

POLYTECHNICS MAURITIUS LTD

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020

POLYTECHNICS MAURITIUS LTD

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ANNUAL REPORT - JUNE 30, 2020

The Directors have the pleasure to submit the Annual Report of Polytechnics Mauritius Ltd, together with the audited financial statements for the year ended June 30, 2020.

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.

The directors of the Company holding office as at June 30, 2020 were as follows:

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
PUTCHAY Vassoo Allymootoo	Director	19/08/2020
BAHORUN Theesan	Director	11/01/2017
PADDIA Christ	Director	27/01/2017
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 Ricard 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
DOORGAKANT Kumari Sewah	Director	16/04/2019	27/12/2019
RAMLUGGUN Dhirujasing Deoraje	Director	11/01/2017	16/04/2019

ANNUAL REPORT - JUNE 30, 2020

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>2020</u>	<u>2019</u>
	Rs.	Rs.
Audit fees paid to:		
- BDO & CO	250,000	276,000
Fees paid for other services provided by:		
- Other firms	<u> -</u>	<u> -</u>

CORPORATE GOVERNANCE REPORT – YEAR ENDED JUNE 30, 2020

INTRODUCTION

Polytechnics Mauritius Ltd (the ‘Company’) is committed to achieving high standards of corporate governance and recognizes the importance of good governance to ensure continued growth and create sustainable value for all its stakeholders. Polytechnics Mauritius Ltd (PML) is a body corporate established under the aegis of the Ministry of Education, Tertiary Education and Science and Technology with the objective of running training programs to serve the emerging needs of Mauritius for a qualified and skilled human resource at mid-professional level. The company is a Public Interest Entity (PIE) and is 100% owned by the Government of Mauritius and therefore has a statutory obligation to comply with the National Code of Corporate Governance for Mauritius (2016) (the ‘Code’) which is based on a ‘apply and explain’ basis.

PRINCIPLE 1: GOVERNANCE STRUCTURE

The Board is collectively responsible for the Company’s leadership, strategy, values, standards, control, management and the long-term success of the Company. It is also responsible for providing strong leadership and independent judgement for complying with all legal and regulatory requirements.

The following documents which have been approved by the Board are available on the Company’s website <http://www.poly.ac.mu>.

- Code of Ethics
- Organisational Chart
- Statement of major accountabilities
- Subcommittees of the Board
- Appointment and Nomination processes
- Position statements of key senior governance positions

Key Governance Positions**Chairman of the Board**

The key responsibilities of the Chairman of the Board are as follows:

- To provide leadership to the Board to ensure it functions effectively;
- To plan the Board’s annual schedule of meetings and agendas, in consultation with Company Secretary and other Directors as appropriate;
- To maintain sound relations with the Company’s shareholders and ensure that principles of effective communication and pertinent disclosure are followed;
- To ensure that all Directors play a full and constructive role in the functioning and decision-making process of the Board;
- To ensure that all relevant information and facts are communicated to the Board in order to enable the Directors to make informed decisions;
- To chair all meetings of the Board and ensure that meetings are conducted efficiently and effectively;
- To call special meetings, when required;
- To ensure all Directors exercise their skills, knowledge and expertise on key Board matters and assist the Board in achieving a consensus;
- To develop teamwork and a cohesive Board culture and facilitate formal and informal communication with and among Directors;
- To help ensure that action items established by the Board are tracked with the assistance of the Company Secretary and appropriate follow-up action is taken as necessary; and
- To chair annual and special meetings of shareholders.

PRINCIPLE 1: GOVERNANCE STRUCTURE (CONT'D)

Key Governance Positions (cont'd)

Chairman of the Board (cont'd)

Professor Bahorun Theesan has been appointed Chairman of the Board on January 2017 and a brief profile is found below in the Board Composition section.

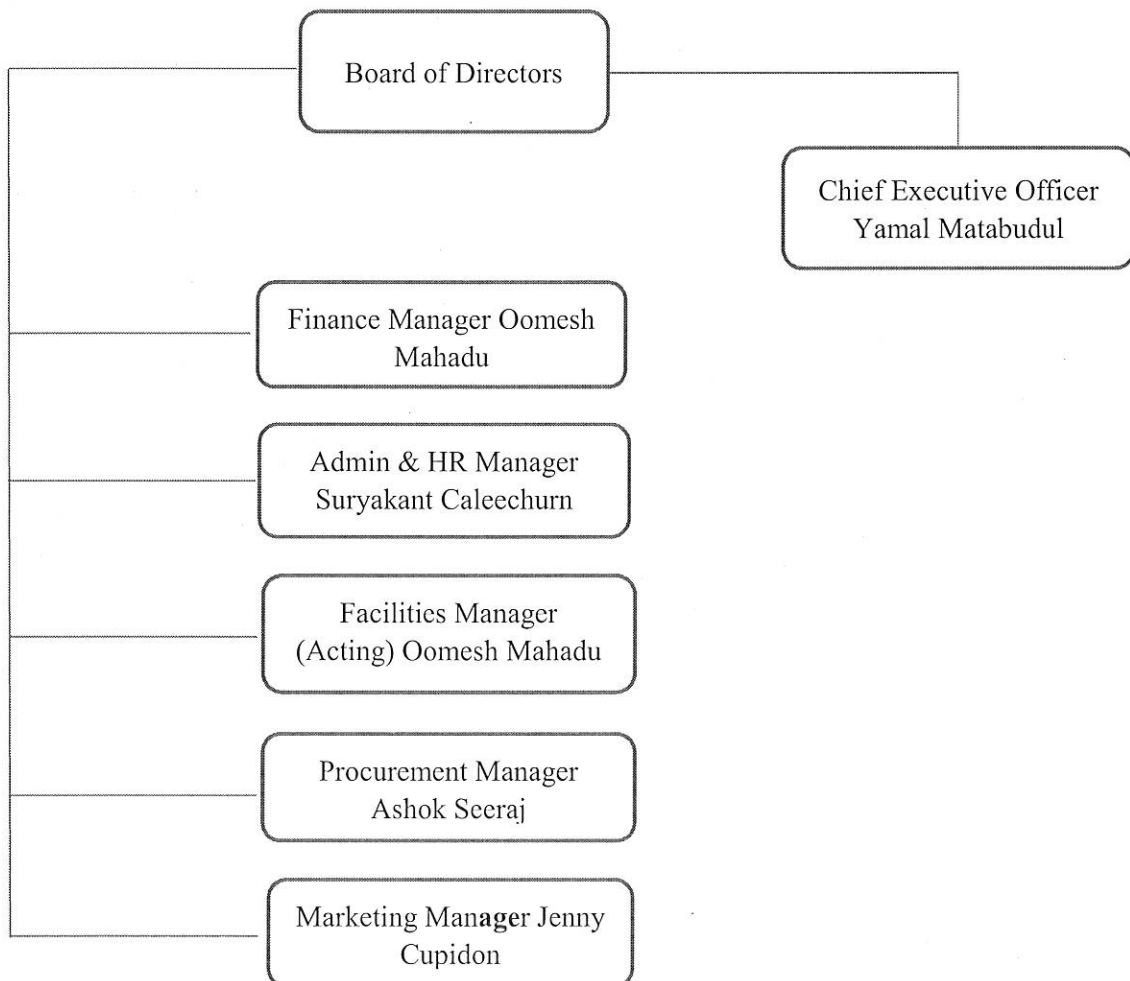
Company Secretary

All Directors have access to the advice and services of the Company Secretary, Polytechnics Mauritius Ltd, through **Mr Suryakant Caleechurn**, who is responsible for providing guidance to the Board as to their duties, responsibilities and powers. The Company Secretary is appointed by the Board in accordance with the Company’s Constitution. The Company Secretary ensures that the Board procedures are followed and that applicable rules and regulations as well as principles of good governance are adhered to.

Mr Suryakant Caleechurn was appointed as Company Secretary of Polytechnics Mauritius Ltd on May 2019. Mr Suryakant Caleechurn holds an MBA (HR), MSC Engineering Project Management. He has more than 25 years in training environment and also has more than 15 years in administration and Human Resource Management.

Other Key Governance Positions

The current Senior Management structure is depicted below:



PRINCIPLE 1: GOVERNANCE STRUCTURE (CONT'D)**Chief Executive Officer**

The main responsibilities of the Chief Executive Officer are as follows:

- To provide leadership and direction through policy formulation, development and implementation to ensure accountability and responsibility for efficient and effective compliance with rules, laws, regulations, policies and procedures.
- To be responsible for the control and management of Polytechnics Mauritius Ltd.
- To develop, direct and establish responsive, proactive, sound and accountable fiscal, budget, human resources and programme management within Polytechnics Mauritius Ltd.
- To facilitate, support and enhance opportunities for Polytechnics Mauritius Ltd to engage in new and innovative courses by assisting faculties, staff and administrators in the management and development of courses.
- To bring measures to enable Polytechnics Mauritius Ltd to respond to the needs of the market and to ensure quality in the delivery of services;
- To develop strategies to better position Polytechnics Mauritius Ltd, and to establish linkages with local, regional and international institutions; and
- To lead Polytechnics Mauritius Ltd into an institution of excellence in teaching, training, research, development, consultancy and other related services and to provide guidance thereon.
- To ensure Quality Assurance in programme development, delivery and assessment.
- To foster an atmosphere of cooperation, respect, and collaboration among all stakeholders on the campuses including faculties, staff and students.
- To represent Polytechnics Mauritius Ltd at local and international meetings, events and fora.
- To monitor and control established programme delivery targets and to make necessary budgetary adjustments in order to respond to any shift in target.
- To provide effective leadership to ensure that line managers are actively implementing the policies and procedures and to promote fairness and equity in the conduct of their roles.
- To instil a performance-based culture and periodically review and conduct the performance appraisal of staff.
- To develop and implement initiatives aimed at promoting and maintaining cultural exchanges across the clusters of Polytechnics Mauritius Ltd and external stakeholders.
- To perform such other duties directly related to the main duties listed above or related to the delivery of the output and results expected from the Chief Executive Officer in the roles ascribed to him by the Board.

Finance Manager

The main responsibilities of the Finance Manager are as follows:

- To be responsible to the Chief Executive Officer of Polytechnics Mauritius Ltd.
- To advise the Chief Executive Officer on matters related to financial management with due regard to economy, efficiency and effectiveness.
- To organise, supervise and manage the financial operations of Polytechnics Mauritius Ltd.
- To supervise and assess operational performance against set targets, report thereon and suggest corrective action, where necessary, to the Chief Executive Officer.
- To submit financial requirements, returns and reports in compliance with existing legislations.
- To coach, mentor and guide subordinate staff.
- To perform such other duties directly related to the main duties listed above or related to the delivery of the output and results expected from the Finance Manager in the roles ascribed.

PRINCIPLE 1: GOVERNANCE STRUCTURE (CONT'D)**Administrative and HR Manager**

The main responsibilities of the Administrative and HR Manager are as follows:

- To be responsible for the day-to-day management of the Administration and Human Resource Unit of the Polytechnics Mauritius;
- To advise on all matters relating to human resource policies, practices and procedures.
- To ensure that human policies, rules, regulations and procedures are properly interpreted and consistently applied so that all employees are treated fairly and equitably.
- To develop, in consultation with the Chief Executive Officer, a strategic approach to human resource management and development to ensure the effective achievement of the organisation's goals and objectives.
- To carry out human resource planning and forecasting to match human resource requirements in terms of number, roles and level of responsibilities with organisational needs.
- To ensure the successful implementation and sustainability of all modernization, reforms and change management initiatives in the field of human resource management.
- To promote and participate actively in programmes aiming at enhancing organisational efficiency and effectiveness.
- To supervise and provide guidance and coaching to subordinate staff.
- To conduct Training Needs Analysis, assist in the mounting of appropriate training courses and to evaluate effectiveness of training.
- To develop and implement organisation design and work processes.
- To promote good employee relations and take prompt action to settle grievances and conflicts through negotiations/discussions.
- To facilitate the promotion of staff welfare and a good, healthy and safe working environment.
- To perform such other duties directly related to the main duties listed above or related to the delivery of the output and results expected from the Administrative and Human Resource Manager in the roles ascribed to him.

Facilities Manager

The main responsibilities of the Facilities Manager are as follows:

- To be responsible to the Chief Executive Officer of Polytechnics Mauritius Ltd.
- To organise, supervise and manage procurement and supply operations of Polytechnics Mauritius Ltd.
- To be responsible for overseeing building and grounds maintenance, cleaning, space management, library facilities, computing services, physical asset management, health and safety, procurement and contract management, transport, canteen facilities, sports facilities, buildings requirements and implementation of all construction activities on the campus.
- To establish proper systems of control and ensure that adequate security and proper records are maintained.
- To perform such other duties directly related to the main duties listed above or related to the delivery of the output and results expected for the Facilities Manager in the roles ascribed to him.

Procurement Manager

The main responsibilities of the Procurement Manager are as follows:

- To be responsible to the Chief Executive Officer of Polytechnics Mauritius Ltd.
- To devise and use fruitful sourcing strategies.
- To prepare and implement a procurement plan.
- To discover profitable suppliers and initiate business and organisation partnerships.
- To negotiate with external vendors to secure advantageous terms.
- To approve the ordering of necessary goods and services.

CORPORATE GOVERNANCE REPORT – YEAR ENDED JUNE 30, 2020

PRINCIPLE 1: GOVERNANCE STRUCTURE (CONT'D)**Procurement Manager (cont'd)**

- To finalise purchase details of orders and deliveries.
- To examine and test existing contracts.
- To track and report key functional metrics to reduce expenses and improve effectiveness.
- To organise and provide training to supporting staff in procurement, supply and stock control duties.
- To foresee alterations in the comparative negotiating ability of suppliers and clients.
- To expect unfavourable events through analysis of data and prepare control strategies
- To control spend and build a culture of long term saving on procurement costs.
- To perform such other duties directly related to the main duties listed above or related to the delivery of the output and results expected for the Procurement Manager in the roles ascribed to him/her.

Marketing Manager

The main responsibilities of the Marketing Manager are as follows:

- To be responsible to the Chief Executive Officer of Polytechnics Mauritius Ltd.
- To elaborate the marketing strategy.
- To manage, implement and evaluate the marketing plan.
- To develop strategic relationships with key partners, clients and stakeholders in ensuring marketing of the courses.
- To manage the marketing expenditure including advertising, promotions etc.
- To create and develop promotional materials to support the commercial events.
- To manage communication/advertising campaigns including monitoring of social media pages and targeted advertising channels, e.g. newspapers, specialised magazines, etc.
- To manage promotional campaigns in malls and other strategic places.
- To organise road shows and career fairs and participation in forums.
- To conduct market research analysis, evaluation of trends, brand awareness and competition.
- To coach staff for promotional and recruitment campaigns.
- To perform such other duties directly related to the main duties listed above or related to the delivery of the output and results expected for the Marketing Manager in the roles ascribed to him/her.

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES**Board Composition**

The Board of Polytechnics Mauritius Ltd has aimed to create the right balance and composition in such a way as to best serve the Company.

The Company is currently managed by a unitary Board of Seven (7) Non-Executive Directors who are all residents of Mauritius.

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)**Board Profile**

Members of the Board at June 30, 2020 are as follows:

Professor Bahorun Theesan was appointed as Director and Chairman of Polytechnics Mauritius Ltd in January 2017. Professor Bahorun holds a Doctorate (PhD) Sciences de la Vie et de la Santé. He has more than 30 years of experience in biomedical research on bioactive components of dietary/plant-based factors, oxidative stress mechanisms, molecular nutrition, pharmaceutical indications of antioxidant functional foods as prophylactic agents, cardio protective, neuroprotective and chemo preventive strategies, clinical research, pathophysiological mechanisms in diabetes, cancer and cardiovascular dysfunctions. He has been the Head of the Department of Biosciences and ANDI CBBR at the University of Mauritius, the Chairman of the Food and Agricultural Research Council, Mauritius. He is currently the President of the Board of Directors of Polytechnics Mauritius, the President of the Society for Free Radical Research Africa (SFRR-Africa) and Vice President of the International Association of Medical and Biomedical Researchers (IAMBR). He is also the executive director of the Mauritius Research and Innovation Council (MRRC).

Mr Ragen Swaminathan was appointed as Director of Polytechnics Mauritius Ltd in April 2019. Mr Ragen Swaminathan holds a MCom, Master in Public Sector Management. He was the Senior Chief executive Officer at the Ministry of Education, Tertiary Education, Science and Technology. He has an abundance of experience in the Education sector and have a long service in the Public Sector.

Mr Paddia Christ was appointed as Director of Polytechnics Mauritius Ltd in January 2017. Mr Paddia Christ holds a Master's Degree in Economics Development Policy. Mr Paddia holds the position of Lead Analyst and has over 23 years of experience in the preparation of the national budget at the Ministry of Finance and Economic Development. He is also a member on the board of HRDC, Mauri-Facilities Company Limited.

Mrs Doorgakant Sewah Kumari was appointed as Director of Polytechnics Mauritius Ltd in April 2019. Mrs Doorgakant Sewah Kumari holds an MBA in HRM. She is the Permanent Secretary of Environment, Solid Waste Management and Climate change Division (Administration). She represented the Ministry of labour during her time of appointment. Mrs Doorgakant Sewah Kumari has an abundance of experience and have a long service in the Public Sector.

Mr Currimjee Azim Fakhruddin was appointed as Director of Polytechnics Mauritius Ltd in April 2019. Mr Currimjee Azim Fakhruddin is the Managing Director of the Food & Beverages Cluster of the Currimjee Group of Companies and the Managing Director of Quality Beverages Ltd. He holds a BA in Mathematics from Williams College, Massachusetts and an MBA from Trinity College, Dublin. Mr. Currimjee has over 25 years of experience in Industry. He has led large textile organisations in the past and has been leading a significant food and beverage business for the last 16 years. Mr. Currimjee has served as director on the Board of SBM Holdings. Mr Currimjee is also on the Board of all the principal companies of the Currimjee Group of Companies as a Non-Executive Director. He was the President of the Mauritius Chamber of Commerce and Industry from March 2016 to March 2018, a responsibility he also held in 2007. In addition, Mr Currimjee is the First Vice President of the COMESA Business Council and the Vice President of the Economic Development Board of Mauritius. Mr. Currimjee is a Director of SBM Bank (Kenya) Limited and also a Non-Executive Director on the Board of SBM Non-Resident Banking Unit Limited.

CORPORATE GOVERNANCE REPORT – YEAR ENDED JUNE 30, 2020

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)**Board Profile (cont'd)**

Mr Ramkaloan Kevin was appointed as Director of Polytechnics Mauritius Ltd in April 2019. Mr Ramkaloan Kevin holds an MA in Economics and an MSc Resource Economics & Policy. Mr Ramkaloan Kevin is the CEO of Business Mauritius, the apex private sector organization on public-private sector dialogue and industrial relations. He was the former Director of the MTPA, the national tourism promotion agency of Mauritius and Director of New Business Development at the Board of Investment, the national investment promotion agency. He has over 20 years of executive experience in Mauritius and internationally, spanning diverse sectors including public policy, business consulting, hospitality, financial services and the ocean economy among others.

Mr Sooben Madeven was appointed as Director of Polytechnics Mauritius Ltd on April 2019. Mr Sooben Madeven is an FCCA, ACCA (Association of Chartered Certified Accountant) qualified in 2002, has more than 20 years of professional experience which ranges from External Auditing and Group Reporting to Senior Management position within the Internal Audit function in listed Companies. He started his career at De Chazal Du Mee, Chartered Accountant (now BDO), in 2000, where he spent four years. He then moved to Nexia Baker & Arenson and to BA Investment in the Group Reporting department before moving to Rogers & Co Ltd in the Risk and Audit department, basically responsible for Internal Audit assignment within the diversified group. He was subsequently promoted and transferred to Cim Group as Senior Manager - Audit and Risk assurance. In August 2016, he joined TGS Clark & Robbins as Partner. Subsequently he joined ExFin Consult Ltd as Managing Partner. Currently he is also a Board member and Chairman of Mauritius Post Foreign Exchange Co Ltd, a company licensed by Bank of Mauritius, dealing in money transfer.

Board Meetings

During the year under review, attendance at Board meetings was as follows:

Directors	Attendance
Bahorun Theesan	4 out of 4
Currimjee Azim Fakhruddin	2 out of 4
Ragen Swaminathan	4 out of 4
Doorgakant Sewah Kumari	1 out of 4
Paddia Christ	3 out of 4
Ramkaloan Kevin	2 out of 4
Sooben Madeven	4 out of 4

Board Committees

The Board has set up 3 sub committees within the Company in order to facilitate Board decisions. These sub committees are namely, Strategic Deployment Committee, Staffing & HR Committee and Planning & Finance Committee. Should the need arise, the Board of Directors would set up appropriate committees in the future.

Polytechnics Mauritius Ltd, being ultimately owned by the Government of Mauritius all audit, risk and corporate governance matters are taken up at the Board Committees of Polytechnics Mauritius Ltd.

CORPORATE GOVERNANCE REPORT – YEAR ENDED JUNE 30, 2020

PRINCIPLE 3: DIRECTOR’S APPOINTMENT PROCEDURES

The Board is responsible in appointing Directors and major factors that are considered in the appointment procedures are:

- Skills, knowledge and expertise required on the Board;
- Skills, knowledge and expertise of the proposed Director;
- Balance on the Board such as gender and age;
- Fees requested by prospective Director; and
- Potential conflict of interest.

The appointment of new Directors is subject to confirmation by shareholders at the next Annual Meeting of Shareholders following their appointment.

Board Induction

The Board is also responsible for the succession planning and induction of new Directors. Newly appointed Directors receive a complete induction pack which includes his or her duties and responsibilities under the respective legislations.

Though the Board does not organize or enrol its members on specific training session, it encourages all its Directors to keep on enhancing their knowledge and competencies through development programmes offered by various institutions in Mauritius.

PRINCIPLE 4: DIRECTOR’S DUTIES, REMUNERATION AND PERFORMANCE**Legal Duties**

All the Directors on the Board are fully apprised of their fiduciary duties as laid out in the Companies Act 2001.

Code of Ethics

The Company is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. This commitment, which is actively endorsed by the Board, is based on the fundamental belief that business should be conducted honestly, fairly and legally. The Board is responsible to regularly monitor and evaluate compliance with its Code of Ethics.

Directors’ and officers’ interests in Polytechnics Mauritius Ltd shares

The interests of the Directors and their closely related parties in Polytechnics Mauritius Ltd ’s shares are kept in a Register of Directors’ Interests by the Company Secretary which is available to shareholders upon request. The Register of Interests is updated with every transaction entered into by the Directors and persons closely associated with them. When it appears to be a conflict of interest, any Director who could have such a conflict of interest will abstain from discussions at Board meetings when the relevant matter is tabled.

List of Directors’ Direct and Indirect Interest in Polytechnics Mauritius Ltd as at June 30, 2020

Directors	Direct Shareholding		Indirect Shareholding
	Number of shares	Percentage (%)	Percentage (%)
Government of Mauritius	299,937,100	100%	0%

PRINCIPLE 4: DIRECTOR'S DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)**Board Evaluation**

Even though it is a requirement of the Code that the performance of the Board as a whole and its Directors individually be monitored and evaluated annually, such an exercise has not yet been conducted. The Board considers that it is an important exercise to evaluate the Directors' performance and their contribution to the success of the Company.

Related Party Transactions

Related party transactions are disclosed in Note 23 of the Financial Statements. During the year under review, there were no material transactions between the Company and its Directors or Senior Officers, other than remuneration to Senior Officers.

Remuneration Policy

Though the Company does not have a formal remuneration policy, the Board of Directors is focused on optimising performance of the Company.

The adequacy of directors' remuneration is dealt with at the level of the Board which is of the opinion that the remuneration of individual Directors is a sensitive information and has agreed not to disclose such information. The non-executive directors have not received remuneration in the form of share options or bonuses associated with organisational performance.

Information Technology and IT Security

The Board of Directors is aware that a strategic alignment of information security with the business strategy is important to achieve organisational goals and henceforth, ensures that adequate controls and information systems are in place to implement the Company's policy on IT, which also falls under the operational risks of the Company. Along this line, the Company's IT Security Policy will be approved by the Board.

As such it ensures that appropriate resources are allocated for the implementation of an information and IT security framework within the organisation and has implemented the following measures:

- Every employee requires a strong password which is obligatorily renewed on a periodic basis;
- Access to online emails is also protected by verification codes;
- Clients' information is stored using a professional storage-management software; and
- Regular trainings are organised to improve awareness and alertness of employees to potential threats to IT security.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

The Directors are responsible for maintaining an effective system of risk management and internal control. The governance of risk, the nature and risk appetite of the Company remain the ultimate responsibility of the Board which is assisted by management to monitor, implement and enforce internal controls to minimise risk as well as achieve strategic objectives.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

While it is not possible to identify or anticipate every risk due to the changing business environment, the Company has an established risk management process to manage and mitigate those key risks which could impact on its activities.

The following key risks have been identified:

- **Financial risk**

The Company maintains a system of financial control that is designed to provide assurance regarding the keeping of proper accounting records and the reliability of financial information used within the business and for publication. This risk is addressed by Internal Control, Accounting, Auditing and Internal Audit practices.

- **Compliance risk**

The Board takes the necessary actions to ensure compliance to the applicable laws and regulations in the operations of the Company.

- **Compliance risk**

The Board ensures that IT systems are in place to provide financial and operational performance data for management accounting purposes.

- **Business continuity**

For Polytechnics Mauritius Ltd, daily back-ups of data are made and are kept at end of each week in a safety deposit box offsite and a disaster recovery plan has been contracted with a renowned telecommunication institution.

- **Physical, operational and human resource risk**

The Company has a renewal insurance contract covering the Company's assets against disasters, loss of rent and public liability.

For each major risk identified, a mitigating or correcting measure is taken.

Internal controls

The Board has overall responsibility for the system of internal control. A sound system of internal control is designed to manage the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company is insured under the Directors and Officers liability in the event of unforeseen deficiency in internal control. The system of internal control put in place by management to respond to the above includes:

- Maintaining proper accounting records to ensure effective operation of the business and compliance;
- Implementing the strategies and policies adopted by the Board, and for managing all of the activities, including the operation of the internal control system.

The Board has also established key processes for monitoring the system of internal control as follows:

- The Board has established a detailed organisation structure;
- The effectiveness of internal controls is continually assessed by the Board by considering the recommendations of the Polytechnics Mauritius Ltd Audit Committee, reports of the internal auditors, feedback from management and the external auditors;

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

- IT systems are in place to provide financial and operational performance data for management accounting purposes;
- Review of the accounting information takes place on a regular basis at Polytechnics Mauritius Ltd Audit Committee and Board level and remedial action is taken promptly, where necessary; and
- Management has put in place appropriate operational and compliance procedures and controls.

Whistle Blowing Policy

Polytechnics Mauritius Ltd confirm that it has an informal whistleblowing policy.

PRINCIPLE 6: REPORTING WITH INTEGRITY

The Directors are responsible for ensuring that:

- Adequate accounting records are kept and effective internal control systems are maintained;
- Accounts are prepared in order to fairly present the state of affairs of the Company and the results of its operations and that those accounts comply with International Financial Reporting Standards (IFRS); and
- Appropriate accounting policies are applied and that they are supported by reasonable and prudent judgements.

Safety, Health and Environment

Polytechnics Mauritius Ltd believes in providing and maintaining a safe and healthy work environment for all its employees. The Polytechnics Mauritius Ltd through its established policies encourages the enhancement of safety and health standards in the workplace.

The Company strongly believes in reducing its carbon footprint and thereby procures office equipment that are eco-friendly as far as possible. Paper usage is also monitored on a monthly basis and encourages all its employees to use electronic and online platforms to perform their work and communicate accordingly.

All employees are encouraged to participate in safety and health program activities including the following: identifying and reporting hazards, risk assessments and fire drills.

PRINCIPLE 7: AUDIT**Internal Audit**

As part of Company's internal procedures, the Board ensures that its internal control systems and reporting arrangements provide an effective, prudent and efficient administration of the Company's assets and liabilities.

To ensure that the system of internal control is operating to an acceptable standard and that the risk management policies in place are adequate in managing risks in a manner acceptable to the Board.

CORPORATE GOVERNANCE REPORT – YEAR ENDED JUNE 30, 2020

External Auditors

The Shareholder is responsible for the appointment and if necessary, the replacement and removal of the external auditors. Audit fees are set in a manner that enables an effective external audit on behalf of shareholders. Auditors should observe the highest standards of business and professional ethics and in particular their independence should not be impaired in any manner.

Messrs. BDO & Co was appointed on 25th September 2020 as external auditors of the Company and their tenure of office will be reviewed in due course in line with good governance.

The Board is responsible for reviewing with the external auditors the letter of engagement, terms and nature of the audit scope and approach and ensure that no restrictions or limitations have been placed on the scope. The external auditors report directly to the Board which is also responsible for monitoring the external auditors' independence, objectivity and compliance with ethical, professional and regulatory requirements.

Audit fees are set in a manner that enables an effective external audit and are as follows for the year under review:

	PML June 2020 MUR	PML June 2019 MUR
Audit fees Including VAT	<u>287,500</u>	<u>276,000</u>

There were no non-audit services provided for the year under review (2019: Nil).

PRINCIPLE 8: RELATIONS WITH SHAREHOLDER AND OTHER KEY STAKEHOLDERS

The Board of Directors places great importance on an open and transparent communication with all the stakeholders of the Company.

The shareholding structure of the Company as at June 30, 2020 was as follows:

Government of Mauritius 100% Shareholding

Shareholders Communication

The Company holds an Annual Meeting of Shareholders with prior notice given to the shareholders and the latter are required to express their vote on matters which include approval of financial statements and appointment / reappointment of Directors.

Other key stakeholders

The Board is of the view that maintaining quality relationships with stakeholders can only contribute to the realisation of the Company's organisational goals. Communication with stakeholders is one of the duties of the Managing Director and Management team.

Agreements

No major agreements, other than those in the ordinary course of business, were contracted by Polytechnics Mauritius Ltd during the year under review.

Dividend Policy

Polytechnics Mauritius Ltd does not have any formal dividend policy and dividend pay-out, if any, is subject to the performance of the Company and to the satisfaction of the solvency test as defined in the Companies Act 2001.

No dividend has been declared for the year under review (2019: Nil).

Employee Share Option Plan

The Company does not have any Share Option Plan.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS AT JUNE 30, 2020

The Company's Directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at June 30, 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and statement of cash flows, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001 and Financial Reporting Act 2004.

The Director's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting judgments and estimates that have been used consistently.

The Directors have assessed Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

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

The Directors confirm that:

- adequate accounting records and an effective system of internal controls and risk management have been maintained;
- appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- International Financial Reporting Standards have been complied with.
- The organisation will hold an annual general meeting via resolution.
- Notice of the annual meeting and other shareholder meetings and related papers, to be sent to the shareholder at least 14 days before the meeting in accordance with the Companies Act.

The Directors confirm that the Code of Corporate Governance has been adhered to, except to those disclosed in the Statement of Compliance on page 2 (n).

CORPORATE GOVERNANCE REPORT – YEAR ENDED JUNE 30, 2020

STATEMENT OF COMPLIANCE

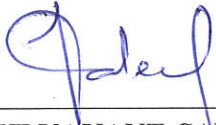
Name of Company: Polytechnics Mauritius Ltd**Reporting Period: June 30, 2020**

We, the Directors of Polytechnics Mauritius Ltd confirm that to the best of our knowledge Polytechnics Mauritius Ltd has complied with all its obligations and requirements under the National Code Governance (2016) (the 'Code') except for the following:

Principles	Reasons for non-compliance
<u>Principle 2:</u> <u>Gender Balance of the Board</u>	<u>The Board is currently considering appointment of other female candidates in the board for the future.</u>

SECRETARY'S CERTIFICATE - YEAR ENDED JUNE 30, 2020

We certify that, to the best of our knowledge and belief, Polytechnics Mauritius Ltd (the "Company") has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.



SURYAKANT CALEECHURN
Company Secretary

Date: 02 July 2021

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 5 to 30 which comprise the statement of financial position as at June 30, 2020, 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 5 to 30 give a true and fair view of the financial position of the Company as at June 30, 2020, 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 of 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.

Corporate Governance Report

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



POLYTECHNICS MAURITIUS LTD

4(a)

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.



POLYTECHNICS MAURITIUS LTD

4(b)

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

BDO & Co

Chartered Accountants

Port Louis,
Mauritius.


Lilawattee Tarachand, FCA, FCMA
Licensed by FRC

July 16, 2021


STATEMENT OF FINANCIAL POSITION - JUNE 30, 2020

	Note	June 30, 2020 Rs.	June 30, 2019 Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	5	919,308,212	908,103,547
Intangible assets	6	1,750,176	-
		<u>921,058,388</u>	<u>908,103,547</u>
Current assets			
Trade receivables	7	6,557,386	-
Other financial assets at amortised cost	8	3,041,500	3,390,084
Cash and cash equivalents	22(c)	58,617,703	3,674,466
		<u>68,216,589</u>	<u>7,064,550</u>
Total assets		Rs. <u>989,274,977</u>	<u>915,168,097</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	299,937,000	299,937,110
Revenue deficit		(131,472,203)	(70,970,019)
Owners' interest		<u>168,464,797</u>	<u>228,967,091</u>
LIABILITIES			
Non-current liabilities			
Borrowings	10	553,531,699	553,531,699
Government grant	11	17,007,007	-
Retention monies payable to contractors	12	3,616,257	3,616,257
		<u>574,154,963</u>	<u>557,147,956</u>
Current liabilities			
Borrowings	10	97,682,064	97,682,064
Government grant	11	4,676,336	-
Contract liability	13	35,888,686	-
Other payables	14	108,408,131	31,370,986
		<u>246,655,217</u>	<u>129,053,050</u>
Total liabilities		<u>820,810,180</u>	<u>686,201,006</u>
Total equity and liabilities		Rs. <u>989,274,977</u>	<u>915,168,097</u>

These financial statements have been approved for issue by the Board of Directors on 02 July 2021 and signed on its behalf by:



 Name
 Chairperson

)
) DIRECTORS
)


 Name
 Board member

The notes on pages 9 to 30 form an integral part of these financial statements.
Independent Auditor's report on pages 4 to 4(b).

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME -
YEAR ENDED JUNE 30, 2020**

	<u>Note</u>	<u>June 30, 2020</u> Rs.	Period from January 1, 2018 to June 30, 2019 Rs.
Revenue	15	99,026,496	42,306,531
Other income		6,288,179	9,507,069
Other expenses	16	(51,405,538)	(52,356,711)
Salaries and related costs	17	(27,989,645)	(24,591,710)
Depreciation	5(a)	(24,946,755)	(21,981,550)
Amortisation	6	(466,668)	-
Profit/(loss) before finance cost		<u>506,069</u>	<u>(47,116,371)</u>
Finance costs	18	<u>(61,008,253)</u>	<u>(25,977,185)</u>
Loss before taxation	19	(60,502,184)	(73,093,556)
Income tax expense	20	<u>-</u>	<u>-</u>
Loss for the year/period		<u>(60,502,184)</u>	<u>(73,093,556)</u>
Other comprehensive income for the year/period		<u>-</u>	<u>-</u>
Total comprehensive income for the year/period		Rs. <u><u>(60,502,184)</u></u>	<u><u>(73,093,556)</u></u>

The notes on pages 9 to 30 form an integral part of these financial statements.
Independent Auditor's report on pages 4 to 4(b).

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2020

	Share Capital	Revenue deficit	Total
	Rs.	Rs.	Rs.
Balance at July 1, 2019	299,937,000	(70,970,019)	228,966,981
Loss for the year	-	(60,502,184)	(60,502,184)
Total comprehensive income	-	(60,502,184)	(60,502,184)
Balance at June 30, 2020	Rs. 299,937,000	(131,472,203)	168,464,797
Balance at January 1, 2018	299,937,110	2,123,537	302,060,647
Loss for the period	-	(73,093,556)	(73,093,556)
Total comprehensive income	-	(73,093,556)	(73,093,556)
Balance at June 30, 2019	Rs. 299,937,110	(70,970,019)	228,967,091

The notes on pages 9 to 30 form an integral part of these financial statements.
Independent Auditor's report on pages 4 to 4(b).

STATEMENT OF CASH FLOWS - YEAR ENDED JUNE 30, 2020

	<u>Note</u>	<u>June 30,</u> <u>2020</u> <u>Rs.</u>	Period from January 1, 2018 to June 30, 2019 <u>Rs.</u>
Cash flows from operating activities			
Cash generated from operations	22(a)	<u>71,628,158</u>	<u>22,502,855</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		<u>(21,161,900)</u>	(31,497,919)
Expenditure incurred on capital work-in-progress		<u>(17,206,364)</u>	-
Net cash used in investing activities		<u>(38,368,264)</u>	<u>(31,497,919)</u>
Cash flow from financing activity			
Financial grant received		<u>21,683,343</u>	-
Net cash generated from financing activities		<u>21,683,343</u>	-
Net increase/(decrease) in cash and cash equivalents		<u>Rs. 54,943,237</u>	<u>(8,995,064)</u>
Movement in cash and cash equivalents			
At July 1,		3,674,466	12,669,530
Increase/(Decrease)		<u>54,943,237</u>	<u>(8,995,064)</u>
At June 30,	20(c)	<u>Rs. 58,617,703</u>	<u>3,674,466</u>

The notes on pages 9 to 30 form an integral part of these financial statements.
Independent Auditor's report on pages 4 to 4(b).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Company has adopted IFRS 16 from July 1, 2019, but has not restated comparatives for 2019, as permitted under the specific transition provisions. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on July 1, 2019. The interpretation has no impact on the Company's financial statements.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of July 1, 2019. The interpretation has no impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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)***

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The interpretation has no impact on the Company's financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Company's financial statements.

Prepayment Features with negative compensation (Amendments to IFRS 9) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Company's financial statements.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Company's financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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)*

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

The amendments have 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, 2020 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 17 Insurance Contracts

Definition of a Business (Amendments to IFRS 3)

Definition of Material (Amendments to IAS 1 and IAS 8)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

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 YEAR ENDED JUNE 30, 2020

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 Intangible assets*Computer software and licences*

Acquired computer software and licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and licences are amortised using the straight-line method over their estimated useful life of 3 years.

Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software controlled by the Company and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.4 Financial assets**

The Company classifies its financial assets at 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.

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 and at bank.

2.5 Financial liabilities

The Company has financial liabilities which include other payables (including borrowings) and deferred revenue.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.6 Share capital**

Ordinary shares are classified as equity.

2.7 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.

2.8 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.

2.9 Borrowings

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.9 Borrowings (cont'd)**

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.

2.10 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.

2.11 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 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).

2.13 Revenue recognition

(i) Revenue

The Company provides courses to students with revenue recognised on an over time basis. The duration of the courses varies between 6 months to 3 years. Revenue for the course is recognised ratably over the course period as the related services are performed. Most contracts have one performance obligation which is the provision of tuition services.

Performance obligations and timing of revenue recognition

There is a fixed price for each contract and it is allocated to the performance obligation.

Determining the transaction price and allocation of revenue earned to performance

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

Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.13 Revenue recognition (cont'd)**

(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).

2.14 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2.15 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 YEAR ENDED JUNE 30, 2020

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.
At June 30, 2020			
Borrowings	97,682,064	553,531,699	651,213,763
Retention monies payable to contractors	-	3,616,257	3,616,257
Other payables	108,408,131	-	108,408,131
At June 30, 2019			
Borrowings	97,682,064	553,531,699	651,213,763
Retention monies payable to contractors	-	3,616,257	3,616,257
Other payables	31,370,986	-	31,370,986

(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.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(ii) 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, 2020, 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 year would have been Rs.540,507 (June 30, 2019: Rs.540,507) 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 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 YEAR ENDED JUNE 30, 2020

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Capital risk management (cont'd)

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

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
Total debt (note 8)	651,213,763	651,213,763
Less: cash and cash equivalents (note 21)	(58,617,703)	(3,674,466)
Net debt	<u>592,596,060</u>	<u>647,539,297</u>
Total equity	<u>168,464,797</u>	<u>228,967,091</u>
Debt-to-adjusted capital ratio	<u>3.52:1</u>	<u>2.83:1</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.

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 and intangible assets are 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 FOR THE YEAR ENDED JUNE 30, 2020

(a)	Building		Equipment		Motor vehicles		Furniture		Computer equipment		Capital work in progress		Total	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5. PROPERTY, PLANT AND EQUIPMENT														
(a) Cost														
At July 1, 2019	901,670,368	4,733,982	8,059,565	13,032,729	2,660,284	-	930,156,928							
Additions	275,998	3,201,767	-	8,481,939	9,202,196	17,206,364	38,368,264							
Reclassification to intangible assets	-	(585,948)	-	-	(1,747,389)	-	(2,333,337)							
	901,946,366	7,349,801	8,059,565	21,514,668	10,115,091	17,206,364	966,191,855							
Depreciation														
At July 1, 2019	18,033,407	660,385	623,861	2,500,684	235,044	-	22,053,381							
Charge for the period	18,034,327	1,133,792	1,611,911	3,253,583	1,379,810	-	25,413,423							
Reclassification to intangible assets	-	-	-	-	(583,161)	-	(583,161)							
At June 30, 2020	36,067,734	1,794,177	2,235,772	5,754,267	1,031,693	-	46,883,643							
Net book value														
At June 30, 2020	865,878,632	5,555,624	5,823,793	15,760,401	9,083,398	17,206,364	919,308,212							
At June 30, 2019	883,636,961	4,073,597	7,435,704	10,532,045	2,425,240	-	908,103,547							

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 YEAR ENDED JUNE 30, 2020

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

(a)	Cost	Building		Property, Plant and Equipment		Motor vehicles		Furniture Fixtures and Fittings		Computer equipment		Total	
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
	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						
	At June 30, 2019	901,670,368	4,733,982	8,059,565	13,032,729	2,660,284	930,156,928						
	Depreciation												
	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						
	At June 30, 2019	18,033,407	660,385	623,861	2,500,684	235,044	22,053,381						
	Net book value												
	At June 30, 2019	883,636,961	4,073,597	7,435,704	10,532,045	2,425,240	908,103,547						
	At December 31, 2017	861,618,505	189,182	-	232,621	18,649	862,058,957						

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 YEAR ENDED JUNE 30, 2020

6. INTANGIBLE ASSETS

Computer software

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
COST		
Reclassification from property, plant and equipment	2,333,337	2,333,337
At June 30, 2020	<u>2,333,337</u>	<u>2,333,337</u>
AMORTISATION		
Charge for the year	466,668	466,668
Reclassification from property, plant and equipment	116,493	116,493
At June 30, 2020	<u>583,161</u>	<u>583,161</u>
NET BOOK VALUES		
At June 30, 2020	<u>1,750,176</u>	<u>1,750,176</u>

7. TRADE RECEIVABLES

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
Trade receivables	<u>6,557,386</u>	<u>-</u>

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

8. OTHER FINANCIAL ASSETS AT AMORTISED COST

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
Other receivables	<u>3,041,500</u>	<u>3,390,084</u>

Other receivables at amortised cost are denominated in Mauritian rupees. As a result, there is no exposure to foreign currency risk.

9. SHARE CAPITAL

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
<u>Issued and fully paid</u>		
At July 01 & June 30,	<u>299,937,000</u>	<u>299,937,110</u>

The total stated capital as at June 30, 2020 and 2019 is 2,999,370 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.

The share capital has been corrected this year amounting to Rs.299,937,000 for a 2,999,370 number of shares with a par value of Rs.100 which is in line with its share certificate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

10. BORROWINGS	2020	2019
	Rs.	Rs.
Non-current		
Loan disbursed from Ministry of Finance and Economic Development (note (a))	Rs. <u>553,531,699</u>	<u>553,531,699</u>
Current		
Loan disbursed from Ministry of Finance and Economic Development (note (a))	Rs. <u>97,682,064</u>	<u>97,682,064</u>
(a) Comprise of:		
Loan capital	486,000,000	486,000,000
Loan interest (capitalised)	<u>165,213,763</u>	<u>165,213,763</u>
	Rs. <u>651,213,763</u>	<u>651,213,763</u>

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

- (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, 2020	Rs. <u>97,682,064</u>	<u>553,531,699</u>	<u>651,213,763</u>
At June 30, 2019	Rs. <u>97,682,064</u>	<u>553,531,699</u>	<u>651,213,763</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

11. GOVERNMENT GRANT	2020	2019
	Rs.	Rs.
Opening balance	-	-
Receipts	24,117,632	-
	<u>24,117,632</u>	-
Release to statement of profit or loss and other comprehensive income	(2,434,289)	-
Closing balance	<u>21,683,343</u>	-

Non-current

Financial grant received from the Government of Maurit	Rs. <u>17,007,007</u>	-
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Current

Financial grant received from the Government of Maurit	Rs. <u>4,676,336</u>	-
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Financial Grant represents grant received from the Ministry of Education, Tertiary Education, Science and Technology to fund capital expenditure and which will be recognised on a systematic basis over the useful life of the asset.

12. RETENTION MONIES PAYABLE TO CONTRACTORS	2020	2019
	Rs.	Rs.
<i>Retention monies payable to contractors for the following campuses:</i>		
Campus Redit	<u>3,616,257</u>	<u>3,616,257</u>

13. CONTRACT LIABILITY	2020	2019
	Rs.	Rs.
Cash received in advance of performance and not recognised as revenue during the period	<u>35,888,686</u>	-

Contract liability relates to the advance payment received in respect of tuition fees from the Higher Education Commission where performance obligation will be performed after year-end and is not recognised as revenue during the period.

14. OTHER PAYABLES	2020	2019
	Rs.	Rs.
Accruals	14,968,272	2,481,865
Interest payable	86,985,438	25,977,185
Other payables	<u>6,454,421</u>	<u>2,911,936</u>
	Rs. <u>108,408,131</u>	<u>31,370,986</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

15. REVENUE

	June 30, 2020	Period from January 01, 2018 to June 30, 2019
	Rs.	Rs.
Government contributions (a)	32,434,289	36,363,821
Administration and application fees	2,211,851	5,942,710
Tuition fees	64,380,356	-
	<u>Rs. 99,026,496</u>	<u>42,306,531</u>

(a) Relates to Government grant with regards to refund of tuition fees for students.

16. OTHER EXPENSES

	June 30, 2020	Period from January 01, 2018 to June 30, 2019
	Rs.	Rs.
Collaboration with their universities	10,724,132	2,659,986
Student cost	6,107,419	1,792,168
Telephone charges	4,702,564	2,592,462
Cleaning charges	4,497,820	5,844,952
Repairs and Maintenance	4,484,610	1,382,325
Advertising fees	3,706,485	2,423,400
Other staff costs	3,693,772	287,754
Electricity charges	2,650,652	3,220,173
Security fees	2,092,076	3,195,477
Professional fees	1,951,470	1,239,750
Stationery	1,410,037	1,571,784
Office Expenses & Incidentals (Staff, Rentals)	1,312,130	-
Events	1,059,665	495,132
Motor expenses	712,026	874,896
Insurance	570,342	887,699
Chairperson/Board Fees & Others	494,400	915,915
Overseas Cost	346,937	383,306
MQA, HEC & QAA FEES	281,400	-
Licenses	227,849	-
Staff Welfare	196,647	39,480
Water charges	128,442	138,219
Bank charges	54,663	37,853
Stipend to students	-	8,817,750
Branding cost	-	6,434,895
External collaborations	-	5,592,813
Directors fees	-	915,915
Conference cost	-	313,916
Launching cost	-	298,691
	<u>Rs. 51,405,538</u>	<u>52,356,711</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

17. SALARIES AND RELATED COSTS

	June 30 2020	Period from January 01, 2018 to June 30, 2019
	Rs.	Rs.
Wages and salaries	27,989,645	23,792,278
Social security costs	-	799,432
	<u>Rs. 27,989,645</u>	<u>24,591,710</u>

18. FINANCE COSTS

	June 30 2020	Period from January 01, 2018 to June 30, 2019
	Rs.	Rs.
Interest expense	<u>61,008,253</u>	<u>25,977,185</u>

19. LOSS BEFORE TAXATION

	June 30, 2020	Period from January 01, 2018 to June 30, 2019
	Rs.	Rs.
Loss before taxation is arrived at after charging:		
Depreciation on property, plant and equipment - owned assets	25,413,423	21,981,550
Employee benefit expense (note 13)	<u>Rs. 27,989,645</u>	<u>24,591,710</u>

20. INCOME TAX EXPENSE

(a) Profit or loss

Current tax on the adjusted result for the period/year

@ 15% (2019: 15%)

Deferred tax credit (note 15)

Tax charge

	2020	2019
	Rs.	Rs.
	-	-
	-	-
	<u>Rs. -</u>	<u>-</u>

21. TAXATION

Deferred income taxes are calculated on all temporary differences under the liability method at 15% (2019: 15%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

21. TAXATION (CONT'D)

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 220,693,354 (2019: Rs.220,805,729) available for offset against future profits. No deferred tax assets has been recognised due to unpredictability of future profit streams.

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>2020</u>	<u>2019</u>
	Rs.	Rs.
Result before taxation	<u>(60,502,184)</u>	<u>(73,093,556)</u>
Tax calculated at 15% (2019: 15%)	<u>(9,075,328)</u>	(10,964,033)
Expenses not deductible for tax purposes	145,671	5,348
Income not subject to tax	-	(863)
Interest capitalised treated in chargeable income	-	(5,479,233)
Deferred tax assets not recognised	<u>8,929,657</u>	<u>16,438,781</u>
Tax charge	Rs. <u><u>-</u></u>	<u><u>-</u></u>

22. NOTES TO THE STATEMENT OF CASH FLOWS

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
(a) Cash absorbed in operations		
Loss before taxation	<u>(60,502,184)</u>	<u>(73,093,556)</u>
Adjustments for:		
Depreciation	24,946,755	21,981,550
Amortisation of intangible assets (Note 6)	466,668	-
Interest expense	<u>61,008,253</u>	<u>25,977,185</u>
	<u>25,919,492</u>	<u>(25,134,821)</u>
Changes in working capital:		
- trade and other receivables	<u>(6,557,386)</u>	51,745,204
- other financial assets at amortised cost	348,584	-
- other payables	<u>51,917,468</u>	<u>(4,107,528)</u>
	<u>45,708,666</u>	<u>47,637,676</u>
Cash generated from operations	Rs. <u><u>71,628,158</u></u>	<u><u>22,502,855</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

22. NOTES TO THE STATEMENT OF CASH FLOWS (CONT'D)

(b) **Non-cash transactions****2020 and 2019**

- (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 8) which ended in March 2019. However the Company will not be paying the interest as discussion with the Ministry of Education, Tertiary Education, Science and Technology is underway for converting this loan and its accrued interest into Share capital.

(c) **Cash and cash equivalents**

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
Cash in hand and at bank	Rs. <u>58,617,703</u>	<u>3,674,466</u>

- (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.

23. **RELATED PARTY TRANSACTIONS**

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
Grant income	99,026,496	42,306,531
Loan from Ministry of Education	651,213,763	651,213,763
Amount owed by shareholder	<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.

24. **EVENTS AFTER REPORTING PERIOD**

There have been no significant events after the reporting date.