

**POLYTECHNICS MAURITIUS LTD**

FINANCIAL STATEMENTS - FOR THE PERIOD  
FROM JANUARY 01, 2018 TO JUNE 30, 2019



FINANCIAL STATEMENTS - PERIOD ENDED JUNE 30, 2019

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## ANNUAL REPORT - JUNE 30, 2019

The Directors have the pleasure to submit the Annual Report of Polytechnics Mauritius Ltd, together with the audited financial statements for the period from January 01, 2018 to June 30, 2019.

**PRINCIPAL ACTIVITY**

The principal activity of the Company during the period is provide education to produce work ready diploma holders of high quality to spearhead the development of the country into a knowledge based and skills driven economy.

**Change of financial year**

The Company has changed its financial year from December 31 to June 30.

**DIRECTORS****Current appointments**

<u>Name</u>	<u>Position</u>	<u>Date of Nomination</u>
CURRIMJEE Azim Fakhruddin	Director	04/04/2019
RAMKALOAN Kevin	Director	04/04/2019
SOOBEN Madeven	Director	04/04/2019
SEWAH Kumari Doorgakant	Director	16/04/2019
RAGEN Swaminathan	Director	16/04/2019
CALEECHURN Suryakant	Secretary	03/05/2019

**Past appointments**

<u>Name</u>	<u>Position</u>	<u>Appointed</u>	<u>Resigned</u>
GOWREESUNKER, Baboo Jugduthsingh	Director	15/05/2013	31/12/2014
POONOOSAMY, Namasivayen	Director	15/05/2013	03/02/2016
NABABSING, Nirmala	Director	15/05/2013	22/12/2014
NABABSING, Nirmala	Chairman	31/05/2013	07/03/2014
VALERE, Marie Joelle Sandrine	Director	27/05/2013	11/01/2017
PIANG SANG SEW-HEE, Sui Lin	Director	06/06/2013	11/01/2017
GOORAH, Nema Devi	Director	26/06/2013	11/01/2017
AUCKBUR Ricaud Gervais Danyel	Director	30/08/2013	09/11/2018
PANDEA, Bhoonesh	Alternate Director	13/01/2014	03/02/2016
LUCKHEENARAIN, Nalini Leela Devi	Alternate Director	13/01/2014	22/12/2014
FOWDAR, Anil	Director	02/03/2015	11/03/2016
RAMPHUL PUNCHOO, Anista Devi Indira	Director	02/03/2015	11/01/2017
RAMPADARATH, Phoolranee	Director	11/03/2016	11/01/2017
NOWBUTH Ram Prakash	Director	11/01/2017	16/04/2019
RAJMUN Lilowtee	Director	11/01/2017	16/04/2019
PHILIPPE Gino David	Director	09/11/2018	16/04/2019
RAMLUGGUN Dhirujasing Deoraje	Director	11/01/2017	16/04/2019

## ANNUAL REPORT - JUNE 30, 2019

**DIRECTORS (CONT'D)**

The directors of the Company holding office as at June 30, 2019 were as follows:

Mr. Bahorun Theesan  
 Mr. Currimjee Azim Fakhruddin  
 Mrs. Sewah Kumari Doorgakant  
 Mr. Paddia Christ  
 Mr. Ragen Swaminathan  
 Mr. Ramkaloan Kevin  
 Mr. Sooben Madeven

**REGISTERED OFFICE**

Reduit campus, Reduit triangle, Moka.

**DIRECTORS' INTEREST IN SHARES**

There were no service contracts between the Company and any of its directors during the period under review.

**DIRECTORS' INTEREST IN SHARES**

The Directors do not hold any share in the Company whether directly or indirectly.

**DONATIONS**

The Company did not make any donation during the period under review.

**AUDITORS' FEES**

	<u>2019</u>	<u>2017</u>
	Rs.	Rs.
Audit fees paid to:		
- BDO & CO	276,000	143,750
Fees paid for other services provided by:		
- Other firms	-	13,313
	<u>                    </u>	<u>                    </u>

SECRETARY'S CERTIFICATE - PERIOD ENDED JUNE 30, 2019

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We certify that, to the best of our 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.



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SURYAKANT CALEECHURN

Acting secretary to Polytechnics Mauritius Ltd

Date:



## POLYTECHNICS MAURITIUS LTD

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### INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Polytechnics Mauritius Ltd

#### Report on the audit of the Financial Statements

##### Opinion

We have audited the financial statements of Polytechnics Mauritius Ltd (the Company), on pages 4 to 26 which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 4 to 26 give a true and fair view of the financial position of the Company as at June 30, 2019, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

## **POLYTECHNICS MAURITIUS LTD**

### **INDEPENDENT AUDITOR'S REPORT (CONT'D)**

To the Shareholders of Polytechnics Mauritius Ltd

3(a)

#### **Responsibilities of Directors and Those Charged with Governance for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 Company to cease to continue as a going concern.

**POLYTECHNICS MAURITIUS LTD**

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**INDEPENDENT AUDITOR'S REPORT (CONT'D)**

To the Shareholders of Polytechnics Mauritius Ltd

**Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on Other Legal and Regulatory Requirements***Companies Act 2001*

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

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**Other Matter**

This report is made solely to the members of Polytechnics Mauritius Ltd (the "Company"), 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.



**BDO & Co**  
*Chartered Accountants*



**Yacoob Ramtoola, FCA**  
Licensed by FRC

Port Louis,  
Mauritius.

11 MAR 2020

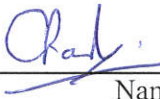


## STATEMENT OF FINANCIAL POSITION - JUNE 30, 2019

	Notes	June 30, 2019 Rs.	December 31, 2017 Rs.
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment	5	908,103,547	862,058,957
<b>Current assets</b>			
Other receivables	6	-	55,135,288
Other financial assets at amortised cost	6A	3,390,084	-
Cash and cash equivalents	17(c)	3,674,466	12,669,530
		<u>7,064,550</u>	<u>67,804,818</u>
<b>Total assets</b>		Rs. <u>915,168,097</u>	<u>929,863,775</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	7	299,937,110	299,937,110
(Revenue deficit)/retained earnings		(70,970,019)	2,123,537
Owners' interest		<u>228,967,091</u>	<u>302,060,647</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	8	553,531,699	614,685,542
Retention monies payable to contractors	9	3,616,257	3,616,257
		<u>557,147,956</u>	<u>618,301,799</u>
<b>Current liabilities</b>			
Borrowings	8	97,682,064	-
Trade and other payables	10	31,370,986	9,501,329
		<u>129,053,050</u>	<u>9,501,329</u>
<b>Total liabilities</b>		<u>686,201,006</u>	<u>627,803,128</u>
<b>Total equity and liabilities</b>		Rs. <u>915,168,097</u>	<u>929,863,775</u>

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

  
\_\_\_\_\_  
Name  
Chairperson

  
\_\_\_\_\_  
Name  
Board member

) ) DIRECTORS  
) )

The notes on pages 8 to 26 form an integral part of these financial statements.  
Auditor's report on pages 3 to 3(b).

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME -  
PERIOD ENDED JUNE 30, 2019**

	<u>Notes</u>	<b>Period from January 1, 2018 to June 30, 2019 Rs.</b>	<b>Year ended December 31, 2017 Rs.</b>
Revenue	11	42,306,531	15,259,639
Other income		9,507,069	-
Other expenses	12	(52,356,711)	(6,795,093)
Salaries and related costs	13	(24,591,710)	(1,987,936)
Depreciation	5(a)	<u>(21,981,550)</u>	<u>(48,784)</u>
		(47,116,371)	6,427,826
Finance costs		<u>(25,977,185)</u>	-
(Loss)/profit before taxation	14	(73,093,556)	6,427,826
Income tax	16	<u>-</u>	<u>-</u>
<b>(Loss)/profit for the period/year</b>		<u><b>(73,093,556)</b></u>	<u><b>6,427,826</b></u>
Other comprehensive income for the period/year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period/year</b>		<b>Rs. <u><u>(73,093,556)</u></u></b>	<b><u><u>6,427,826</u></u></b>

The notes on pages 8 to 26 form an integral part of these financial statements.

Auditor's report on pages 3 to 3(b).

## STATEMENT OF CHANGES IN EQUITY - PERIOD ENDED JUNE 30, 2019

	Share Capital	Retained earnings/ (revenue deficit)	Total
	Rs.	Rs.	Rs.
Balance at January 1, 2018	299,937,110	2,123,537	302,060,647
Loss for the period	-	(73,093,556)	(73,093,556)
<b>Total comprehensive income</b>	-	(73,093,556)	(73,093,556)
<b>Balance at June 30, 2019</b>	<b>Rs. 299,937,110</b>	<b>(70,970,019)</b>	<b>228,967,091</b>
Balance at January 1, 2017	190,973,822	(4,304,289)	186,669,533
Profit for the year	-	6,427,826	6,427,826
Additions during the year	108,963,288	-	108,963,288
<b>Total comprehensive income</b>	<b>108,963,288</b>	<b>6,427,826</b>	<b>115,391,114</b>
<b>Balance at December 31, 2017</b>	<b>Rs. 299,937,110</b>	<b>2,123,537</b>	<b>302,060,647</b>

The notes on pages 8 to 26 form an integral part of these financial statements.

Auditor's report on pages 3 to 3(b).

## STATEMENT OF CASH FLOWS - PERIOD ENDED JUNE 30, 2019

	Notes	Period from January 1, 2018 to June 30, 2019 Rs.	Year ended December 31, 2017 Rs.
<b>Cash flows from operating activities</b>			
Cash generated from/(absorbed in) operations	17(a)	<u>22,502,855</u>	<u>(56,535,818)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(31,497,919)	(460,163)
Expenditure incurred on capital work-in-progress		-	(39,610,634)
Net cash used in investing activities		<u>(31,497,919)</u>	<u>(40,070,797)</u>
<b>Cash flow from financing activities</b>			
Proceeds on issue of shares		-	108,963,288
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>Rs. (8,995,064)</u>	<u>12,356,673</u>
<b>Movement in cash and cash equivalents</b>			
At January 1,		12,669,530	312,857
(Decrease)/increase		<u>(8,995,064)</u>	12,356,673
<b>At June 30/December 31,</b>	17(c)	<u>Rs. 3,674,466</u>	<u>12,669,530</u>

The notes on pages 8 to 26 form an integral part of these financial statements.

Auditor's report on pages 3 to 3(b).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019**

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**1. GENERAL INFORMATION**

Polytechnics Mauritius Ltd (the "Company") is a limited liability incorporated and domiciled in Mauritius.

The address of its registered office is Reduit campus, Reduit triangle, Moka.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation**

The financial statements of Polytechnics Mauritius Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS).

These financial statements are that of an individual entity. The financial statements are presented in Mauritian Rupees.

Where necessary, comparative figures have been amended to conform with change in presentation in the current period. The financial statements are prepared under the historical cost convention except that relevant financial assets and financial liabilities are carried at amortised cost.

***Standards, Amendments to published Standards and Interpretations effective in the reporting period***

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from January 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2.3. The Company has elected to apply the exemption in IFRS 9 paragraph 7.2.15 not to restate prior periods in the year of initial application of the standard. The Company has chosen to adopt the simplified expected credit loss model for trade receivables in accordance with IFRS 9 paragraph 5.5.15. The amendments have no impact on the financial statements of the Company.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.1 Basis of preparation (cont'd)*****Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)***

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Company has adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2.12. In accordance with the transition provisions in IFRS 15, the Company has not restated comparatives for the 2017 financial year. The amendments have no impact on the financial statements of the Company.

**Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)**

The amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The amendment has no impact on the Company's financial statements.

**Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)**

The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The amendment has no impact on the Company's financial statements.

**Annual Improvements to IFRSs 2014-2016 Cycle**

- IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant.
- IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. The amendment has no impact on the Company's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The amendment has no impact on the Company's financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019****2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.1 Basis of preparation (cont'd)*****Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)*****Annual Improvements to IFRSs 2014-2016 Cycle**

Transfers of Investment Property (Amendments to IAS 40). The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The amendment has no impact on the Company's financial statements.

***Standards, Amendments to published Standards and Interpretations issued but not yet effective***

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2019 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)  
IFRS 16 Leases  
IFRS 17 Insurance Contracts  
IFRIC 23 Uncertainty over Income Tax Treatments  
Prepayment Features with negative compensation (Amendments to IFRS 9)  
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)  
Annual Improvements to IFRSs 2015-2017 Cycle  
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)  
Definition of a Business (Amendments to IFRS 3)  
Definition of Material (Amendments to IAS 1 and IAS 8)

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019

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

#### 2.2 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. 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 a straight line method to write off their cost to their residual values over their estimated useful lives as follows:

	Annual Rate
Computer equipment	20%
Motor vehicles	20%
Equipment	20%
Furniture, Fixtures and Fittings	20%
Building	2%

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

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

#### 2.3 Financial assets

The Company classifies its financial assets in the category discussed below, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

##### (i) *Amortised cost*

These assets arise principally from the provision of services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.3 Financial assets (cont'd)****(i) *Amortised cost (cont'd)***

Impairment provisions for receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company's financial assets measured at amortised cost comprise other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand.

**2.4 Financial liabilities**

The Company has financial liabilities which include trade and other payables.

Other payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

**2.5 Share capital**

Ordinary shares are classified as equity.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.6 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale.

Other borrowing costs are expensed when incurred.

**2.7 Current and deferred income tax**

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

*Current tax*

The current income tax charge is based on taxable income for the period calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting date.

*Deferred tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

**2.8 Borrowings**

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds net of transaction costs and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.8 Borrowings (cont'd)**

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

**2.9 Provisions**

Provisions are recognised when the Company 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.

**2.10 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. The financial statements are presented in Mauritian rupees, which is the Company's functional and presentation currency.

*(ii) Transaction and balances*

Foreign currency transactions 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 at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

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'. All other foreign exchange gains and losses are presented in profit or loss within 'other (losses)/gains - net'.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

**2.11 Impairment of non-financial assets**

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.11 Impairment of non-financial assets (cont'd)**

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).

**2.12 Revenue recognition****(i) Revenue**

Revenue earned by the Company is recognised on an accruals basis in accordance with the respective terms of contract.

*Performance obligations and timing of revenue recognition*

The revenue is recognised at a point in time, in the accounting period in which the services are rendered.

*Determining the transaction price and allocation of revenue earned to performance*

Most of the revenue is obtained from government depending on the recurring expenses of the Company. The Company also receives application and administration fees directly from students.

**(ii) Other revenues earned by the Company are recognised on the following bases:**

- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**2.13 Related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party making financial or operational decisions.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019**

**3. FINANCIAL RISK MANAGEMENT**

**3.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks, including:

- liquidity risk.
- cash flow and fair value interest rate risk

A description of the significant risk factors is given below together with the risk management policies applicable.

**(i) 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.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Company on the basis of expected cash flow.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Within one year Rs.	More than one year Rs.	Total Rs.
<b>At June 30, 2019</b>			
Borrowings	97,682,064	553,531,699	651,213,763
Retention monies payable to contractors	-	3,616,257	3,616,257
Trade and other payables	31,370,986	-	31,370,986
<b>At December 31, 2017</b>			
Borrowings	-	614,685,542	614,685,542
Retention monies payable to contractors	-	3,616,257	3,616,257
Trade and other payables	9,501,329	-	9,501,329

**(ii) Cash flow and fair value interest rate risk**

As the Company has no interest bearing assets, the Company's income and operating cash flows are independent of changes in market interest rate.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019**

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**3. FINANCIAL RISK MANAGEMENT (CONT'D)****3.1 Financial risk factors (cont'd)****(c) Cash flow and fair value interest rate risk (cont'd)**

The Company's interest-rate risk arises principally from borrowings. Borrowings issued at variable rates expose the Company to cash-flow interest-rate risk. Borrowings issued at fixed rates expose the Company to fair value interest-rate risk.

The Company is mainly exposed to fair value interest rate risk as its borrowings are mostly issued at fixed rates.

At June 30, 2019, if interest rates on rupee-denominated fixed rate borrowings had been 10 basis points higher/lower with all variables held constant, post-tax profit for the period would have been Rs.25,977 (December 31, 2017: Rs nil) lower/higher.

**3.2 Capital risk management**

The Company's objectives when managing capital are:

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

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

Consistently with others in the sector, the Company monitors capital on the basis of debt-to-adjusted capital ratio. The ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt (borrowings and trade and other payables as shown in the statement of financial position) less bank and cash balances.

Adjusted capital comprises all components of equity (i.e., share capital, share application monies and retained earnings).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019**

**3. FINANCIAL RISK MANAGEMENT (CONT'D)**

**3.2 Capital risk management (cont'd)**

The debt-to-adjusted capital ratios at June 30, 2019 and December 31, 2017 were as follows:

	<u>2019</u>	<u>2017</u>
	Rs.	Rs.
Total debt (note 8)	651,213,763	614,685,542
Less: cash and cash equivalents (note 17)	3,674,466	12,669,530
Net debt	<u>654,888,229</u>	<u>627,355,072</u>
Total equity	<u>228,967,091</u>	<u>302,060,647</u>
Debt-to-adjusted capital ratio	<u>2.86:1</u>	<u>2.08:1</u>

**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.

**4.1 Critical accounting estimates and assumptions**

The Company 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 stated hereunder:-

**(a) Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of defaults and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**(b) Asset lives and residual values**

Property, plant and equipment are depreciated over its useful life, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits or losses on the disposal of similar assets.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019**

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**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****(c) Depreciation policies**

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the company would currently obtain from disposal of the asset, if the asset was already of age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

**(d) Impairment of assets**

Property, plant and equipment is considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. The impairment loss is first allocated to goodwill and then to the other assets of a cash-generating unit.

The Company utilises the valuation model to determine asset and cash-generating unit values supplemented, where appropriate, by discounted cash flow and other valuation techniques.



## POLYTECHNICS MAURITIUS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019

## 5. PROPERTY, PLANT AND EQUIPMENT

(a)	Building		Property, Plant and Equipment		Motor vehicles		Furniture and Fixtures		Computer equipment		Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
<b>Cost</b>											
At January 1, 2018	861,618,505	200,038	-	260,125	52,120	862,130,788					
Additions	3,523,642	4,533,944	8,059,565	12,772,604	2,608,164	31,497,919					
Interest capitalised	36,528,221	-	-	-	-	36,528,221					
<b>At June 30, 2019</b>	<b>901,670,368</b>	<b>4,733,982</b>	<b>8,059,565</b>	<b>13,032,729</b>	<b>2,660,284</b>	<b>930,156,928</b>					
<b>Depreciation</b>											
At January 1, 2018	-	10,856	-	27,504	33,471	71,831					
Charge for the period	18,033,407	649,529	623,861	2,473,180	201,573	21,981,550					
<b>At June 30, 2019</b>	<b>18,033,407</b>	<b>660,385</b>	<b>623,861</b>	<b>2,500,684</b>	<b>235,044</b>	<b>22,053,381</b>					
<b>Net book value</b>											
<b>At June 30, 2019</b>	<b>883,636,961</b>	<b>4,073,597</b>	<b>7,435,704</b>	<b>10,532,045</b>	<b>2,425,240</b>	<b>908,103,547</b>					
<b>At December 31, 2017</b>	<b>861,618,505</b>	<b>189,182</b>	<b>-</b>	<b>232,621</b>	<b>18,649</b>	<b>862,058,957</b>					

*Constructions costs*

The contractual signed agreements with the contractors were not available to ascertain if payments are being made in accordance with the conditions of the contracts. However, we have relied upon the project manager's recommended payments to contractors after these were certified by the project consultant and quantity surveyor to be in line with the terms of the contracts.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019**

6. OTHER RECEIVABLES	2019	2017
	Rs.	Rs.
Other receivables	-	444,671
Education and Scientific Research	-	54,690,617
	<u>-</u>	<u>55,135,288</u>

6A. OTHER FINANCIAL ASSETS AT AMORTISED COST	2019	2017
	Rs.	Rs.
Other receivables	<u>3,390,084</u>	<u>-</u>

All of the financial assets at amortised costs are denominated in Mauritian rupees. As a result, there is no exposure to foreign currency risk.

Other receivables were classified under trade and other receivables (note 6) in 2017.

7. SHARE CAPITAL	2019	2017
	Rs.	Rs.
<u>Issued and fully paid</u>		
At January 01,	299,937,110	190,973,822
Share contribution	-	108,963,288
	<u>299,937,110</u>	<u>299,937,110</u>

The total authorised number of ordinary shares at June 30, 2019 and 2017 is 2,999,37 shares with a par value of Rs.100 each. All issued shares are fully paid.

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

8. BORROWINGS	2019	2017
	Rs.	Rs.
<b>Non-current</b>		
Loan disbursed from Ministry of Finance and Economic Development (note (a))	Rs. <u>553,531,699</u>	<u>614,685,542</u>
<b>Current</b>		
Loan disbursed from Ministry of Finance and Economic Development (note (a))	Rs. <u>97,682,064</u>	<u>-</u>
(a) Comprise of:		
Loan capital	486,000,000	486,000,000
Loan interest (capitalised)	165,213,763	128,685,542
	Rs. <u>651,213,763</u>	<u>614,685,542</u>

The total loan amount is Rs 486M and is refundable over a duration of 15 years (inclusive of the grace period).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019**

**8. BORROWINGS (CONT'D)**

- (a) There is a grace period capital repayment shall be 5 years to be calculated from the first withdrawal from the proceeds of the loan.

The applicable interest shall be at the rate of 8% per annum, over the duration of the loan. Over the first years starting as from the first withdrawal of the proceeds of the loan, the interest payable shall be capitalised on a semi-annual basis.

- (b) The carrying amounts of borrowings are denominated in Mauritian Rupees and approximate their fair values.
- (c) The exposure of the company's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	Within one year	More than one year	Total
	Rs.	Rs.	Rs.
At June 30, 2019	Rs. 97,682,064	553,531,699	651,213,763
At December 31, 2017	Rs. -	614,685,542	614,685,542

**9. RETENTION MONIES PAYABLE TO CONTRACTORS**

	2019	2017
	Rs.	Rs.
<i>Retention monies payable to contractors for the following campuses:</i>		
Campus Reduit	3,616,257	3,616,257

**10. TRADE AND OTHER PAYABLES**

	2019	2017
	Rs.	Rs.
Accruals	2,481,865	867,605
Loan payable	25,977,185	-
Other payables	2,911,936	967,177
Amount due to consultant	-	7,666,547
	Rs. 31,370,986	9,501,329

- (a) The carrying amounts of trade and other payables are denominated in Mauritian Rupees and approximate their fair values.

Period from January 01 ,2019 to June 30, 2019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019**

**11. INCOME**

	Period from January 01, 2018	
	to June 30, 2019	Year ended June 30, 2017
	Rs.	Rs.
Government contributions (a)	36,363,821	15,259,639
Administration and application fees	5,942,710	-
	<u>Rs. 42,306,531</u>	<u>15,259,639</u>

(a) Relates to Government grant with regards to payment of recurring expenses.

**12. OTHER EXPENSES**

	Period from January 01, 2018	
	to June 30, 2019	Year ended June 30, 2017
	Rs.	Rs.
Stipend to students	8,817,750	-
Branding cost	6,434,895	-
Cleaning charges	5,844,952	-
External collaborations	5,592,813	-
Other expenses	3,615,381	78,000
Electricity charges	3,220,173	1,430,992
Security fees	3,195,477	1,418,640
Telephone charges	2,592,462	-
Advertising fees	2,423,400	-
Student cost	1,792,168	-
Stationery	1,571,784	-
Repairs and Maintenance	1,382,325	220,312
Professional fees	1,239,750	488,750
Directors fees	915,915	554,075
Insurance	887,699	-
Motor expenses	874,896	-
Events	495,132	-
Overseas Cost	383,306	-
Conference cost	313,916	-
Launching cost	298,691	-
Other staff costs	287,754	1,008,020
Water charges	138,219	109,150
Bank charges	37,853	14,488
Overheads	-	1,685,036
Licenses	-	57,000
Overprovision of management fees	-	(269,370)
	<u>Rs. 52,356,711</u>	<u>6,795,093</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019**

**13 SALARIES AND RELATED COSTS**

	<b>Period from January 01, 2018 to June 30,2019 2019</b>	<b>Year ended June 30, 2017</b>
	<b>Rs.</b>	<b>Rs.</b>
Wages and salaries	23,792,278	1,925,510
Social security costs	799,432	62,426
<b>Rs.</b>	<b>24,591,710</b>	<b>1,987,936</b>

**14. LOSS BEFORE TAXATION**

	<b>Period from January 01, 2018 to June 30,2019 2019</b>	<b>Year ended June 30, 2017</b>
	<b>Rs.</b>	<b>Rs.</b>
Loss before taxation is arrived at after: charging:		
Depreciation on property, plant and equipment - owned assets	21,981,550	48,785
Employee benefit expense (note 13)	24,591,710	1,987,936
<b>Rs.</b>	<b>24,591,710</b>	<b>1,987,936</b>

**15. DEFERRED INCOME TAX**

Deferred income taxes are calculated on all temporary differences under the liability method at 15% (2017: 15%).

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

Deferred income tax assets are recognised only to the extent that realisation of the related tax benefit is probable.

At the end of the reporting period, the Company had unused tax losses of Rs 220,805,729 (2017: Rs 125,552,759) available for offset against future profits. No deferred tax assets has been recognised due to unpredictability of future profit streams.

**16. INCOME TAX EXPENSE**

	<b>2019</b>	<b>2017</b>
	<b>Rs.</b>	<b>Rs.</b>
(a) <b>Profit or loss</b>		
Current tax on the adjusted result for the period/year @ 15% (2016: 15%)	-	-
Deferred tax credit (note 15)	-	-
<b>Tax charge</b>	<b>-</b>	<b>-</b>
<b>Rs.</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 01, 2018 TO JUNE 30, 2019**

**17. NOTES TO THE CASH FLOW STATEMENT (CONT'D)**

- (d) While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is not material.
- (e) Cash and cash equivalents are denominated in Mauritian Rupees.

**18. RELATED PARTY TRANSACTIONS**

	<u>2019</u>	<u>2017</u>
	Rs.	Rs.
Grant income	42,306,531	15,259,639
Loan from Ministry of Education	651,213,763	614,685,542
Amount owed by shareholder	-	54,690,617
	<u>                    </u>	<u>                    </u>

- (a) The above transactions have been made at arms' length, on normal commercial terms and in the normal course of business.

**19. EVENTS AFTER REPORTING PERIOD**

There have been no significant events after the reporting date.