the terms of a loan arise would result in the derecognition of the old loan and recognition of the new loan when all the terms attached to the old loans are changed.

14. LOANS AND ADVANCES TO MEMBERS (CONTINUED)

(b) Allowances for credit losses (Continued)

Accounting policy (Continued)

The calculation of Expected Credit Losses (ECLs)

The Group calculates ECLs based on one scenario to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Statutory portfolio allowance

A portfolio allowance for credit losses is maintained in accordance with the guidelines of the Bank of Mauritius. These guidelines require that the company maintains a provision for credit impairment on all unimpaired loans and advances of not less than 1%.

Allowance for credit impairment in respect of on-balance sheet items is deducted from the applicable asset. Changes in the carrying amount of the allowance accounts are recognised in the statement of profit or loss. When an advance is uncollectible, it is written off against the mutual solidarity contribution for deceased borrowers and for other cases the loan is fully provided for. Subsequent recoveries of amounts previously written off are credited to "Net credit loss allowance on financial assets" in the statement of profit or loss.

Where possible, the Group seeks to restructure loans. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original effective interest rate (EIR) as calculated before the modification of terms and the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

Critical accounting estimates and judgements

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

14. LOANS AND ADVANCES TO MEMBERS (CONTINUED)

(b) Allowances for credit losses (Continued)

Critical accounting estimates and judgements (Continued)

In relation to credit impaired facilities, the Group determines expected credit losses by estimating the shortfall between the present value of expected cash flows and the present value of contractual cash flows. The estimation of expected cash flows is inherently judgemental and involves an estimation of proceeds from liquidation of the borrowers, proceeds from realisation of collaterals and the timing and extent of repayments on forborne facilities.

Reconciliation of movement in credit loss allowance	THE GROUP AND THE COMPANY
	Rs'000
At July 1, 2018	615,603
Charge for the year (Note 8)	57,951
Charge for the year (Note 25(b)) *	33,226
At July 1, 2019	706,780
Charge for the year (Note 8)	327,251
Charge for the year (Note 26(b)) *	4,918
At June 30, 2020	1,038,949
Charge for the year (Note 8)	70
Charge for the year (Note 26(b)) *	40,586
At June 30, 2021	1,079,605

* This relates to provision charged against the Mutual Solidarity Contribution for deceased clients.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit grading system and year-end stage classification. The amounts presented are gross of credit loss allowances. Details of the Group's internal grading system are explained in Note 3 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 8.

	June 30, 2021			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total
Performing	Rs'000	Rs'000	Rs'000	Rs'000
High grade	32,677,691		-	32,677,691
Standard grade		732,817	-	732,817
Non-performing				
Individually impaired	-	-	1,211,980	1,211,980
Total	32,494,518	679,691	1,448,278	34,622,488

	June 30, 2020			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total
Performing	Rs'000	Rs'000	Rs'000	Rs'000
High grade	30,823,859	-	-	30,823,859
Standard grade	-	750,058	-	750,058
Non-performing				
Individually impaired	-	-	1,340,825	1,340,825
Total	30,823,859	750,058	1,340,825	32,914,741

	June 30, 2019			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total
Performing	Rs'000	Rs'000	Rs'000	Rs'000
High grade	32,638,946	-	-	32,638,946
Standard grade	-	399,036	-	399,036
Non-performing				
Individually impaired	-	-	926,592	926,592
Total	32,638,946	399,036	926,592	33,964,575

14. LOANS AND ADVANCES TO MEMBERS (CONTINUED)

(b) Allowances for credit losses (Continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2018	33,371,765	345,197	762,134	34,479,097
New assets originated or purchased	6,173,054	44,208	15,471	6,232,734
Loan repayments	(9,416,405)	(86,901)	(108,377)	(9,611,683)
Interest Accrued	2,930,827	30,928	63,116	3,024,871
Transfers to Stage 1	183,406	(133,708)	(49,698)	-
Transfers to Stage 2	(235,209)	260,174	(24,965)	-
Transfers to Stage 3	(237,461)	(59,167)	296,628	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	(131,032)	(1,695)	(27,717)	(160,444)
At June 30, 2019	32,638,946	399,036	926,592	33,964,575

The 2019 figures were amended where 'assets derecognised or repaid' has been presented separately under 'loan repayments' and 'interest accrued' to improve the quality of the disclosure.

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2019	32,638,946	399,036	926,592	33,964,575
New assets originated or purchased	4,884,878	180,219	95,127	5,160,224
Loan repayments	(8,498,511)	(141,890)	(171,445)	(8,811,846)
Interest Accrued	2,616,773	54,758	99,220	2,770,751
Transfers to Stage 1	148,424	(100,825)	(47,599)	-
Transfers to Stage 2	(425,314)	459,231	(33,918)	-
Transfers to Stage 3	(423,443)	(94,342)	517,785	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	(117,894)	(6,131)	(44,938)	(168,962)
At June 30, 2020	30,823,859	750,058	1,340,825	32,914,741

The 2020 figures were amended where 'assets derecognised or repaid' has been presented separately under 'loan repayments' and 'interest accrued' to improve the quality of the disclosure.

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2020	30,823,859	750,058	1,340,825	32,914,741
New assets originated or purchased	11,066,785	221,188	98,049	11,386,022
Loan repayments	(11,417,125)	(275,313)	(266,179)	(11,958,617)
Interest Accrued	2,284,600	52,033	92,858	2,429,490
Transfers to Stage 1	452,007	(281,602)	(170,405)	-
Transfers to Stage 2	(201,357)	292,853	(91,496)	-
Transfers to Stage 3	(410,486)	(73,958)	484,444	-
Changes to contractual cash flows due to modifications not resulting in derecognition				-
Amounts written off	(103,765)	(5,567)	(39,816)	(149,149)
At June 30, 2021	32,494,518	679,691	1,448,278	34,622,488

14. LOANS AND ADVANCES TO MEMBERS (CONTINUED)

(b) Allowances for credit losses (Continued)

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at July 1, 2018	321,909	13,002	280,692	615,603
New assets originated or purchased	49,678	1,917	3,972	55,566
Movement through MSF (Note 26(b))	-	-	33,226	33,226
Assets derecognised or repaid (excluding write offs)	(37,235)	(786)	(3,950)	(41,971)
Transfers to Stage 1	10,869	(5,016)	(5,853)	-
Transfers to Stage 2	(2,276)	5,562	(3,287)	-
Transfers to Stage 3	(2,263)	(2,527)	4,790	-
Re-measurement of year end ECL*	(25,284)	4,013	86,925	65,653
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	(1,146)	(49)	(20,102)	(21,297)
At June 30, 2019	314,252	16,116	376,412	706,780

* This has been amended from 'Impact of year end ECL exposures transferred between stages during the year' to 'Re-measurement of year end ECL.

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at July 1, 2019	314,252	16,116	376,412	706,780
New assets originated or purchased	70,810	19,331	10,074	100,215
Movement through MSF (Note 26(b))	-	-	4,918	4,918
Assets derecognised or repaid (excluding write offs)	(29,613)	(1,179)	(5,360)	(36,152)
Transfers to Stage 1	12,255	(4,337)	(7,919)	-
Transfers to Stage 2	(4,135)	6,449	(2,314)	-
Transfers to Stage 3	(4,175)	(3,919)	8,095	-
Re-measurement of year end ECL	108,685	30,116	129,460	268,260
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Recoveries				-
Amounts written off	(1,055)	(240)	(3,777)	(5,072)
At June 30, 2020	467,024	62,337	509,589	1,038,949

* This has been amended from 'Impact of year end ECL exposures transferred between stages during the year' to 'Re-measurement of year end ECL.

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
ECL allowance as at July 1, 2020	467,024	62,337	509,589	1,038,949
New assets originated or purchased	110,511	9,189	22,256	141,957
Movement through MSF (Note 26(b))	-	-	40,586	40,586
Assets derecognised or repaid (excluding write offs)	(88,414)	(14,373)	(14,351)	(117,138)
Transfers to Stage 1	40,597	(23,392)	(17,205)	-
Transfers to Stage 2	(3,734)	14,038	(10,304)	-
Transfers to Stage 3	(17,461)	(4,908)	22,368	-
Re-measurement of year end ECL	(146,881)	(19,210)	148,086	(18,006)
Recoveries	-	-	-	-
Amounts written off	(1,439)	(428)	(4,876)	(6,743)
At June 30, 2021	360,203	23,252	696,150	1,079,605

15. INVESTMENT IN SUBSIDIARY

Accounting policy

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

	THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
At Cost			
Investment in susbidiary	433,802,000	433,802,000	433,802,000

The Company's subsidiary is MCS Property and details as follows:

	Class of shares held	Share capital	Year end	Proportion of direct ownership interest	Place of business and country of incorporation	Main business
2021, 2020 and 2019	Ordinary	433,802,000	June 30,	100%	Mauritius	Land promoter and property developer

16. PLACEMENTS WITH BANK AND NON-BANK FINANCIAL INSTITUTIONS

Accounting policy

The Group only measures placements with bank and non-bank financial institutions at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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 (SPPI) on the principal amount outstanding. The details of these conditions are outlined in note 2.4(c).

Accounting policy for calculating allowance for impaired losses is outlined under note 8 and 14(b).

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Placements	2,033,970	3,168,773	3,230,828
Less: allowance for credit losses	(7,872)	(11,573)	(16,444)
	2,026,098	3,157,200	3,214,384

16. PLACEMENTS WITH BANK AND NON-BANK FINANCIAL INSTITUTIONS (CONTINUED)

Placements with bank and non-bank financial institutions are unquoted and are denominated in the following currencies:

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Mauritian Rupee	2,033,970	3,168,773	3,230,828

Credit loss allowance for placements with bank and non-bank financial institutions

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit grading system and year-end stage classification. The amounts presented are gross of credit loss allowances. Details of the Group's internal grading system are explained in Note 3.1 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 8 and 14(b).

	THE GROUP AND THE COMPANY			
	June 30, 2021			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	2,033,970	-	-	2,033,970
Standard grade	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	2,033,970	-	-	2,033,970

	THE GROUP AND THE COMPANY			
	June 30, 2020			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	3,168,773	-	-	3,168,773
Standard grade		-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	3,168,773	-	-	3,168,773

	THE GROUP AND THE COMPANY			
	June 30, 2019			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total
Performing	Rs'000	Rs'000	Rs'000	Rs'000
High grade	3,230,828	-	-	3,230,828
Standard grade	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	3,230,828	-	-	3,230,828

16. PLACEMENTS WITH BANK AND NON-BANK FINANCIAL INSTITUTIONS (CONTINUED)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2018	3,376,227	-	-	3,376,227
New assets originated or purchased	1,550,000	-	-	1,550,000
Assets derecognised or repaid (excluding write offs)	(1,685,000)	-	-	(1,685,000)
Interest accrued for the year	82,772			82,772
Interest received during the year	(93,170)			(93,170)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2019	3,230,828	-	-	3,230,828

Amendments have been made to the table above to disclose the interest accrued and interest received separately. It was previously, incorrectly, disclosed within 'New assets originated or purchased and assets derecognised or repaid'. The resulting balance has remained unchange.

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2019	3,230,828	-	-	3,230,828
New assets originated or purchased	3,275,000	-	-	3,275,000
Assets derecognised or repaid (excluding write offs)	(3,335,000)	-	-	(3,335,000)
Interest accrued for the year	116,656			116,656
Interest received during the year	(118,712)			(118,712)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2020	3,168,773	-	-	3,168,773

Amendments have been made to the table above to disclose the interest accrued and interest received separately. It was previously, incorrectly, disclosed within 'New assets originated or purchased and assets derecognised or repaid'. The resulting balance has remained unchange.

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2020	3,168,773	-	-	3,168,773
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(1,150,000)	-	-	(1,150,000)
Interest accrued for the year	99,829			99,829
Interest received during the year	(84,632)			(84,632)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2021	2,033,970	-	-	2,033,970

16. PLACEMENTS WITH BANK AND NON-BANK FINANCIAL INSTITUTIONS (CONTINUED)

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at July 1, 2018	16,672	-	-	16,672
New assets originated or purchased	8,267	-	-	8,267
Assets derecognised or repaid (excluding write offs)	(8,495)	-	-	(8,495)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2019	16,444	-	-	16,444
ECL allowance as at July 1, 2019	16,444	-	-	16,444
New assets originated or purchased	14,592	-	-	14,592
Assets derecognised or repaid (excluding write offs)	(18,426)	-	-	(18,426)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Re-measurement of year end ECL	(1,038)	-	-	(1,038)
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2020	11,573	-	-	11,573

Re-measurement of year end ECL was showed under new assets originated or purchased. The disclosure has been amended where the re-measurement is now being shown separately. This amendment has been made to correct the disclosure.

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
ECL allowance as at July 1, 2020	11,573	-	-	11,573
New assets originated or purchased	1,248	-	-	1,248
Assets derecognised or repaid (excluding write offs)	(4,590)	-	-	(4,590)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Re-measurement of year end ECL	(359)			(359)
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2021	7,872	-	-	7,872

17. FINANCIAL ASSETS AT AMORTISED COST

Financial assets at amortised costs include investments in treasury bills and notes.

Accounting policy

At initial recognition, the Group measures financial assets at their fair values plus, in the case of financial assets not at fair value through profit or loss, transaction costs, that are directly attributable to the acquisition of the financial assets.

The Group only measures these financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective 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 (SPPI) on the principal amount outstanding. The details of these conditions are outlined in note 2.4(c).

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Accounting policy for calculating allowance for impaired losses is outlined under note 8 and 14(b).

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
At July 1,	**3,681,657**	3,288,673	2,665,380
Additions during the year	**3,002,619**	2,730,602	5,642,343
Matured during the year	**(4,157,987)**	(2,332,388)	(5,033,071)
Interest received	**(52,312)**	(98,268)	(102,446)
Interest income (note 6)	**33,621**	93,037	116,468
At June 30,	**2,507,597**	3,681,657	3,288,673
Less: allowance for credit losses	**(1,580)**	(2,154)	(5,920)
	2,506,017	3,679,503	3,282,754

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
(a) Remaining terms to maturity			
Up to 3 months	**498,860**	639,286	342,560
Over 3 months and up to 6 months	-	1,240,696	296,426
Over 6 months and up to 12 months	-	1,801,674	1,267,212
Over 1 year and up to 5 years	**2,008,737**	-	1,382,476
	2,507,597	3,681,657	3,288,673

Financial assets at amortised cost include investments made in treasury bills and notes.

17. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

Credit loss allowance for financial assets at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit grading system and year-end stage classification. The amounts presented are gross of credit loss allowances. Details of the Group's internal grading system are explained in Note 3.1 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 8 and 14(b).

	THE GROUP AND THE COMPANY			
	June 30, 2021			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	2,507,597	-	-	2,507,597
Standard grade	-	-	-	-
Non-performing				-
Individually impaired	-	-	-	-
Total	2,507,597	-	-	2,507,597

	THE GROUP AND THE COMPANY			
	June 30, 2020			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
High grade	3,681,657	-	-	3,681,657
Standard grade	-	-	-	-
Non-performing				-
Individually impaired	-	-	-	-
Total	3,681,657	-	-	3,681,657

	THE GROUP AND THE COMPANY			
	June 30, 2019			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total
Performing	Rs'000	Rs'000	Rs'000	Rs'000
High grade	3,288,673	-	-	3,288,673
Standard grade	-	-	-	-
Non-performing				-
Individually impaired	-	-	-	-
Total	3,288,673	-	-	3,288,673

17. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances are as follows:

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2018	2,665,380	-	-	2,665,380
New assets originated or purchased	5,758,811	-	-	5,758,811
Assets derecognised or repaid (excluding write offs)	(5,135,518)	-	-	(5,135,518)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2019	3,288,673	-	-	3,288,673

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2019	3,288,673	-	-	3,288,673
New assets originated or purchased	2,823,639	-	-	2,823,639
Assets derecognised or repaid (excluding write offs)	(2,430,656)	-	-	(2,430,656)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2020	3,681,657	-	-	3,681,657

	THE GROUP AND THE COMPANY			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at July 1, 2020	3,681,657	-	-	3,681,657
New assets originated or purchased	3,036,240	-	-	3,036,240
Assets derecognised or repaid (excluding write offs)	(4,210,300)	-	-	(4,210,300)
Transfers to Stage 1		-	-	-
Transfers to Stage 2		-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2021	2,507,597	-	-	2,507,597

17. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at July 1, 2018	4,798	-	-	4,798
New assets originated or purchased	10,298	-	-	10,298
Assets derecognised or repaid (excluding write offs)	(9,177)	-	-	(9,177)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2019	5,920	-	-	5,920

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at July 1, 2019	5,920	-	-	5,920
New assets originated or purchased	1,644	-	-	1,644
Assets derecognised or repaid (excluding write offs)	(5,410)	-	-	(5,410)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2020	2,154	-	-	2,154

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at July 1, 2020	2,154	-	-	2,154
New assets originated or purchased	1,864	-	-	1,864
Assets derecognised or repaid (excluding write offs)	(2,438)	-	-	(2,438)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At June 30, 2021	1,580	-	-	1,580

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting policy

These financial assets are measured at fair value through profit or loss as they do not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. Purchases and sales of these financial assets are recorded at trade date.

Financial assets at FVPL are recorded in the statement of financial position at fair value with changes in fair value are recorded in profit and loss.

Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other income when the right to the payment has been established.

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
At July 1,	**38,714**	45,245	-
Additions during the year	**28,222**	6,071	47,677
Disposal proceeds during the year	**(1,439)**	(1,108)	-
Net loss on disposal	**(118)**	(51)	-
Fair value movement	**12,095**	(11,443)	(2,433)
At June 30,	77,475	38,714	45,245

The fair values of these investments are determined based on quoted market prices in active markets. Hence, classified under Level 1. There has been no transfer between levels.

19. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS

Accounting policy

Property and equipment are stated at historical cost less accumulated depreciation & accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Company and the cost of the item can be measured reliably.

Depreciation is calculated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

Building	2.00%
Furniture, fittings and equipment	10.00%
Office equipment	20.00%
Computer equipment	20.00%
Motor vehicles	20.00%

Land is not depreciated.

19. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS (CONTINUED)

Accounting policy (Continued)

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

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

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

An item or property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Group and Company as a lessee - as from July 1, 2019

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over shorter of the lease term and useful life if the underlying asset and are subject to impairment in line with the Group's policy as described below. Type of right of use assets are land and buildings. Right of use assets are presented together with property and equipment in the statement of financial position and presented under this note.

Lease liabilities

Refer to note 28 Other liabilities for accounting policy on lease liabilities.

Group and Company as a lessee - prior to July 1, 2019

Leases that do not transfer to the Group and Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they it are incurred.

Impairment of property, equipment and right of use assets

The carrying amounts of assets are assessed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated, being the higher of the asset's fair value less costs to sell and its value in use, to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount.

The impairment loss is recognised as an expense immediately.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Critical accounting estimates and judgements

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects the rate the Group 'would be subject to', which requires either estimation when no observable rates are available or adjustments to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs which has been derived from average yield rates from Treasury Bills and Government Bonds issued by the Central Bank of Mauritius with adjustments made such as risk premium/credit spread to reflect the IBR. The IBR is derived individually for each lease based on the remaining tenure as from the assessment date namely July 1, 2019.

19. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS (CONTINUED)

THE GROUP	Freehold land	Building	Furniture, fittings and equipment	Office equipment	Motor vehicles	Computer equipment	Right of use assets *	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) 2021								
COST								
At July 1, 2020	13,600	158,999	45,519	16,682	8,120	170,883	10,072	423,875
Additions	29,614	59,599	-	157	-	285	642	90,297
Derecognition	-	-	-	-	-	-	(1,491)	(1,491)
Disposals	-	-	-	-	-	-	-	-
At June 30, 2021	43,214	218,598	45,519	16,839	8,120	171,168	9,223	512,680
DEPRECIATION								
At July 1, 2020	-	24,483	31,798	15,244	4,150	109,985	1,538	187,197
Derecognition	-	-	-	-	-	-	(1,338)	(1,338)
Charge for the year	-	3,760	3,414	647	1,443	15,941	1,125	26,330
At June 30, 2021	-	28,243	35,212	15,891	5,592	125,925	1,325	212,189
NET BOOK VALUE								
At June 30, 2021	43,214	190,355	10,307	949	2,528	45,242	7,897	300,491

* The lease agreements do not have any extension or termination options.

19. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS (CONTINUED)

THE GROUP	Freehold land	Building	Furniture, fittings and equipment	Office equipment	Motor vehicles	Computer equipment	Right of use assets *	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(b) 2020								
COST								
At July 1, 2019	13,600	158,299	44,725	16,648	5,407	99,511	-	338,191
Effect of adoption of IFRS 16 as at July 1, 2019	-	-	-	-	-	-	10,072	10,072
Additions	-	699	794	34	2,713	71,372	-	75,612
Disposals	-	-	-	-	-	-	-	-
At June 30, 2020	13,600	158,999	45,519	16,682	8,120	170,883	10,072	423,875
DEPRECIATION								
At July 1, 2019	-	21,233	28,340	13,788	2,707	93,978	-	160,045
Charge for the year	-	3,250	3,459	1,456	1,443	16,007	1,538	27,152
At June 30, 2020	-	24,483	31,798	15,244	4,150	109,985	1,538	187,197
NET BOOK VALUE								
At June 30, 2020	13,600	134,516	13,721	1,439	3,970	60,898	8,534	236,678

* The lease agreements do not have any extension or termination options.

19. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS (CONTINUED)

THE GROUP	Freehold land	Building	Furniture, fittings and equipment	Office equipment	Motor vehicles	Computer equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(c) 2019							
COST							
At July 1, 2018	13,600	152,474	43,823	15,584	5,407	94,441	325,330
Additions	-	5,825	902	1,064	-	5,070	12,861
Disposals	-	-	-	-	-	-	-
At June 30, 2019	13,600	158,299	44,725	16,648	5,407	99,511	338,191
DEPRECIATION							
At July 1, 2018	-	18,012	24,933	11,596	1,807	92,370	148,718
Charge for the year	-	3,220	3,406	2,192	900	1,608	11,327
At June 30, 2019	-	21,233	28,340	13,788	2,707	93,978	160,045
NET BOOK VALUE							
At June 30, 2019	13,600	137,067	16,386	2,860	2,700	5,533	178,146

Interest bearing loans are secured by floating charges on the assets of the Company including property, plant and equipment (Note 25) for an amount equaling the balance at year end.

19. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS (CONTINUED)

THE COMPANY	Freehold land	Building	Furniture, fittings and equipment	Office equipment	Motor vehicles	Computer equipment	Right of use assets *	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) 2021								
COST								
At July 1, 2020	-	-	45,519	16,682	8,120	170,883	41,043	282,247
Additions	29,614	59,369	-	157	-	285	642	90,067
Derecognition	-	-	-	-	-	-	(1,149)	(1,149)
Disposals	-	-	-	-	-	-	-	-
At June 30, 2021	29,614	59,369	45,519	16,839	8,120	171,168	40,537	371,165
DEPRECIATION								
At July 1, 2020	-	-	31,798	15,244	4,150	109,985	15,067	176,243
Derecognition	-	507	-	-	-	-	(1,149)	(1,149)
Charge for the year	-	507	3,414	647	1,443	15,941	13,846	35,797
At June 30, 2021	-	1,013	35,212	15,891	5,592	125,925	27,764	210,891
NET BOOK VALUE								
At June 30, 2021	29,614	58,356	10,307	949	2,528	45,242	12,773	160,274

* The lease agreements do not have any extension or termination options.

19. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS (CONTINUED)

THE COMPANY	Freehold land	Building	Furniture, fittings and equipment	Office equipment	Motor vehicles	Computer equipment	Right of use assets *	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(b) 2020								
COST								
At July 1, 2019	-	-	44,725	16,648	5,407	99,511	-	166,291
Effect of adoption of IFRS 16 as at July 1, 2019	-	-	-	-	-	-	41,043	41,043
Additions	-	-	794	34	2,713	71,372	-	74,912
Disposals	-	-	-	-	-	-	-	-
At June 30, 2020	-	-	45,519	16,682	8,120	170,883	41,043	282,247
DEPRECIATION								
At July 1, 2019	-	-	28,340	13,788	2,707	93,978	-	138,813
Charge for the year	-	-	3,459	1,456	1,443	16,007	15,067	37,430
Depreciation reversal on disposal	-	-	-	-	-	-	-	-
At June 30, 2020	-	-	31,798	15,244	4,150	109,985	15,067	176,243
NET BOOK VALUE								
At June 30, 2020	-	-	13,721	1,439	3,970	60,898	25,977	106,004

* The lease agreements do not have any extension or termination options.

19. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS (CONTINUED)

THE COMPANY	Freehold land	Building	Furniture, fittings and equipment	Office equipment	Motor vehicles	Computer equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(c) 2019							
COST							
At July 1, 2018	13,600	152,474	43,823	15,584	5,407	94,441	325,330
Additions	-	1,510	902	1,064	-	5,070	8,546
Disposals	(13,600)	(153,984)	-	-	-	-	(167,584)
At June 30, 2019	-	-	44,725	16,648	5,407	99,511	166,291
DEPRECIATION							
At July 1, 2018	-	18,012	24,933	11,596	1,807	92,370	148,718
Charge for the year	-	1,333	3,406	2,192	900	1,608	9,439
Depreciation reversal on disposal	-	(19,345)	-	-	-	-	(19,345)
At June 30, 2019	-	-	28,340	13,788	2,707	93,978	138,813
NET BOOK VALUE							
At June 30, 2019	-	-	16,386	2,860	2,700	5,533	27,479

Interest bearing loans are secured by floating charges on the assets of the Company including property, plant and equipment (Note 25) for an amount equaling the balance at year end.

20. INTANGIBLE ASSETS

Accounting policy

Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives of 5 years.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Reversal of impairment

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

	THE GROUP			THE COMPANY		
	2021	2020	2019	2021	2020	2019
COMPUTER SOFTWARE	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST						
At July 1,	212,648	173,651	146,680	212,314	173,329	146,680
Additions	2,456	38,998	26,970	2,224	38,986	26,648
At June 30,	215,104	212,648	173,651	214,538	212,314	173,329
AMORTISATION						
At July 1,	163,742	149,360	141,086	163,608	149,296	141,086
Charge for the year	14,959	14,381	8,274	14,753	14,312	8,210
At June 30,	178,700	163,742	149,360	178,361	163,608	149,296
NET BOOK VALUE						
At June 30,	36,404	48,907	24,290	36,177	48,707	24,033

As at June 30, 2021, there was no computer software in progress (2020: Nil, 2019: Nil).

21. INVESTMENT IN ASSOCIATE

Accounting policy

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. When there has been a change recognised directly in the equity of the associate , the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Critical accounting estimates and judgements

The Group has assessed the investment in Victoria Station Ltd to be an investment in associate based on existence of significant influence on the operations of the associate through representation of 2 directors on the board of Victoria Station Ltd.

	THE GROUP AND THE COMPANY
	2021
	Rs'000
At 01 July	-
Additions	99,975
Share of loss	(1,862)
At 30 June	98,113

(i) Details of the investment in associates are as follows:

Name of Associate	Country of incorporation	Principal activity	Proportion of ownership
Victoria Station Ltd	Mauritius	Property company	Ordinary shares - 93,000 shares representing 18%

Significant influence is evidenced by the fact that the association has appointed 2 directors on the board of Victoria Station Ltd.

(ii) Details of the associate are as per below:

	2021
	Rs'000
Current Assets	33,132
Non-Current Assets	1,143,843
Current Liabilities	67,322
Non-Current Liabilities	601,001
Equity attributable to owners of the company	508,652
Revenue	642
Expenses	10,983
Loss for the year	10,342
Other comprehensive loss for the year	-
Total comprehensive loss for the year	10,342
Group's shares of comprehensive income for the year	1,862

21. INVESTMENT IN ASSOCIATE (CONTINUED)

The share of the group over the associate is reconciled as follows:

	30 June 2021				
	Share Capital	Share Premium	Pre-acquisition reserve	Post-acquisition reserve	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
The associate	517,000	11,175	(9,182)	(10,342)	508,652
Group's share in equity	93,000	6,975	-	(1,862)	98,113

(iii) Victoria Station Ltd has not started operations. The activities of the associate are projected to start in October 2021.

(iv) The directors have assessed the carrying amount of the investment in associates and believe that the investments have not suffered impairment in value as at 30 June 2021.

22. INVESTMENT PROPERTIES

Accounting policy

Investment property, 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, representing open-market value determined annually by external valuers. Changes in the fair values are included in profit or loss.

Property that is under construction or development to earn rentals or for capital appreciation or both is accounted as investment property.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers made to or from investment properties are only made when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under plant and equipment up to the date of the change in use.

When the Group completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Critical accounting estimates and judgements

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent valuation specialists to determine the fair value as at June 30, 2021. For the investment property, the valuer used a valuation technique based on a discounted cash flow model as there is a lack of comparable market data because of the nature of the property.

The determined fair value of the investment properties is most sensitive to the estimated yield and rentals. The key assumptions used to determine the fair value of the investment properties are explained below.

(a) 2021

	THE GROUP		
	Freehold land	Buildings	Total
	Rs'000	Rs'000	Rs'000
At July 1, 2020	28,996	218,173	247,170
Additions during the year	-	368,258	368,258
Fair value adjustments	6,646	1,944	8,590
At June 30, 2021	35,643	588,375	624,017

(b) 2020

	THE GROUP		
	Freehold land	Buildings	Total
	Rs'000	Rs'000	Rs'000
At July 1, 2019	28,305	213,629	241,934
Additions during the year	-	399	399
Fair value adjustments	691	4,145	4,837
At June 30, 2020	28,996	218,173	247,170

22. INVESTMENT PROPERTIES (CONTINUED)

(c) 2019

	THE GROUP		
	Freehold land	Buildings	Total
	Rs'000	Rs'000	Rs'000
At July 1, 2018	27,202	209,609	236,811
Additions during the year	-	1,267	1,267
Fair value adjustments	1,103	2,753	3,856
At June 30, 2019	28,305	213,629	241,934

(d) 2021

	THE COMPANY		
	Freehold land	Buildings	Total
	Rs'000	Rs'000	Rs'000
At July 1, 2020	-	-	-
Additions during the year	-	368,129	368,129
Fair value adjustments	-	-	-
At June 30, 2021	-	368,129	368,129

(e) 2020

	THE COMPANY		
	Freehold land	Buildings	Total
	Rs'000	Rs'000	Rs'000
At July 1, 2019	-	-	-
Additions during the year	-	-	-
Transferred to subsidiary during the year	-	-	-
Fair value adjustments	-	-	-
At June 30, 2020	-	-	-

(f) 2019

	THE COMPANY		
	Freehold land	Buildings	Total
	Rs'000	Rs'000	Rs'000
At July 1, 2018	27,202	209,609	236,811
Additions during the year	-	1,157	1,157
Transferred to subsidiary during the year	(27,202)	(210,766)	(237,968)
Fair value adjustments	-	-	-
At June 30, 2019	-	-	-

Following the recommendation of the regulator, the Company has transferred its land and buildings to its subsidiary during the financial year June 30, 2019. The transfer was made at fair value.

22. INVESTMENT PROPERTIES (CONTINUED)

(g) Mutual Aid Building 1 and 2

The investment properties are valued annually and have been valued on June 30, 2021 at fair value by Saddul & Partners, an independent professionally qualified valuer. The properties were valued using the discounted cash flow model where its actual and estimated potential rental income with allowances made for voids, management, insurance, repairs and associated costs. Yield used in the valuation of the properties are as follows:

	2021	2020	2019
	%	%	%
Mutual Aid Building 1	7.00%	8.20% - 10.00%	8.00% - 10.00%
Mutual Aid Building 2	7.00%	8.20% - 10.00%	8.00% - 10.00%

(h) Details of the Group's investment properties and information about the fair value hierarchy as at June 30, 2021, 2020 and 2019 are as follows:

	THE GROUP		
2021	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
Revalued land and buildings	-	-	624,017
Total	-	-	624,017

2020	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
Revalued land and buildings	-	-	247,170
Total	-	-	247,170

	THE GROUP		
2019	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
Revalued land and buildings	-	-	241,934
Total	-	-	241,934

	THE COMPANY		
2021	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
Revalued land and buildings	-	368,129	-
Total	-	368,129	-

	THE COMPANY		
2020	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
Revalued land and buildings	-	-	-
Total	-	-	-

22. INVESTMENT PROPERTIES (CONTINUED)

2019	THE COMPANY		
	Fair value measurement using:		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
Revalued land and buildings	-	-	-
Total	-	-	-

The reconciliation is shown below:

	THE GROUP			THE COMPANY		
	2021	2020	2019	**2021**	2020	2019
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
At July, 1	**247,170**	241,934	236,811	-	-	236,811
Additions	**368,258**	399	1,267	**368,129**	-	1,157
Transfers	-	-	-	-	-	(237,968)
Fair value movement	**8,590**	4,837	3,856	-	-	-
At June, 30	**624,017**	247,170	241,934	**368,129**	-	-

The significant unobservable inputs used in the fair value measurement categorised within Level 3 and 2 of the fair value hierarchy together with a quantitative sensitivity analysis at June 30, 2021, 2020 and 2019 are shown below:

	Valuation technique(s) and key input(s)	Sensitivity used	Effect on fair value		
			2021	2020	2019
Level 3			**Rs'000**	Rs'000	Rs'000
Land	DCF - actual and estimated potential rental income	1% increase in rental income	**356**	290	283
		1% decrease in rental income	**(356)**	(290)	(283)
Buildings	DCF - actual and estimated potential rental income	1% increase in rental income	**5,884**	2,182	2,136
		1% decrease in rental income	**(5,884)**	(2,182)	(2,136)
Land & Building	Yield rate	1% increase in yield rates	**3,123**	2,660	2,563
		1% decrease in yield rates	**(3,123)**	(2,660)	(2,563)

Level 2

No sensitivity has been disclosed as the investment property was bought during the financial year and hence, no valuation exercise was done.

22. INVESTMENT PROPERTIES (CONTINUED)

(i) The following amounts have been recognised in profit or loss:

Accounting policy

Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature.

	THE GROUP			THE COMPANY		
	2021	2020	2019	2021	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Rental income	17,248	17,126	14,755	-	-	5,934
Direct operating expenses arising from investment properties that generate rental income	(9,569)	(9,504)	(1,747)	-	-	(1,201)
Direct operating expenses arising from investment properties that did not generate rental income	(6,454)	(12,206)	(2,933)	-	-	-

23. OTHER ASSETS

Accounting policy

Other assets (which is other receivables on table below) that have fixed or determinable payments and that are not quoted in an active market are classified at amortised costs less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short term receivables where the recognition of interest would be immaterial.

VAT receivable and prepayments are not financial assets. Prepayments relate to advance payment made which will be consumed in the next financial year and are carried at cost (that is, at amount payment was made). VAT receivable relates to amount receivable from the Mauritius Revenue Authority which is carried at the amount paid at year end.

	THE GROUP			THE COMPANY		
	2021	2020	2019	2021	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Tax deducted at source on rental income	1,844	969	1,286	969	969	969
Advance payment for property, plant and equipment and softwares	82	465	72,720	82	465	72,623
VAT receivable	53,856	-	-	52,662	-	-
Prepayments	13,548	10,962	12,570	14,909	10,698	11,372
Other receivables	3,356	6,288	4,745	2,149	3,614	13,371
	72,686	18,684	91,320	70,770	15,745	98,335

Other receivables include receivable from the subsidiary. The carrying amount approximates the fair value of the assets.

The carrying value of other assets approximates its fair value and are denominated in Mauritian rupees. None of the receivable balances included in other assets are impaired. The maximum exposure to credit risk is the fair value of each class of receivable mentioned above. The Group and the Company do not hold any collateral as security.

24. DEPOSITS FROM CUSTOMERS

Accounting policy

Deposits from customers are recognised initially at fair value being their issue proceeds. Deposits from customers are subsequently stated at amortised cost; any difference between the carrying amount and the redemption value is recognised in profit or loss over the period of the deposits using the effective interest method.

	THE GROUP AND THE COMPANY		
	2021	2020	2019
Retail customers	Rs'000	Rs'000	Rs'000
Time deposits with remaining term to maturity			
Up to 3 months	999,264	1,478,973	1,216,397
Over 3 months and up to 6 months	984,193	860,738	833,766
Over 6 months and up to 12 months	3,105,391	1,972,836	2,257,746
Over 1 year and up to 5 years	14,991,597	14,858,719	14,891,080
Over 5 years	1,958,040	4,078,359	5,033,713
Corporate customers			
Time deposits with remaining term to maturity			
Up to 3 months	122,247	203,816	346,783
Over 3 months and up to 6 months	347,910	161,205	132,802
Over 6 months and up to 12 months	405,450	228,942	363,525
Over 1 year and up to 5 years	1,406,600	2,179,303	2,584,353
Over 5 years	75	11,675	52,995
	24,320,767	26,034,567	27,713,162

25. INTEREST BEARING LOANS

Accounting policy

Interest bearing loans are intially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
At July 1,	-	2,286	179,693
Interest expense (Note 6)	-	61	3,980
Repayment	-	(2,347)	(181,387)
At June 30,	-	-	2,286

The movement in Interest bearing loans are only of cash nature.

25. INTEREST BEARING LOANS (CONTINUED)

(i) Borrowings from banks

The bank loans are secured by floating charges on the assets of the Group, including investment properties and property, plant and equipment.

(ii) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates, as well as the maturity of the borrowings, are detailed under note 3.1.

(iii) Effective interest rates

The effective interest rates at the end of reporting date were as follows:

	2021	2020	2019
	%	%	%
Borrowings from banks	N/A	4.70% - 5.10%	4.70% - 5.10%

(iv) The carrying amounts of the Group's borrowings are not materially different from the fair value and are denominated in Mauritian Rupees.

26. FUNDS

Accounting policy

Classification of insurance contracts

Insurance contracts are those contracts which transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until rights and obligations are extinguished or expired. Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

The Company operates three funds namely Guarantee Benevolent Scheme (GBS), Mutual Solidarity Contribution (MSC) and Retirements Saving Scheme (RSS).

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
The Funds are made up as follows:			
Guarantee Benevolent Scheme (Note (a))	59,174	63,783	69,823
Mutual Solidarity Contribution (Note (b))	1,464,728	1,306,296	1,437,083
Retirements Saving Scheme (Note (c))	1,966,745	1,902,453	1,820,084
	3,490,647	3,272,532	3,326,990

(a) Guarantee Benevolent Scheme

Accounting policy

Guarantee Benevolent Scheme (GBS)

GBS has been classified as insurance contract because the fund accepts significant insurance risk from the members investing in the fund by agreeing to compensate the members if a specified uncertain future event adversely affects the latter.

The Fund was set up on July 1, 1982, to supersede the Guarantee Fund with the following objectives:

- Provision of several benefits like surgical grants, assistance for medical treatment abroad, grant on the death of contributor's spouse and grant on the death of contributors;
- Any other benefit that may be determined from time to time by the Board.

26. FUNDS (CONTINUED)

(a) Guarantee Benevolent Scheme (Continued)

Accounting policy (Continued)

Guarantee Benevolent Scheme (GBS) (Continued)

The liability recognised in the statement of financial position relates to the contributions received from the members deducting the grants paid and management fee charged. Contributions to the fund are recognised on a monthly basis upon receipt of the funds from the members to the statement of financial position. The grants for death, medical and surgical are accounted on claims made by the members, when the funds are disbursed.

The management fee is charged to the fund as a fees for managing the money. The fees are calculated as a percentage of cumulative contribution received. Management fees are charged on a yearly basis.

Deficit in valuation of the fund comprise actuarial losses arising from experience adjustments and changes in actuarial assumptions is recognised immediately in profit or loss in the period in which they occur. In case of surplus, the board has decided that whole surplus will be recognised in the profit or loss.

Given that claims being made are unpredictable, there is a risk that the Fund may be subject to a default risk. To mitigate such risk management carries an actuarial valuation on a yearly basis to identify potential default and additional contribution to the Fund accordingly.

It is to be noted that this scheme is phasing out and there is no new member being admitted to the Fund since 2001. Furthermore, maximum grant being paid is as follows:

Benefit description	Amount
Death grant	Rs 4,500 once only
Spouse death grant	Rs 1,000 once only
Surgical grant	Rs 600/1,200 every twelve months

The particular characteristic of the Fund and the small amount of claim involved make a default risk remote.

Critical accounting estimates and judgements

The cost under the GBS requires the use of actuarial valuations. The actuarial valuation involves the use of significant estimates in respect of mortality rate. Due to the long-term nature of these plans such estimates are subject to significant uncertainty.

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Income for the year			
Subscriptions	6,545	6,647	7,386
Less: Expenditure for the year			
Management fees	1,055	1,174	1,353
Death and surgical grants	2,499	2,113	2,603
	3,554	3,287	3,956
Surplus for the year	2,992	3,360	3,430
Fair value movement	(7,600)	(9,400)	(16,400)
At July 1,	63,783	69,823	82,793
At June 30,	59,174	63,783	69,823

In June 2021, the valuation of the Fund has been carried out by an independent actuary, Swan Actuarial Services Ltd for the financial year ended June 30, 2021 and have estimated that the Fund has a surplus of Rs 7.6M. The fair value of the Fund is Rs 59.1M and has been classified as level 3.

In June 2020, the valuation of the Fund has been carried out by an independent actuary, RisCura Solutions Ltd for the financial year ended June 30, 2020 and have estimated that the Fund has a surplus of Rs 9.4M. The fair value of the Fund is Rs 63.7M and had been classified as level 3.

In June 2019, the valuation of the fund has been carried out by an independent actuary, Rogers Capital for the financial year ended 30 June, 2019 and have estimated that the Fund has a surplus of Rs 16.4M. The fair value of the Fund is Rs 69.8M and had been classified as level 3.

26. FUNDS (CONTINUED)

(a) Guarantee Benevolent Scheme (Continued)

The surplus released to profit or loss in the financial year 2021 amounted to Rs 7.6M, Rs 9.4M (2019: Rs 16.4M) has been released during the financial year 2020.

Assumptions used 2021:		
Mortality table	83%	based on the actual mortality over 3-year period
Discount rate	0%	Has been set to 0% given the fact that the assets earmarked for the Fund do not give rise to investments returns
Assumptions used 2020:		
Mortality table	83%	based on the actual mortality over 3-year period
Discount rate	0%	Has been set to 0% given the fact that the assets earmarked for the Fund do not give rise to investments returns
Assumptions used 2019:		
Mortality table	83%	based on the actual mortality over 3-year period
Discount rate	0%	Has been set to 0% given the fact that the assets earmarked for the Fund do not give rise to investments returns

A quantitative sensitivity analysis for significant assumptions is shown below on the basis that all other variables remain constant.
Impact on profit

	2021	2020	2019	2021	2020	2019
				Rs'000	Rs'000	Rs'000
Mortality table	73%	N/A	73%	9,500	N/A	2,700
	93%	93%	93%	6,000	7,900	2,300

(b) Mutual Solidarity Contribution

Accounting policy

Mutual Solidarity Contribution (MSC)

MSC has been classified as insurance contract because the fund accepts significant insurance risk from the members investing in the fund by agreeing to compensate the members to write off their loans in case of death.

The Fund is used for writing off impaired loans on death of loanees.

The liability recognised in the statement of financial position relates to the contribution received from the members when a new loan is disbursed. The percentage charged varies from 4.5% to 5.5% of the loan sanctioned amount. Outstanding loan amount of loanees are deducted from MSC upon death of loanees.

Deficit in valuation of the fund comprise actuarial losses arising from experience adjustments and changes in actuarial assumptions is recognised immediately in profit or loss in the period in which they occur. In case of surplus, the board has decided that whole surplus will be recognised in the profit or loss.

There is a default risk where loan write off for deceased loanees exceeds the amount contributed to the Fund. To mitigate such risk management carries an actuarial valuation on a yearly basis to identify potential default and additional contribution to the Fund accordingly.

More details on the valuation method, assumptions used and result of the valuation are given under this note.

26. FUNDS (CONTINUED)

(b) Mutual Solidarity Contribution (Continued)

Critical accounting estimates and judgements

The cost under the MSC requires the use of actuarial valuations. The actuarial valuation involves the use of significant estimates in respect of mortality rate. Due to the long-term nature of these plans such estimates are subject to significant uncertainty.

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
At July 1,	1,306,296	1,437,083	1,465,000
Premiums claimed on loans	322,867	140,168	170,253
	1,629,163	1,577,251	1,635,253
Fair value movement	25,300	(107,350)	(4,500)
Amount written off for deceased loanees	(149,149)	(158,687)	(160,444)
(Release)/charge for the year (note 14(b))	(40,586)	(4,918)	(33,226)
At June 30,	1,464,728	1,306,296	1,437,083

In June 2021, the valuation of the Fund has been carried out by an independent actuary, Swan Actuarial Services Ltd for the financial year ended June 30, 2021 and have estimated that the Fund has a shortfall of Rs 25.3M. The fair value of the Fund is Rs 1,465 M and has been classified as level 3.

The surplus released to profit or loss in the financial year 2021 amounted to Rs 25.3 M. Rs 107.4 M (Rs 4.5M in 2019) has been released during the financial year 2020.

In June 2020, the valuation of the Fund has been carried out by an independent actuary, RisCura Solutions Ltd and have estimated that the Fund has a surplus of Rs 214.7 M during the year. The fair value of the funds wass Rs 1,413.5 M and had been classified as level 3.

In June 2019, the valuation of the Fund has been carried out by an independent actuary, Rogers Capital and have been estimated that the Fund has a surplus of Rs 4.5M during the year. The fair value of the funds was Rs 1,451.9 M and had been classified as level 3.

Assumptions used 2021:

Mortality table	100%	Based on comparison of the mortality assumption of SA85/90 against that from Statistics Mauritius
Discount rate	0%	Has been set to 0% given the fact that the assets earmarked for the Fund do not give rise to investments returns

Assumptions used 2020:

Mortality table	100%	Based on actual experience with marked exception for young members (aged between 23 and 35 years) where we have experienced substantially higher mortality than expected.
Discount rate	0%	Has been set to 0% given the fact that the assets earmarked for the Fund do not give rise to investments returns

Assumptions used 2019:

Mortality table	100%	Based on actual experience with marked exception for young members (aged between 23 and 35 years) where we have experienced substantially higher mortality than expected.
Discount rate	0%	Has been set to 0% given the fact that the assets earmarked for the Fund do

A quantitative sensitivity analysis for significant assumptions is shown below on the basis that all other variables remain constant.

Impact on profit

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Effect of using (2021: 90% SA 85/90, 2020: 85% SA 85/90 and 2019: 150% of A 6770)	49,700	385,300	(262,100)

26. FUNDS (CONTINUED)

(c) Retirement Savings Scheme

Accounting policy

Retirements Saving Scheme (RSS)

RSS is classified as investment contract because it does not expose the fund to significant insurance risk. Hence, the fund is within the scope of IFRS 9.

The Fund was set up as from December 1, 2000, with the ultimate objective of providing for a retirement benefit to its associates who are public officers or in an approved service and later extended to the general public.

The liability recognised in the statement of financial position relates to the contribution received from the public and withdrawals made by the contributors. The interest expense recognised in profit or loss on an accrual basis. The liability is valued at amortised cost.

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
At July 1,	1,902,453	1,820,084	1,756,446
Less lump sums forfeited	(4,039)	(3,879)	(5,611)
	1,898,414	1,816,205	1,750,836
Interest for the year (Note 6)	65,048	72,767	70,108
New contributions	142,429	127,298	125,026
Less: Expenditure for the year			
Lump sum payments	(139,147)	(113,818)	(125,885)
At June 30,	1,966,745	1,902,453	1,820,084

Lump sum payments to contributors on retirement represent contribution received plus accrued interest.

27. PENSION BENEFIT OBLIGATIONS

Accounting policy

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group operates a defined benefit plan known as The Mauritius Civil Service Mutual Aid Company Ltd Employees Superannuation and Pension Fund, the assets of which are held and administered separately. The plan is funded by payments from the Group taking into account the recommendations of independent qualified actuaries.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements are accumulated in a separate reserve and will not be reclassified to profit or loss in a subsequent period.

27. PENSION BENEFIT OBLIGATIONS (CONTINUED)

Accounting policy (Continued)

Defined benefit plans (Continued)

The Group determines the net Interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss.

Service costs comprising of the current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

Critical accounting estimates and judgements

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions.

(i) The amounts recognised in the statements of financial position are as follows:

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Present value of funded obligations	293,295	363,519	197,430
Fair value of plan assets	(246,647)	(223,525)	(196,867)
Liability in the statement of financial position	46,648	139,994	563

The reconciliation of the opening balances to the closing balances for the net defined benefit (asset)/liability is as follows:

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
At July 1,	139,994	563	7,691
Charged to profit or loss	18,575	3,561	3,644
(Credited)/Charged to other comprehensive income	(101,598)	162,715	15,821
Contributions paid	(10,323)	(26,845)	(26,593)
	46,648	139,994	563

The Company operates a final salary defined benefit pension or retirement plan for its employees.

The Mauritius Civil Service Mutual Aid Association Ltd Employees Superannuation and Pension Fund is responsible for management of Fund.

27. PENSION BENEFIT OBLIGATIONS (CONTINUED)

(ii) The movement in the defined benefit obligations over the year is as follows:

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
At July 1,	363,519	197,430	174,903
Current service cost	14,496	4,440	4,076
Interest expense	10,801	11,882	11,163
Employees' contribution	3,107	2,688	2,532
Benefits paid	(7,037)	(5,352)	(6,419)
Past service cost	-	671	-
Remeasurements:			
- Actuarial (gains)/losses arising from:			
- liability experience loss	31,425	7,193	-
- demographic assumptions	-	-	-
- financial assumptions	(123,016)	144,567	11,175
At June 30,	293,295	363,519	197,430

(iii) The movement in the fair value of plan assets of the year is as follows:

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
At July 1,	(223,525)	(196,867)	(167,212)
Interest income	(6,722)	(13,432)	(11,595)
Employer contributions	(10,323)	(26,845)	(26,593)
Benefits paid	7,037	5,352	5,770
Employee contributions	(3,107)	(2,688)	(2,532)
Scheme expenses		-	649
(Return)/loss on plan assets excluding interest income	(10,007)	10,955	4,646
At June 30,	(246,647)	(223,525)	(196,867)

(iv) The amounts recognised in profit or loss are as follows:

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Current service cost	14,496	4,440	3,427
Scheme expenses		671	649
Interest expense	10,801	11,882	11,163
Interest income	(6,722)	(13,432)	(11,595)
Total, included in personnel expenses (note 9)	18,575	3,561	3,644

27. PENSION BENEFIT OBLIGATIONS (CONTINUED)

(v) The amounts recognised in other comprehensive income are as follows:

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Remeasurement on the net defined benefit liability:			
Liability experience losses	31,425	7,193	-
Actuarial (gains)/losses arising from changes in:			
- demographic assumptions	-	-	-
- financial assumptions	(123,016)	144,567	11,175
Actuarial (gains)/losses	(91,591)	151,760	11,175
(Return)/loss on plan assets excluding interest income	(10,007)	10,955	4,646
	(101,598)	162,715	15,821

(vi) The fair value of the plan assets at the end of the reporting period for each category, are as follows:

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Fixed income			
- local quoted	22,198	20,117	-
- local unquoted	-	-	-
- overseas quoted	-	-	141,744
- overseas unquoted	-	-	-
Local equities			
- local quoted	17,265	15,647	19,687
- local unquoted	-	-	-
- overseas quoted	-	-	19,687
- overseas unquoted	-	-	-
Debt - local quoted	167,720	151,997	-
Cash and Other	39,464	35,764	15,749
	246,647	223,525	196,867

The assets of the plan are invested in the entity's own financial instruments. The expected return on plan assets was determined by considering the expected returns available on the assets underlying the policy. Expected yields on fixed interest investments are based on gross redemption yields as at end of period.

(vii) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	%	%	%
Discount rate	5.00	3.00	6.10
Expected rate of return on plan assets	5.00	3.00	6.10
Future salary increases	5.00	5.00	5.00
Future pension increases	2.00	2.00	2.00
Post retirement mortality	PFA92	PA 92	PA 92

The return on plan assets including interest was Rs 16.73M. for the year ended June 30, 2021 (2020: Rs 2.48M, 2019: Rs 6.94M).

27. PENSION BENEFIT OBLIGATIONS (CONTINUED)

(viii) Sensitivity analysis on defined benefit obligations and in future long-term salary assumption at the end of the reporting date:

	Impact on defined benefit obligation		
	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Increase due to 1% decrease in discount rate	53,247	77,509	31,584
Decrease due to 1% increase in discount rate	(41,345)	(58,001)	(25,116)

The sensitivity analysis above have been determined based on sensitivity changes of the discount rate occuring at the end of the reporting period if all other assumptions remained unchanged. An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

(ix) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(x) The Company expects to pay Rs.6.07m in contributions to its post-employment benefit plans for the year ending June 30, 2021.

(xi) The weighted average duration of the defined benefit obligation is 16 years at the end of the reporting period (2020: 19 years, 2019: 14 years).

(xii) The plan exposes the Group to normal risks associated with defined benefit plans such as investment, interest, longevity and salary rise risks.

Investment risk

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

Interest risk

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

Longevity risk

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

Salary rise risk

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

28. OTHER LIABILITIES

Accounting policy

Other payables recognised are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using EIR method

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease liabilities arise on lands and buildings being rented and all future cash outflows are reflected in the balance. There is no restriction or covenant imposed by the lessor.

	THE GROUP			THE COMPANY		
	2021	2020	2019	2021	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Other payables	79,613	39,464	11,677	80,292	40,889	10,358
Lease liability	8,418	8,941	-	13,254	26,503	-
Dividend payable	66,847	69,982	54,599	66,847	66,959	54,599
	154,879	118,387	66,276	160,393	134,351	64,958

Other payables include fees payable to suppliers.

The carrying amounts of other liabilities approximate their fair values.

The carrying amounts of lease liabilities and the movements during the period are shown below:

	THE GROUP	THE COMPANY
	2021	2021
	Rs'000	Rs'000
As at July 1, 2020	8,941	26,503
Additions	642	642
Accretion of interest (Note 10)	618	1,113
Derecognition	(168)	-
Payments	(1,615)	(15,004)
As at June 30, 2021	8,418	13,254

The following are the amounts recognised in profit or loss:

	THE GROUP	THE COMPANY
	2021	2021
	Rs'000	Rs'000
Depreciation expense on right of use assets (Note 19)	1,125	13,846
Interest expense on lease liability (Note 10)	618	1,113
Total amount recognised in profit or loss	1,743	14,959

	THE GROUP	THE COMPANY
	2020	2020
	Rs'000	Rs'000
As at July 1, 2019 - Effect on adoption of IFRS 16	10,072	41,043
Additions	-	-
Accretion of interest (Note 10)	669	1,704
Payments	(1,800)	(16,244)
As at June 30, 2020	8,941	26,503

28. OTHER LIABILITIES (CONTINUED)

	THE GROUP	THE COMPANY
	2020	2020
	Rs'000	Rs'000
Depreciation expense on right of use assets (Note 19)	1,538	15,067
Interest expense on lease liability (Note 10)	669	1,704
Total amount recognised in profit or loss	2,207	16,770

Maturity analysis of lease liability are as follows:

2021	THE GROUP		
	Up to 1 year	**1 to 5 years**	**Over 5 years**
	Rs'000	**Rs'000**	**Rs'000**
Lease liability	**1,368**	**3,285**	**24,565**

2020	THE GROUP		
	Up to 1 year	1 to 5 years	Over 5 years
	Rs'000	Rs'000	Rs'000
Lease liability	1,757	3,460	25,222

2021	THE COMPANY		
	Up to 1 year	1 to 5 years	Over 5 years
	Rs'000	**Rs'000**	**Rs'000**
Lease liability	**6,933**	**2,800**	**24,080**

2020	THE COMPANY		
	Up to 1 year	1 to 5 years	Over 5 years
	Rs'000	Rs'000	Rs'000
Lease liability	15,032	8,606	24,640

The figures for 2020 was amended to present the undiscounted rental payments in the maturity analysis. Previously, discounted rental payments were, incorrectly, disclosed in the maturity analysis.

29. SHARE CAPITAL

Accounting policy

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from proceeds.

	THE GROUP AND THE COMPANY	
	Number of Shares	Ordinary Shares
		Rs'000
At July 1, 2018	2,245,628	224,563
Issue of shares	5,023	502
At June 30, 2019	2,250,651	225,065
Issue of shares	4,644	464
At June 30, 2020	**2,255,295**	225,530
Issue of shares	**7,431**	743
At June 30, 2021	**2,262,726**	226,273

(a) As at 30 June 2021, included within ordinary shares are 389,135 shares (2020: 349,987 shares, 2019: 316,610 shares) which relate to deceased members or members who no longer meet the membership criteria. Those shares have not been re-assigned or bought back by the company and form part of the paid up capital.

(b) Details pertaining to the share capital are as follows:

(i) The shares of the Company are only held and possessed by persons who hold a permanent and pensionable post in the public sector or receive a retirement pension from the Government of Mauritius and any other such institutions as may be approved by the Board.

(ii) All issued shares are fully paid. All shares are issued at a par value of Rs. 100 per share.

(iii) The shares owned by every member shall remain in pledge with the Company as an additional security for all debts whatsoever due by the members to the company.

30. RESERVES

a. *Revaluation reserves*

This reserve relates to revaluation recognised on property transferred to investment property.

b. *Statutory reserve*

In accordance with section 21 of the Banking Act 2004, the Company shall maintain a Statutory Reserve Account (SRA) and shall transfer each year to account out of net profits for the year, after due provision has been made for income tax, a sum equal to not less than 15 % of the net profits until the balance of the SRA is equal to the amount paid as stated capital.

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
At July 01,	225,530	225,065	224,563
Movement (Note 29)	743	464	502
At June 30,	226,273	225,530	225,065

c. *Actuarial reserves*

This reserve includes remeasurement of the net defined benefit liability.

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
At July 1,	242,627	85,444	70,161
Remeasurement of post employment benefit obligations (Note 27(v))	(101,598)	162,715	15,821
Income tax relating to components of other comprehensive income (Note 11(b))	17,272	(5,532)	(538)
At June 30,	158,301	242,627	85,444

d. *Other reserves*

The Group is required to calculate stage 3 provisions as per IFRS 9 and provisioning as per the regulator's guideline. When provisions as per regulator is higher than IFRS, the Group is required to provide the excess as an appropriation of reserves. This reserve cannot be distributed and serves as a buffer.

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
At July 01,	356,741	236,064	257,008
Movement	(88,477)	120,677	(20,944)
At June 30,	268,264	356,741	236,064

e. *Retained earnings*

	THE GROUP			THE COMPANY		
	2021	2020	2019	2021	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	11,082,412	9,900,552	8,538,110	11,112,950	9,941,544	8,538,188
Impact of adopting IFRS 9	-	-	(20,396)		-	(20,396)
Profit for the year	1,407,724	1,348,015	1,407,309	1,388,533	1,337,560	1,448,222
Movement in respect of the year (note (b) & (d))	87,734	(121,142)	20,442	87,734	(121,142)	20,442
Dividend declared (note 31)	-	(45,013)	(44,913)	-	(45,013)	(44,913)
At June 30,	12,577,871	11,082,412	9,900,552	12,589,217	11,112,950	9,941,544

31. DIVIDENDS

Accounting policy

Dividend distribution to the Company's members is recognised as a liability in the Company's financial statements in the period in which the dividends are declared and not paid.

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
At July, 1	66,959	54,599	42,804
Proposed and declared:			
Dividend on ordinary shares:			
Dividends: Rs nil (2020: Rs 20, 2019: Rs 20)	-	45,013	44,913
Dividend paid	(112)	(32,654)	(33,117)
Dividend payable	66,847	66,959	54,599

32. COMMITMENTS

(i) Operating lease arrangement where the Group and the Company is the lessor

Accounting policy

Assets leased out under operating leases are included in investment property in the statement of financial position. They are carried at fair value, representing open-market value determined annually by external valuers. Rental income is recognised in line with the relevant lease terms.

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	THE GROUP			THE COMPANY		
	2021	2020	2019	2021	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Not later than 1 year	4,937	15,224	15,249	-	-	11
Later than 1 year and not later than 2 years	3,894	8,262	5,252	-	-	-
Later than 2 years and not later than 3 years	2,013	7,219	-	-	-	-
Later than 3 years and not later than 4 years	-	5,338	-	-	-	-
Later than 4 years and not later than 5 years	-	-	-	-	-	-
	8,832	36,043	20,502	-	-	11

Operating lease represents rental income from premises rented to outside parties. The lease is negotiated for an average term of six months to three years and rentals are fixed for an average of six months to three years.

The lessor manages the risk of not holding the assets it controls through inspection of the premises at a reasonable time during working hours with prior notice to the lessee. This condition is added on all the lease agreements between the lessor and the lessee.

The disclosure above has been amended to align with the requirements of IFRS 16 which requires disclosure of the lease payments for each of the first five years. Previously the disclosure included 'Not later than 1 year' and 'Later than 1 year and not later than 5 years'. The resulting amount has remained unchanged.

(ii) Operating lease arrangement where the Group and the Company is the lessee

Accounting policy

Payments under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Company leases various premises under non-cancellable operating leases agreements. The leases have varying terms, escalation clauses and renewal rights. There are no restrictions imposed on the Company by lease arrangements other than in respect of the specific premises being leased. The below disclosure is as per the requirement of IAS 17 Leases , as from 1st July 2019 lease arrangement are accounted for as per IFRS 16 Leases.

32. COMMITMENTS (CONTINUED)

(ii) Operating lease arrangement where the Group and the Company is the lessee (Continued)

The future minimum lease payments payable under non-cancellable operating leases are as follows for 2019:

	THE GROUP	THE COMPANY
	2019	2019
	Rs'000	Rs'000
Not later than 1 year	2,032	19,698
Later than 1 year and not later than 5 years	5,138	12,498
Later than 5 years	33,576	33,576
	40,746	65,772

(iii) Capital commitments

	THE GROUP			THE COMPANY		
	2021	2020	2019	2021	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Capital expenditure contracted for at the end of the reporting period but not yet incurred are as follows:						
Property, plant and equipment	20,612	31,259	16,492	-	31,259	16,492
Intangible assets	-	-	42,429	-	-	42,041
	20,612	31,259	58,921	-	31,259	58,533

33. RELATED PARTY TRANSACTIONS

Accounting policy

For the purposes of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company is subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has the following transactions with directors, senior management.

	THE GROUP AND THE COMPANY		
	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Remuneration (Note (a))	23,451	24,644	26,242
Interest on loans	1,159	799	873
Interest on deposits	398	858	1,681
Loans and advances (Note (b))	38,608	24,815	15,127
Contribution to The Mauritius Civil Service Mutual Aid Company Ltd Employees Superannuation and Pension Fund (Note 27(iii))	10,323	26,845	26,593
Deposits (Note (c))	14,282	14,082	32,492
Amount (payable)/receivable to subsidiary (note (f))	(587)	1,014	8,487

(a) **Key management personnel compensation is set out below:**

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
- Salaries and short-term employee benefits	21,700	23,576	25,193
- Post-employment benefits	1,751	1,069	1,049
	23,451	24,644	26,242

33. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) **Key management personnel compensation is set out below (Continued):**

Loans to directors	2021	2020	2019
	Rs'000	Rs'000	Rs'000
At July, 1	1,544	1,973	1,731
New directors	-	-	500
Repayments	(500)	(429)	(258)
At June, 30	1,045	1,544	1,973
Loans to other related parties (key management personnel)			
At July, 1	23,270	13,154	10,500
Existing loans on newly assessed related parties during the year	6,954	-	-
Loans granted during the year	13,739	12,582	5,088
Repayments during the year	(6,399)	(2,466)	(2,435)
At June, 30	37,564	23,270	13,154
TOTAL	38,608	24,815	15,127

(i) The rate of interest for the loans granted to related parties ranges from 1.35% to 8.10% per annum for 2021 (2020: 1.35% to 8.10% p.a and 2019: 3.00% to 8.55% p.a).

(ii) The loans receivable at year end are secured by guarantors and/or collaterals with fixed repayment terms and settlement will occur in cash.

(iii) For the years ended June 30, 2021, 2020 and 2019, the loans due by related parties were neither past due nor impaired. This assessment is undertaken each financial year.

(iv) Exposure to the Company's top five related parties at June 30, 2021 were Rs.7m, Rs. 6m, Rs.5m, Rs. 4.7m and Rs.1.8m, These amounts represented 0.056%, 0.048%, 0.039%, 0.037% and 0.014% respectively of the Company's Tier's capital.

(c) Deposit facilities from related parties

	2021	2020	2019
Deposits from directors	Rs'000	Rs'000	Rs'000
At July, 1	3,500	11,280	10,780
Directors who ceased to hold office during the year	800	-	-
Deposits received during the year	(500)		500
Deposits matured during the year	-	(7,780)	-
At June, 30	3,800	3,500	11,280

Deposits from directors

Deposits from other related parties (key management personnel)

	2021	2020	2019
At July, 1	10,582	21,212	13,150
Deposits received during the year	-	100	12,440
Key management personnel who ceased to hold office during the	-	(9,400)	(625)
Deposits matured during the year	(100)	(1,330)	(3,753)
At June, 30	10,482	10,582	21,212
TOTAL	14,282	14,082	32,492

(i) The rate of interest for deposit granted to related parties ranges from 0.60% to 9.84% per annum for 2021 (2020: 0.60% to 9.84% p.a and 2019: 2.25% to 6.40%).

(ii) The deposits payable at year end are unsecured with fixed repayment terms and settlement will occur in cash.

(d) Related party transactions have been made in the normal course of business.

(e) Related party transactions with directors have been made on the same terms and conditions as for other customers.

(f) Amount due to subsidiary

At end of the reporting dates, the Company has an amount of Rs. 586,984 payable to its subsidiary, representing expenses paid on its behalf. (2020: receivable of Rs 1,014,004, 2019: receivable of Rs 8,486,829)

34. CONTINGENT LIABILITIES

There were no significant capital commitments and contingent liabilities as at the reporting date, that require adjustments to or disclosures in the financial statements.

35. EVENTS AFTER REPORTING DATE

There is no event after reporting date.

36. COVID-19 OUTBREAK

The COVID-19 pandemic continues to disrupt the market, the lives and the businesses everywhere. Management has considered the following to be the most likely impact of Covid-19 on the business:

(i) A decrease in its interest income due to a decrease interest rates for loans and placements;
(ii) Increase in ECL for obligors operating in the airline sector based on different risk drivers and scenarios such as likelihood of potential redundancy, half pay or leave without pay;
(iii) Increase in PD estimates based on stressed economic indicators resulting in an increase in ECL.
(iv) Decrease in interest expense due to fall in interest rates for deposits and retirement savings fund.

In addition, Management has considered the impact on the statement of financial position of the Group and Company due to the impact of Covid-19. This is described below.

Loans and advances to members

Loans and advances are granted to civil servants and some employees in parastatal bodies. The monthly loan repayments are deducted at source from the salary of the civil servants by their respective employers and remitted to the Company at end of each month. The expected credit loss on financial assets have been impacted based on factors listed above.

Placements with bank and non-bank financial institutions, cash and cash equivalents

Placements comprise of medium-term and long-term fixed deposits of over three months up to five years with reputable financial institutions. With the spread of COVID 19 and its impact on the economic situation worldwide, the credit risk of most counterparties, including banks, is expected to have increased. However, Management considers these counterparties to have a strong credit rating and does not expect the placements to suffer any significant increase in credit risks or impairment over their lifetime.

Financial assets at amortised cost

The financial assets at amortised cost consist of treasury bills and notes. Since these are issued by the Central Bank, the credit risk is assessed to be low and the impact minimal.

Property, equipment and right of use assets and intangible assets

Management has assessed the possible impact of impairment of these assets as a result of the circumstances and impact of Covid-19 and concluded that no impairment is required.

Investment in subsidiary

The subsidiary rents its spaces mainly to Governmental and parastatal bodies and all rents were paid during the year even during the Covid-19 circumstances. Consequently, given that the subsidiary is performing and is profit making, management concluded that no impairment is required.

36. COVID-19 OUTBREAK (CONTINUED)

Deposits from customers

Deposits from customers comprise of deposits from individuals and corporates. The maturity varies between 3 months to 10 years. As Covid-19 affects the economies across the globe, more companies will find themselves in financial difficulties. The risk associated with them is the capacity of the Company to respect its obligations towards its clients. This can lead to a loss of confidence in the Company's ability to safeguard customers deposits, and customers therefore removing their funds, with the net impact reducing the liquidity, raising the cost of funds, and reducing the profits and net equity of the Company. As at date, there has been no significant early withdrawal of fixed deposits with the Company. The fall noted in deposit is mainly due to the fact that many customers prefer not to renew their deposits at maturity date due to fall in interest rate and other factors.

The following is an analysis of the possible impact of COVID-19 on various other aspects of the business.

Going concern

In the light of the anticipated economic impact of COVID-19, Management has made an assessment of the Company's ability to continue as a going concern.

Liquidity risks

The liquidity position of the Company has remained strong and as at June 30, 2021, the Group and the Company has a cash resources of Rs 1.79 billion and Rs 1.76 billion respectively, as compared to Rs 1.86 billion and Rs 1.84 billion respectively at June 30, 2020.

Capital risks

The Company's Risk Weighted Capital Adequacy Ratio stands at 67.03% compared to the regulatory minimum requirement of 10%. Management strongly believes that there is sufficient buffer and headroom to ensure the Company is adequately capitalised and withstand the impact of COVID-19.

The following measures are in progress to mitigate the impact of COVID 19 on the Group and the Company:

(i) A close monitoring of all regulatory and governance guideline;
(ii) Regular meeting to assess the cash flow of the Company and control the cost of fund;

On that basis and taking into consideration the series of measures taken to mitigate the downside risks caused by the outbreak, management is satisfied that there is no material uncertainty around the going concern assumption.

However, it should be noted that the full magnitude of the economic and financial impact of COVID-19 are yet to be known and will depend on a number of factors as described below:

- The duration and severity of the spread of the virus across the globe;
- The duration and extent of the preventive measures such as closure of our borders by government;
- The duration and extent of government continuing support and measures to stimulate the economy; and
- The degree to which stakeholders will act rationally in the face of an unprecedented crisis.

Given that the COVID-19 situation is extremely fluid and conditions change on a daily basis, management considers that it is not possible to predict any outcome relating to the above factors.