

**POLYTECHNICS MAURITIUS LTD (FORMERLY
KNOWN AS KNOWLEDGE PARKS LTD)**

FINANCIAL STATEMENTS - YEAR ENDED

DECEMBER 31, 2017

POLYTECHNICS MAURITIUS LTD (FORMERLY KNOWN AS KNOWLEDGE PARKS LTD)

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ANNUAL REPORT - DECEMBER 31, 2017

We are pleased to submit to you the annual report of the Company, together with the audited financial statements for the year ended December 31, 2017.

GENERAL INFORMATION

Company Number: 116358

Date of incorporation: 15/05/2013

Company Type: Private Company

Shareholder: Government of Mauritius

Change of name

The Company changed its name effective from 2nd March 2017 from Knowledge Parks Ltd to Polytechnics Mauritius Ltd.

Change of business activity

The company was initially incorporated with the objective to manage university campuses under its purview (maintain/renovate building; collect lease revenue; promote premises to investors in the tertiary education sector; allocate premises to education institutions; invest in development projects of tertiary education sector)

In the context of the Budget 2015/2016, Government has announced its decision to use the campuses to house Polytechnics. As a result, the company will 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.

DIRECTORS**Current appointments**

<u>Name</u>	<u>Position</u>	<u>Date of Nomination</u>
Mr. PHILIPPE Gino David	Director	09/11/2018
Mr. BAHORUN Theesan	Director	11/01/2017
Mr. RAMLUGGUN Dhirujasing Deoraje	Director	11/01/2017
Mrs. RAJMUN Lilowtee	Director	11/01/2017
Mr. NOWBUTH Ram Prakash	Director	11/01/2017
Mr. PADDIA Christ	Director	27/01/2017

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

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DIRECTORS (CONT'D)**Past appointments (cont'd)**

Name	Position	Appointed	Resigned
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 (alternate to POONOOSAMY, Namasivayen)	13/01/2014	03/02/2016
LUCKHEENARAIN, Nalini Leela Devi	Alternate Director (alternate to NABABSING, Nirmala)	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

The directors of the Company holding office as at 31 December 2017 were as follows:

Mr. Ricaud Gervais Danyel Auckbur

Mrs. Nema Devi Goorah

Mrs. Sui Lin Piang Sang Sew-Hee

Mr. Namasivayen Poonoosamy

Ms. Marie Joelle Sandrine Valere

Mr. Bhoonesh Pandea (Alternate to Mr. Namasivayen Poonoosamy)

REGISTERED OFFICE

Reduit campus, Reduit triangle, Moka

NATURE OF BUSINESS

The principal activity of the Company is to set up, manage and promote development of public polytechnics in Mauritius.

DIRECTORS' INTEREST IN SHARES

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

DIRECTORS' INTEREST IN SHARES

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

ANNUAL REPORT - DECEMBER 31, 2017

DONATIONS

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

AUDITORS' FEES

	<u>2017</u>	<u>2016</u>
Audit fees paid to:		
- BDO & CO	Rs. 143,750	Rs. 115,000
Fees paid for other services provided by:		
- Other firms	<u>Rs. 13,313</u>	<u>Rs. 12,679</u>

SECRETARY'S CERTIFICATE - DECEMBER 31, 2017

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.



Mr. Suryakant Caleechurn

Acting Secretary of Polytechnics Mauritius Ltd

Date: 30 MAY 2019

POLYTECHNICS MAURITIUS LTD (FORMERLY KNOWN AS KNOWLEDGE PARKS LTD)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Polytechnics Mauritius Ltd

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.

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 December 31, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year 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 December 31, 2017, and of its financial performance and its cash flows for the year 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.



INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of Polytechnics Mauritius Ltd

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.
- 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.



POLYTECHNICS MAURITIUS LTD (FORMERLY KNOWN AS KNOWLEDGE PARKS 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)

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.

Emphasis of matter

We draw attention to the following notes of the financial statements:

- (1) Construction costs (note 5(c)) being paid to contractors with project manager's recommendations in the absence of contractual signed agreements.
- (2) Government contributions (note 11) received have been traced to bank statements and we have not been able to substantiate to other supporting documents.

Our opinion is not qualified in these respect.


BDO & Co
Chartered Accountants



Yacoob Ramtoola, FCA
Licensed by FRC

Port Louis,
Mauritius.

30 MAY 2019


STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2017

	Notes	2017 Rs.	2016 Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	5	<u>862,058,957</u>	<u>807,217,754</u>
Current assets			
Other Receivables	6	55,135,288	-
Cash and cash equivalents	15(c)	<u>12,669,530</u>	<u>312,857</u>
		<u>67,804,818</u>	<u>312,857</u>
Total assets		Rs. <u><u>929,863,775</u></u>	<u><u>807,530,611</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	7	299,937,110	190,973,822
Retained earnings/(revenue deficit)		<u>2,123,537</u>	<u>(4,304,289)</u>
Owners' interest		<u>302,060,647</u>	<u>186,669,533</u>
LIABILITIES			
Non-current liability			
Borrowings	8	614,685,542	568,368,410
Retention monies payable to contractors	9	<u>3,616,257</u>	<u>35,114,198</u>
		<u>618,301,799</u>	<u>603,482,608</u>
Current liabilities			
Trade and other payables	10	<u>9,501,329</u>	<u>17,378,470</u>
Total liabilities		<u>627,803,128</u>	<u>620,861,078</u>
Total equity and liabilities		Rs. <u><u>929,863,775</u></u>	<u><u>807,530,611</u></u>

These financial statements have been approved for issue by the Board of Directors on 30 MAY 2019
and signed on its behalf by:



Name
Chairperson

)
) DIRECTORS
)


Name
Board member

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 -
YEAR ENDED DECEMBER 31, 2017**

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		Rs.	Rs.
INCOME			
Government contributions	11	<u>15,259,639</u>	<u>-</u>
EXPENSES			
Administrative expenses	12	8,783,029	802,242
Depreciation		<u>48,784</u>	<u>10,242</u>
		<u>8,831,813</u>	<u>812,484</u>
Profit/(loss) before taxation	14	6,427,826	(812,484)
Income tax	16	<u>-</u>	<u>-</u>
Profit/(loss) for the year		<u>6,427,826</u>	<u>(812,484)</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		Rs. <u><u>6,427,826</u></u>	<u><u>(812,484)</u></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).

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2017

	Share Capital Rs.	Retained earnings/ (revenue deficit) Rs.	Total Rs.
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
Total comprehensive income	108,963,288	6,427,826	115,391,114
Balance at December 31, 2017	Rs. 299,937,110	2,123,537	302,060,647
Balance at January 1, 2016	87,092,307	(3,491,805)	83,600,502
Loss for the year	-	(812,484)	(812,484)
Additions during the year	103,881,515	-	103,881,515
Total comprehensive income	103,881,515	(812,484)	103,069,031
Balance at December 31, 2016	Rs. 190,973,822	(4,304,289)	186,669,533

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 - YEAR ENDED DECEMBER 31, 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		Rs.	Rs.
Cash flows from operating activities			
Cash absorbed in operations	17(a)	<u>(56,535,818)</u>	<u>(67,123,081)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(460,163)	-
Expenditure incurred on capital work-in-progress		<u>(39,610,634)</u>	<u>(39,862,838)</u>
Net cash used in investing activities		<u>(40,070,797)</u>	<u>(39,862,838)</u>
Cash flow from financing activities			
Proceeds on issue of shares		<u>108,963,288</u>	<u>103,881,515</u>
Net increase/(decrease) in cash and cash equivalents		Rs. <u><u>12,356,673</u></u>	<u><u>(3,104,404)</u></u>
Movement in cash and cash equivalents			
At January 1,		312,857	3,417,261
Increase/(decrease)		<u>12,356,673</u>	<u>(3,104,404)</u>
At December 31,	17(c)	Rs. <u><u>12,669,530</u></u>	<u><u>312,857</u></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 - YEAR ENDED DECEMBER 31, 2017

1. GENERAL INFORMATION

The Company was incorporated on 15th May 2013 as Knowledge Parks Ltd, domiciled in Mauritius and as a limited liability company. It changed its name effective from 2nd March 2017 from Knowledge Parks Ltd to Polytechnics Mauritius Ltd. The address of its registered office is Reduit campus, Reduit triangle, Moka. The main objective of Polytechnics in Mauritius will be to produce work ready diploma holders of high quality to spearhead the development of the country into a knowledge based and skills driven economy.

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 year. The financial statements are prepared under the historical cost convention.

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

IFRS 14 Regulatory Deferral Accounts provides relief for first-adopters of IFRS in relation to accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). IFRS 14 permits these entities to apply their previous accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The standard is not expected to have any impact on the Company's financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed. The amendment has no impact on the Company's financial statements.

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)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38). The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. Amendments clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. IAS 38 now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome under specific conditions. The amendment has no impact on the Company's financial statements.

Equity method in separate financial statements (Amendments to IAS 27). The amendments allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value in their separate FS. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The amendment has no impact on the Company's financial statements.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41). IAS 41 now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. The amendment has no impact on the Company's financial statements.

Annual Improvements to IFRSs 2012-2014 cycle

- IFRS 5 is amended to clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such. The amendment has no impact on the Company's financial statements.
- IFRS 7 amendment provides specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. The amendment has no impact on the Company's financial statements.
- IFRS 7 is amended to clarify that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. The amendment has no impact on the Company's financial statements.

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 2012-2014 cycle (cont'd)

- IAS 19 amendment clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The amendment has no impact on the Company's financial statements.
- IAS 34 amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information. The amendment has no impact on the Company's financial statements.

Disclosure Initiative (Amendments to IAS 1). The amendments to IAS 1 provide clarifications on a number of issues. An entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals. Confirmation that the notes do not need to be presented in a particular order. The share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

Investment entities: Applying the consolidation exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The amendments clarify that the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities. An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement. The amendment has no impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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, 2017 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:

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contract with Customers

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 16 Leases

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

Amendments to IAS 7 Statement of Cash Flows

Clarifications to IFRS 15 Revenue from Contracts with Customers

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

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

Annual Improvements to IFRSs 2014-2016 Cycle

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Transfers of Investment Property (Amendments to IAS 40)

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 statement, are disclosed in Note 4.

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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.2 Property, plant and equipment (cont'd)**

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

Depreciation on assets 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%
Equipment	20%
Furniture, Fixtures and Fittings	20%
Building	-

Building has not been depreciated during the year as it was in progress and completed in December but not in use.

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.

2.4 Financial assets**(a) Categories of financial assets**

The Company classifies its financial assets in the category of loans and receivables. The classification depends on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets when maturity is within twelve months after the end of the reporting period or non-current assets for maturities greater than twelve months.

The Company's loans and receivables comprise cash and cash equivalents and other receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Financial assets (cont'd)

(b) Recognition and measurements

Purchases and sales of financial assets are recognised on trade date, i.e. the date on which the Company commits to purchase or sell the assets.

Loans and receivable are initially recognised at fair value and are carried subsequently at amortised cost using effective interest method. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

(c) Impairment of financial assets

The Company assesses at the end of each reporting period whether that is objective evidence that a financial asset or a group of financial assets is impaired. In case of loans and receivable any impairment is recognised in profit or loss.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and, the amount of the loss is recognised in profit or loss. If a loan or receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.5 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.

2.6 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Current and deferred income tax (cont'd)

Current tax

The current income tax charge is based on taxable income for the year 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.

2.7 Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of its estimated future cash flows discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.9 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from proceeds.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.10 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.

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.

2.11 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.

2.12 Trade payables

Trade payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 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'.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Foreign currencies (cont'd)

(ii) *Transaction and balances (cont'd)*

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.

2.14 Impairment of non-financial assets

Asset 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).

2.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns, value added taxes, rebates and other similar allowances and after eliminating sales within the Company.

The Company has not yet started trading.

2.16 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.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

- Market risk (currency risk, cash flow and fair value interest rate risk);
- credit risk; and
- liquidity risk.

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

(a) Market risk

(i) *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.

The Company's interest-rate risk arises principally from long-term 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 December 31, 2017, if interest rates on rupee-denominated fixed rate borrowings had been 50 basis points higher/lower with all variables held constant, pre-tax results for the year would have been unchanged as interests over the construction phase are being capitalised as borrowings costs under property, plant and equipment.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from a Company's trade and finance lease receivables.

The Company has no credit risk for the reporting period as it has not started trading yet.

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2017

3. FINANCIAL RISK MANAGEMENT (CONT'D)**3.1 Financial risk factors (cont'd)****(c) Liquidity risk (cont'd)**

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.
At December 31, 2017			
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
At December 31, 2016			
Borrowings	-	568,368,410	568,368,410
Retention monies payable to contractors	-	35,114,198	35,114,198
Trade and other payables	17,378,470	-	17,378,470

3.2 Fair value estimation

The nominal value less estimated credit adjustments to trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

3.3 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.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Capital risk management (cont'd)

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 - YEAR ENDED DECEMBER 31, 2017

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) 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.

(b) 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.

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2017

5. PROPERTY, PLANT AND EQUIPMENT	Building	Property,	Furniture	Computer	Capital work-	Total	Total
	(note b)	Plant and	Fixtures	equipment	-in-progress	2017	2016
(a)	Rs.	Equipment	and Fittings	Rs.	Rs.	Rs.	Rs.
Cost							
At January 1,	-	-	-	52,120	807,188,680	807,240,800	710,677,485
Additions	-	200,038	260,125	-	8,112,693	8,572,856	53,490,769
Interest capitalised	-	-	-	-	46,317,132	46,317,132	43,072,546
Reclassified to Building	861,618,505				(861,618,505)	-	-
At December 31,	861,618,505	200,038	260,125	52,120	-	862,130,788	807,240,800
Depreciation							
At January 1,	-	-	-	23,046	-	23,046	12,804
Charge for the year	-	10,856	27,504	10,425	-	48,785	10,242
At December 31,	-	10,856	27,504	33,471	-	71,831	23,046
Net book value							
At December 31,	861,618,505	189,182	232,621	18,649	-	862,058,957	807,217,754
(b) <i>Capital work-in-progress and Building</i>							
Capital work-in-progress/Building comprise of constructions costs for the following campuses:							
		Campus	Campus	Campus	Campus	Campus	Total
		Reduit	Pamplemousses	Montagne	Blanche	Blanche	2017
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At January 1,		177,169,407	262,281,127	367,738,146	367,738,146	807,188,680	
Additions		789,482	11,618,040	(4,294,830)	(4,294,830)	8,112,692	
Interest capitalised		4,769,626	21,434,640	20,112,867	20,112,867	46,317,133	
Reclassified to Building		182,728,515	295,333,807	383,556,183	383,556,183	861,618,505	
		(182,728,515)	(295,333,807)	(383,556,183)	(383,556,183)	(861,618,505)	

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2017

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

(c) *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.

6. OTHER RECEIVABLES

	2017	2016
	Rs.	Rs.
Ministry of Education & Human Resources, Tertiary Education and Scientific Research	54,690,617	-
Other receivables	444,671	-
	<u>55,135,288</u>	<u>-</u>

- (i) The carrying amounts of other receivables approximate their fair values and are denominated in Mauritian Rupees.

7. SHARE CAPITAL

	2017	2016
	Rs.	Rs.
<u>Issued and fully paid</u>		
At January 01,	190,973,822	87,092,307
Share contribution	108,963,288	103,881,515
	<u>299,937,110</u>	<u>190,973,822</u>

The total authorised number of ordinary shares at December 31, 2017 is 2,999,371 (2016: 1,909,738) 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

	2017	2016
	Rs.	Rs.
Non-current		
Loan disbursed from Ministry of Finance and Economic Development (note (a))	Rs. <u>614,685,542</u>	<u>568,368,410</u>
(a) Comprise of:		
Loan capital	486,000,000	486,000,000
Loan interest (capitalised)	128,685,542	82,368,410
	Rs. <u>614,685,542</u>	<u>568,368,410</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 - YEAR ENDED DECEMBER 31, 2017

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 December 31, 2017	Rs. -	614,685,542	614,685,542
At December 31, 2016	Rs. -	568,368,410	568,368,410

9. **RETENTION MONIES PAYABLE TO CONTRACTORS**

	2017	2016
	Rs.	Rs.
<i>Retention monies payable to contractors for the following campuses:</i>		
Campus Pamplémousses	-	16,250,000
Campus Montagne Blanche	-	15,247,940
Campus Redit	3,616,257	3,616,258
	Rs. 3,616,257	35,114,198

10. **TRADE AND OTHER PAYABLES**

	2017	2016
	Rs.	Rs.
Amount due to contractors	-	13,627,931
Amount due to consultant	7,666,547	1,836,667
Accruals	867,605	946,694
Other payables	967,177	967,178
	Rs. 9,501,329	17,378,470

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2017

11. INCOME	2017	2016
	Rs.	Rs.
Government contributions	Rs. <u>15,259,639</u>	<u>-</u>
(a) Relates to Government grant with regards to payment of recurring expenses.		
12. ADMINISTRATIVE EXPENSES	2017	2016
	Rs.	Rs.
Salaries and related costs	1,987,936	430,833
Overheads	1,763,036	-
Electricity charges	1,430,992	-
Security fees	1,418,640	-
Other staff costs	1,008,020	-
Directors fees	554,075	28,000
Professional fees	499,762	493,954
Repairs and Maintenance	209,300	1,725
Water charges	109,150	-
Licenses	57,000	500
Bank charges	14,488	4,190
Penalties	-	24,983
Survey fees	-	627
Postage and Stationery	-	360
Overprovision of management fees	(269,370)	(182,930)
	Rs. <u>8,783,029</u>	<u>802,242</u>
13. EMPLOYEE BENEFIT EXPENSE	2017	2016
	Rs.	Rs.
Wages and salaries	1,987,936	430,833
Social security costs	62,426	21,527
	Rs. <u>2,050,362</u>	<u>452,360</u>
14. LOSS BEFORE TAXATION	2017	2016
	Rs.	Rs.
Loss before taxation is arrived at after charging:		
Depreciation on property, plant and equipment - owned assets	48,785	10,242
Employee benefit expense (note 13)	Rs. <u>2,050,362</u>	<u>452,360</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2017

15. DEFERRED INCOME TAX

Deferred income taxes are calculated on all temporary differences under the liability method at 15% (2016: 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 125,552,759 (2016: Rs 85,931,434) available for offset against future profits. No deferred tax assets has been recognised due to unpredictability of future profit streams.

16. INCOME TAX EXPENSE

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

(b) Reconciliation of accounting result to tax expense

The tax charge on the Company's result before taxation differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	<u>2017</u>	<u>2016</u>
	Rs.	Rs.
Result before taxation	<u>6,427,826</u>	<u>(812,484)</u>
Tax calculated at 15% (2016: 15%)	964,174	(121,873)
Expenses not deductible for tax purposes	40,197	5,378
Interest capitalised treated in chargeable income	(6,947,570)	(6,460,882)
Deferred tax assets not recognised on tax losses	5,943,199	6,577,377
Tax charge	Rs. <u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2017

17. NOTES TO THE CASH FLOW STATEMENT	2017	2016
	Rs.	Rs.
(a) Cash absorbed in operations		
Profit/loss before taxation	6,427,826	(812,484)
Adjustments for:		
Depreciation	48,785	10,242
	<u>6,476,611</u>	<u>(302,242)</u>
Changes in working capital:		
- trade and other payables	(7,877,141)	(66,320,839)
- trade and other receivables	(55,135,288)	-
	<u>(63,012,429)</u>	<u>(66,320,839)</u>
Cash absorbed in operations	Rs. <u>(56,535,818)</u>	<u>(67,123,081)</u>

(b) **Non-cash transactions****2017 and 2016:**

- (i) Interest on loan from Ministry of Finance & Economic Development, capitalised as costs under property, plant and equipment, is a non-cash transaction as the Company is benefiting from the grace period of 5 years (note 7).

(c) Cash and cash equivalents	2017	2016
	Rs.	Rs.
Bank balances	Rs. <u>12,669,530</u>	<u>312,857</u>

- (d) Cash and cash equivalents are denominated in Mauritian Rupees.

18. RELATED PARTY TRANSACTIONS	2017	2016
	Rs.	Rs.
Grant income	15,259,639	-
Loan from shareholder	614,685,542	568,368,410
Amount owed by shareholder	<u>54,690,617</u>	<u>-</u>

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