

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
QUARTER ENDED MARCH 31, 2019

	Quarter 31-Mar-2019	Quarter 31-Mar-2018	9 Months to 31-Mar-2019	9 Months to 31-Mar-2018	Year - End 30-Jun-2018
	Rs.	Rs.	Rs.	Rs.	Rs.
Interest income	771,464,327	817,837,538	2,423,657,809	2,507,312,373	3,326,785,499
Interest expense	<u>(327,474,291)</u>	<u>(357,490,661)</u>	<u>(1,023,481,014)</u>	<u>(1,106,769,586)</u>	<u>(1,449,820,683)</u>
Net interest income	<u>443,990,036</u>	<u>460,346,877</u>	<u>1,400,176,795</u>	<u>1,400,542,787</u>	<u>1,876,964,816</u>
Other income	1,996,787	812,219	56,759,701	3,899,048	8,032,149
Rental income	1,241,062	1,339,561	9,356,581	9,183,169	14,998,831
Other gains/(loss)	9,597	(107,168)	895,082	-	487,874
Operating income	<u>447,237,481</u>	<u>462,391,489</u>	<u>1,467,188,160</u>	<u>1,413,625,004</u>	<u>1,900,483,670</u>
Net impairment loss on financial assets	<u>(64,970,737)</u>	<u>(23,883,469)</u>	<u>(95,494,502)</u>	<u>(110,579,184)</u>	<u>(79,525,051)</u>
Personnel expenses	<u>(19,655,927)</u>	<u>(33,625,118)</u>	<u>(97,798,755)</u>	<u>(72,283,510)</u>	<u>(91,861,285)</u>
Depreciation and amortisation	<u>(4,659,390)</u>	<u>(8,109,642)</u>	<u>(13,342,314)</u>	<u>(42,531,456)</u>	<u>(57,185,312)</u>
Operating lease expenses	<u>(243,011)</u>	<u>(211,694)</u>	<u>(794,187)</u>	<u>(717,081)</u>	<u>(1,890,000)</u>
Other expenses	<u>(25,116,607)</u>	<u>(13,190,612)</u>	<u>(64,900,321)</u>	<u>(53,947,551)</u>	<u>(76,459,975)</u>
Fair value adjustments of funds	-	-	-	-	92,650,000
Fair value (loss)/gain on equity	<u>(1,196,138)</u>	-	<u>(1,402,238)</u>	-	-
Fair value loss on investment properties	-	-	-	-	<u>(2,322,287)</u>
	<u>(115,841,810)</u>	<u>(79,020,534)</u>	<u>(273,732,318)</u>	<u>(280,058,782)</u>	<u>(216,593,910)</u>
Profit before penalty and interest on tax assessment and income tax	<u>331,395,672</u>	<u>383,370,954</u>	<u>1,193,455,842</u>	<u>1,133,566,222</u>	<u>1,683,889,760</u>
Penalty and interest on tax assessment	-	-	-	-	<u>(362,288,704)</u>
Profit before income tax	<u>331,395,672</u>	<u>383,370,954</u>	<u>1,193,455,842</u>	<u>1,133,566,222</u>	<u>1,321,601,056</u>
Income tax expense	<u>(61,590,637)</u>	<u>(8,184,096)</u>	<u>(208,140,866)</u>	<u>(11,335,662)</u>	<u>(1,484,675,319)</u>
(Loss)/profit for the period/year	<u>269,805,035</u>	<u>375,186,858</u>	<u>985,314,976</u>	<u>1,122,230,560</u>	<u>(163,074,263)</u>
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurements of pension benefit obligations	22,500,000	-	22,500,000	-	29,099,000
Income tax relating to components of other comprehensive income	-	-	-	-	<u>(4,946,830)</u>
Net other comprehensive (loss)/income	<u>22,500,000</u>	<u>-</u>	<u>22,500,000</u>	<u>-</u>	<u>24,152,170</u>
Total comprehensive (loss)/income for the period/year	<u>292,305,035</u>	<u>375,186,858</u>	<u>1,007,814,976</u>	<u>1,122,230,560</u>	<u>(138,922,093)</u>

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

STATEMENTS OF FINANCIAL POSITION - AS AT MARCH 31, 2019

	As at March 2019	As at March 2018	Year End June 2018
	Rs.	Rs.	Rs.
Assets			
Cash and cash equivalents	1,158,651,504	1,669,036,567.09	1,496,898,959
Loans and advances to members	33,078,050,794	33,865,463,043.71	33,863,493,259
Placements with bank and non-bank financial institutions	2,461,226,007	4,441,425,266.28	3,376,226,955
Investment in subsidiary company	433,802,000	-	-
Investment in Equity	44,437,152	-	-
Financial assets at amortised cost	4,330,069,963	2,275,970,624.31	2,665,379,865
Property, plant and equipment	27,162,960	179,985,388.25	176,611,157
Intangible assets	1,971,775	13,386,350.02	5,594,308
Investment properties	-	237,236,594.07	236,810,723
Deferred tax assets	33,092,864	-	92,011,801
Other assets	184,739,199	307,841,818.12	27,728,230
Total assets	41,753,204,218	42,990,345,652	41,940,755,257
Liabilities			
Deposits from customers	28,031,487,731	28,921,135,566	28,452,994,876
Interest bearing loans	34,755,138	242,204,095	179,692,567
Current tax liabilities	164,480,972	(2,395)	697,999,751
Funds	3,322,444,600	3,309,942,460	3,304,238,683
Pension benefit obligations	-	32,940,000	7,691,000
Other liabilities	17,700,502	34,156,016	120,497,293
Total liabilities	31,570,868,944	32,540,375,741	32,763,114,170
Shareholders' equity			
Share capital	166,212,020	224,404,800	195,909,440
Treasury shares	58,710,880	-	28,653,400
Retained earnings	9,502,858,735	9,875,409,070	8,538,188,206
Revaluation reserves	-	6,961,704	3,480,852
Statutory reserve	224,562,840	223,965,600	224,562,840
Actuarial reserves	(47,661,378)	(94,313,548)	(70,161,378)
Other reserves	277,652,178	213,542,285	257,007,727
Total equity	10,182,335,275	10,449,969,911	9,177,641,087
Total equity and liabilities	41,753,204,218	42,990,345,652	41,940,755,257

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

STATEMENTS OF CASH FLOWS - AS AT MARCH 31, 2019

	As at March 2019 Rs.	As at March 2018 Rs.	Year End June 2018 Rs.
Cash flows from operating activities			
Profit before income tax	1,193,455,842	1,133,566,222	1,321,601,056
Adjustments for:			
Allowance for credit impairment	95,494,502	110,579,184	79,525,051
Depreciation	9,516,266	17,809,818	23,863,244
Amortisation of intangible assets	3,826,049	24,721,637	33,322,068
Interest income	(2,423,657,809)	(2,507,312,373)	(3,326,785,499)
Interest expense	1,023,481,014	1,106,769,586	1,449,820,683
Rental Income	(9,356,581)	-	-
Pension (income) / expense	(22,500,000)	(22,500,000)	(18,650,000)
Fair value loss on investment properties	-	-	2,322,287
Gain on sale of property, plant and equipment	(52,044,045)	-	(740,000)
Fair value (loss)/gain on equity	1,402,238	-	-
Penalty and interest on tax assessment	-	-	362,288,704
Unrealised exchange difference	(797,931)	-	256,376
Change in fair value of funds	-	-	(92,650,000)
	(181,180,456)	(136,365,925)	(165,826,030)
Changes in operating assets and liabilities			
Decrease/(Increase) in loans and advances to members	691,226,897	741,516,880	494,312,356
Decrease/(increase) in other assets	(25,106,849)	(66,945,934)	213,580,202
(Decrease)/Increase in deposits from customers	(422,176,789)	689,516,736	363,198,768
(Decrease)/increase in other liabilities	(1,313,324)	(97,498,269)	(44,890,020)
(Decrease)/Increase in funds	(32,931,420)	25,524,699	194,778,632
Interest received	2,408,764,274	2,516,520,928	3,286,654,860
Interest paid	(971,861,963)	(1,099,227,302)	(1,516,120,971)
Interest and penalty paid	-	0	(295,168,797)
Income tax paid	(850,238,340)	(40,162,744)	(887,083,273)
Net cash generated from/(used in) operating activities	615,182,029	2,532,879,068	1,643,435,727
Cash flows from investing activities			
Investment in Equity	(45,839,390)	-	-
Movement in placements with bank and non-bank financial institutions	885,000,000	(28,901,884)	1,120,000,000
Proceeds from matured Investment securities	1,849,500,000	-	1,408,200,000
Additions of Investment Securities	(3,456,342,412)	(2,275,970,624)	(4,047,362,942)
Purchase of property, plant and equipment	(5,340,874)	(7,028,080)	(12,511,178)
Proceeds from sale of property, plant and equipment	-	-	740,000
Purchase of intangible assets	(3,787,542)	(781,831)	(1,590,220)
Purchase of investment property	-	-	-
Net cash used in investing activities	(776,810,218)	(2,312,682,419)	(1,532,524,340)
Cash flows from financing activities			
Proceeds from issuing shares	360,060	439,200	597,240
Decrease in interest bearing loans	(144,749,498)	(187,336,457)	(250,014,947)
Dividend paid	(33,027,760)	(33,311,360)	(33,386,879)
Net cash used in financing activities	(177,417,198)	(220,208,617)	(282,804,586)
Net increase in cash and cash equivalents	(339,045,387)	(11,968)	(171,893,199)
Effect of foreign exchange rate changes	797,931	-	(256,376)
Cash and cash equivalents at beginning of year	1,496,898,959	1,669,048,535	1,669,048,534
Cash and cash equivalents at end of year	1,158,651,504	1,669,036,567	1,496,898,959

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

STATEMENTS OF CHANGES IN EQUITY - PERIOD ENDED MARCH 31, 2019

	Share capital	Treasury shares	Statutory reserve	Revaluation and other reserves	Other Reserve	Actuarial reserves	Retained earnings	Total equity
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at July 1, 2017	199,548,700	24,416,900	223,965,600	3,480,852	281,498,532	(94,313,548)	8,677,368,904	9,315,965,940
Issue of shares	597,240	-	-	-	-	-	-	597,240
Profit for the year	-	-	-	-	-	-	(163,074,263)	(163,074,263)
Other comprehensive income for the year	-	-	-	-	-	24,152,170	-	24,152,170
Total comprehensive income	-	-	-	-	-	24,152,170	(163,074,263)	(138,922,093)
Movement	-	-	597,240	-	(24,490,805)	-	23,893,565	-
Transfer to treasury shares	(4,236,500)	4,236,500	-	-	-	-	-	-
Balance at June 30, 2018	195,909,440	28,653,400	224,562,840	3,480,852	257,007,727	(70,161,378)	8,538,188,206	9,177,641,087
Balance at July 1, 2018	195,909,440	28,653,400	224,562,840	3,480,852	257,007,727	(70,161,378)	8,538,188,206	9,177,641,087
Issue of shares	(29,697,420)	-	-	-	-	-	-	(29,697,420)
Profit for the period	-	-	-	-	-	-	1,193,455,842	1,193,455,842
Movement	-	30,057,480	-	(3,480,852)	20,644,451	22,500,000	(228,785,313)	(159,064,234)
Balance at March 31, 2019	166,212,020	58,710,880	224,562,840	-	277,652,178	(47,661,378)	9,502,858,734	10,182,335,274

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Environment

During the period under review, the Monetary Policy Committee of the Bank of Mauritius met on one occasion and the Key Repo Rate was maintained at 3.50%. The weighted yield on 364-day Treasury Bills took the downward trend. It decreased from 3.84% in March 2018 to reach 3.50% in March 2019.

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. As regards to loans and advances, the Association is offering interest rate starting from 4.60% per annum.

Outlook

Looking forward, the business segment in which the Association operates is set to remain turbulent and volatile, with continuing challenges which are outside its span of control. The challenges are impacting on the activities of the Association.

An analysis of Association's key financial information and performance is summarized below.

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

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.444m was generated for the quarter ended March 2019.

Cost to Income

The Association continues to maintain a relatively low cost to income ratio. As at March 2019, the cost to income ratio stood at about 12.05%, thus showing that a high level of operational efficiency was achieved.

Assets

The total assets of the Association stood at Rs.41.8bn at end of March 2019.

Loans and advances to members

Loans and advances are granted solely to public sector employees and pensioners. Net loans and advances was to the tune of Rs.33.1bn. A negative growth of 0.98% arose due to factors outside the control of the Association.

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

The Association maintained cash and cash equivalents of Rs.1.2bn as at end of March 2019. Placements made by the Mutual Aid Association in other financial institutions stood at Rs.2.5bn at the end of March 2019.

Liquid Assets

Cash and cash equivalents, 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 March 2019, the ratio stood comfortably at 28% which is in line with the liquidity risk management strategy of the Association.

Liabilities

Deposits from customers

The total deposits stood at Rs.28.0bn as at March 2019 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 Fund (RSF). The Funds stood at Rs.3.3bn as at March 2019. For the quarter ended March 2019, the interest rate of 4.00% has been paid to RSF holders, whereas the average savings rate was about 1.83%.

Shareholders' equity

Shareholders' equity decreased from Rs.10.4bn in March 2018 to Rs.10.2bn in March 2019.

Capital Structure and Capital Adequacy Ratio (CAR)

The Tier 1 and Tier 2 capital of the Association were to the tune of Rs.8.8bn and Rs.16.6m respectively for the said period. The weighted amount of on-balance sheet assets was Rs.18.7bn for the same period. Consequently, the CAR of the Association reached a note of about 47% thus confirming once more the financial soundness of the Association.

Specific, Portfolio and Prudential Provisions

The cumulative specific provisions as at March 31, 2019 amounted to Rs.408.6m, including a sum of Rs.62.2m for deceased loanees. Therefore, the provisions on account of default customers stood at Rs.346.4m.

In addition to the specific provisions, the Association also earmarked cumulative portfolio provision of Rs.325.3m for the said period.

Besides, the Association also made a prudential provision of Rs.277.7m for the financial year under review through the appropriation of reserves.

Therefore, the total provisions effected by the Association were to the tune of Rs.1.0bn at the end of March 2019.