

***PRIME PARTNERS LTD***

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2018**

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The Directors have pleasure in submitting the Annual Report of Prime Partners Ltd (the 'Company') together with the audited financial statements for the year ended 31 December 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the Company is the provision of secretarial, registry and other administration services.

**DIRECTORS**

The directors holding office during the year ended 31 December 2018 and at date of this report are as follows:

<u>Name</u>	<u>Position</u>	<u>Appointed</u>	<u>Date resigned</u>
SONOO, Jairaj C.S.K	Chairman	April 02, 2019	-
GOBURDHUN, Goolabchund	Director	June 03, 2019	-
NEERUNJUN, Premode	Director	January 30, 2018	-
CHENNEN, Prityea	Director	November 23, 2018	-
BRETTE, Christophe Stephane	Director	September 14, 2006	-
NAKHUDA, Ayub Hussein	Chairman	May 11, 2015	May 18, 2018
VEERASAMY, Banoomatee	Director	August 6, 1997	March 29, 2018
BEEJAN, Manickchand	Director	May 29, 2018	February 28, 2019

**COMPANY SECRETARY**

The Company Secretary of Prime Partners Ltd is Mr. BULLYRAZ, Gopal.

**DIRECTORS' SERVICE CONTRACTS**

None of the directors proposed for re-election at the forthcoming annual meeting have unexpired service contracts.

**DIRECTORS' REMUNERATION**

Remuneration and benefits received, or due and receivable from the Company.

	<u>2018</u>	<u>2017</u>
	<u>Rs.</u>	<u>Rs.</u>
Executive directors		
Full-time directors	<u>1,676,616</u>	<u>1,304,110</u>

**DONATIONS**

No donations were made during the year (2017: Nil). The Company did not make any political donations during the year (2017: Nil).

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (CONTINUED)

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards as modified by the exemption provided by the Mauritius Companies Act 2001, have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that it will not be a going concern in the year ahead.

### AUDITORS

Messrs Mazars has expressed their willingness to continue to act as auditor of the Company. A resolution for their re-appointment in accordance with Section 200(I) of the Mauritius Companies Act 2001, as auditors will be proposed at the annual general meeting.

The fees to the auditors for audit and other services were:

	2018	2017
	Rs.	Rs.
Audit fees	40,000	50,000
Other services	25,000	-
Total	65,000	50,000

Approved by the Board of Directors on 27 June 2019 and signed on its behalf by:

  
\_\_\_\_\_  
DIRECTOR

  
\_\_\_\_\_  
DIRECTOR

Prime Partners Ltd (PPL), a wholly owned subsidiary of The State Investment Corporation Limited (“SIC”) (investment arm of the Government of Mauritius) is actively involved in the provision of statutory corporate secretarial services, registrar & transfer office services, handling of legal matters, registered office facilities and accounting services to Domestic Companies/Trusts/Mutual Funds registered in Mauritius. Most of PPL clients are either subsidiaries of the SIC, companies related to the SIC and state-owned. By virtue of the First Schedule of Financial Reporting Act, Prime Partners Ltd is a Public Interests Entities (PIE). Prime Partners Ltd is licensed by the Financial Services Commission (FSC) under Section 14 of the Financial Services Act to provide Registrar and Transfer Agent Services. Licensees under FSC are required to comply with the National Code of Corporate Governance (the Code).

The Company’s objective is to comply with all the principles and guidelines set out in the newly introduced National Code of Corporate Governance for Mauritius (2016) (“the Code”) which brings considerable changes, from the corporate governance reporting perspective. This report outlines the Company’s corporate governance processes and provides explanations for any deviation.

### **PRINCIPLE 1 - GOVERNANCE STRUCTURE**

***“All organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly identified.”***

The Directors of the Company are skilled, knowledgeable and experienced professionals. The Board takes its fiduciary responsibilities very carefully. Each Director is appointed with the understanding of the amount of time and care that they will need to devote to the Board and to the organisation for it to prosper. The Board has approved all the key guiding documents and policies. The following governance documents are available at the registered address of the Company and published on the SIC’s (holding company) website (<http://www.stateinvestment.com/> or <http://www.stateinvestment.mu/>):-

- Constitution;
- Code of Ethics;
- Board Charter;
- Charter Board/Sub Committees; and
- Organization Chart.

### **Key Governance Responsibilities**

The Board has ensured that the key governance positions within the organisation are matched with the corresponding accountabilities. The Directors are aware of their legal duties and responsibilities in line with the Companies Act 2001.

### **Key Governance Positions**

#### **Chairman of the Board**

The Chairman of the Board is responsible for the activities of the Board and its committees. He acts as spokesman for the Board and is the principal Board contact for the Executive Team. The Chairman and the Executive Team of the Board meet regularly. The Chairman of the Board presides over the meetings of shareholders.

**Key Governance Positions (continued)**

**Chairman of the Board (continued)**

The Chairman ensures that:-

- (i) the Board fulfills its duties;
- (ii) Board Members, when appointed, participate in an induction program and, if needed, in supplementary training programs;
- (iii) Members receive all the information necessary for them to perform their duties;
- (iv) the agenda of Board meetings are determined;
- (v) the Board meetings are chaired in an effective manner;
- (vi) the Board has sufficient time for deliberation and decision-making;
- (vii) minutes of Board and committee meetings are properly recorded and stored;
- (viii) the committees function properly;
- (ix) consultations are held with external advisors appointed by the Board;
- (x) the performance of Board Members is evaluated regularly;
- (xi) problems related to the performance of individual Board Members are addressed;
- (xiii) internal disputes and conflicts of interest concerning individual Board Members, including the possible resignation of such Members as a result, are addressed; and
- (xiv) the Board has proper contact with the executive team.

**Chairman of the Audit and Risk Management Committee**

The Chairman of the Audit and Risk Management Committee works in close cooperation with and provides support and advice to the Chairman of the Board. He has the following responsibilities, amongst others:-

- To provide risk expertise to the Committee;
- To ensure the financial statements comply with the appropriate accounting standards;
- To guide and advise the Board on an appropriate risk management framework; and
- To report the deliberations of the Audit and Risk Management Committee to the Board.

The Chairman of the Audit and Risk Management Committee is Mr. G. Goburdhun.

**Chairman of the Corporate Governance Committee**

The Corporate Governance Committee has been formalised and reconstituted in February 2019. The Chairman of the Corporate Governance Committee is expected to work in close collaboration with, and provides support and advice to, the Chairman of the Board. He has the following responsibilities, amongst others:-

- To provide expertise in the areas of corporate governance;
- To ensure that the Board is up to the standard with the Code;
- To report the deliberations of the Corporate Governance Committee to the Board; and
- To ensure that an evaluation is carried out each year of the Board performance.

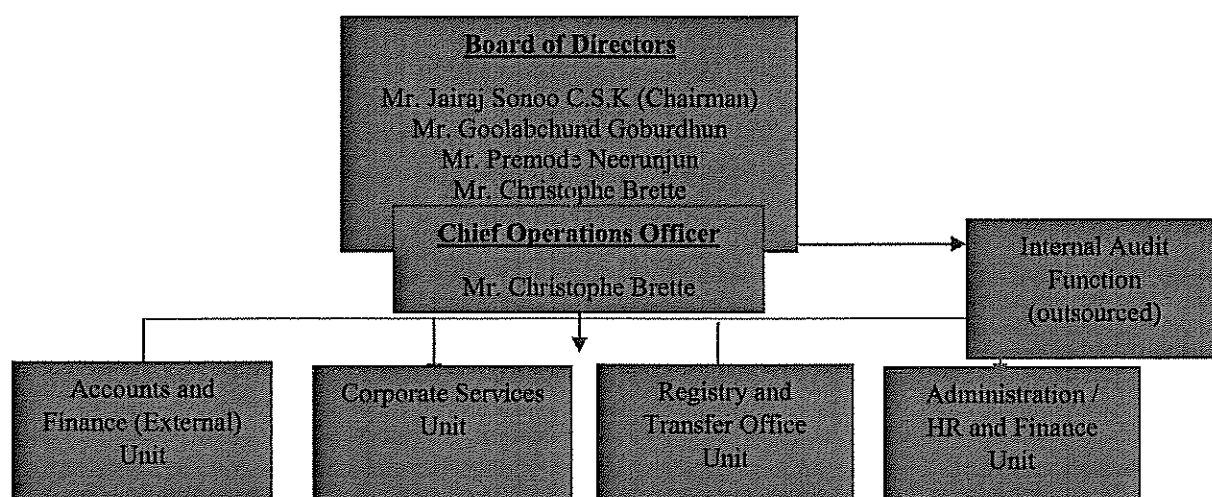
The Chairman of the Corporate Governance Committee is Mr. P. Neerunjun.

**Other Key Governance Positions**

**Senior Management Team at PPL**

**Ajay Maistry** currently holds the post of Head, Corporate Services at PPL. He is a student of the Institute of Chartered Secretaries and Administrators. He joined Prime Partners Ltd in 2006. Before joining Prime Partners Ltd, he was employed at SBM Bank (Mauritius) Ltd (Share Registry Department). He has joined the Corporate Secretarial Department in 2014.

## Organisational Chart

**PRINCIPLE 2 - STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES**

*"The Board should contain independently minded directors. It should include an appropriate combination of executive directors, independent directors and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board's decision taking. The Board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duties."*

The Constitution of the Company provides that the minimum number of directors shall be three (3) and the maximum seven (7). The Board is a unitary, currently consisting of five (5) directors, as shown below:

S/N	Name	Role	Category
1	Mr. Jairaj Sonoo, CSK (as from 02 April 2019)	Chairman	Non-Executive
2	Mr. Premode Neerunjun (as from 30 January 2018)	Director	Non - Executive
3	Mr. Christophe Brette	Director	Executive
4	Ms. Prityea Chennen (as from 23 November 2018)	Director	Executive
<b>Officers who ceased to be Directors during the year under consideration</b>			
5	Mr. Ayub Hussein Nakhuda (as from 09 June 2015 up to 18 May 2018)	Director	Non-Executive
6	Mrs Banoomatee Veerasamy (as from 06 August 1997 up to 29 March 2018)	Director	Non-Executive
7	Mr. Manickchand Beejan (as from 21 June 2018 up to 28 February 2019)	Director	Non-Executive
<b>Subsequent Appointment</b>			
6	Mr. Goolabchund Goburdhun (as from 03 June 2019)	Director	Non-Executive

The Existing Directors have expertise in domains such as banking, investment, company law, corporate secretarial, managerial, finance and accounting. Only Board Members attend Board Meetings. Management and other subject matter experts attend the meeting or part thereof on invitation of the Chairman. The use of Alternate Director is discouraged. A clear division of responsibilities at Board level ensures that no one Director has unfettered powers in decision making.

**PRINCIPLE 2 - STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES**  
**(CONTINUED)**

All Directors are resident in Mauritius.

The Chairman of the Board and the Chairman of the Board Committees are all carefully selected based on their relevant knowledge and experience in these key governance roles.

The criterion used for the determining the size and composition of the Board depends on the level of operations and the scale of the organization. However, in view to bring independent oversight and challenge, the sole Shareholder has been contacted for appointment of Independent Directors for the proper functioning of the Board/Board Committees.

**Executive Director**

Under the current arrangement, PPL has two Executive Directors. The Executive Directors do not have a fixed-term contract. With the exception to the Executive Directors who have no fixed-term contract, all Directors have a term of office of one year.

**Director's Independence Review**

The Board is determined to ensure on an annual basis, and as and when the circumstances require, whether or not a director is independent.

The Board considers that additional Directors need to be appointed, particularly Independent Directors and ensuring gender diversity.

**Non- Executive Directors**

The Non-Executive Directors constructively challenge and help develop proposals on strategy, review the performance of management in attaining goals and objectives, monitor the reporting of performance and meet regularly without the presence of Management.

**Powers of the Board**

The key roles and responsibilities of the Board of Directors are set in the Board Charter. The Board is aware of its responsibility to ensure that the Company adheres to all relevant legislations such as the Companies Act 2001. The Board also follows the principle of good corporate governance as recommended in the Code.

**Board Meetings**

The Board met twice (2) during the financial year ended 31 December 2018. The Board deliberated on a range of issues including: -

- Organizational restructure, pay and other terms and conditions of employment;
- HR and Operational matters; and
- Corporate Governance Framework (compliance with the requirement of the National Code of Corporate Governance 2016).



**Board Attendance**

The attendance of the Directors at the Board and Committee meetings at PPL was as follows:-

S/N	Director	Category	Board	Audit & Risk Management Committee *Nil (Note 1)	Corporate Governance Committee *Nil (Note 1)
1	Mr. Jairaj Sonoo, CSK, Chairman (as from 02 April 2019)	Non-Executive /Non-Independent	-		
2	Mr. Premode Neerunjun (as from 30 January 2018)	Non-Executive/ Non-Independent	2/2		
3	Mr. Christophe Brette	Executive/ Non - Independent	2/2		
4	Ms. Prityea Chennen (as from 23 November 2018)	Executive/ Non - Independent	-		
<b>Subsequent Appointment</b>					
5	Mr. Goolachund Goburdhun (as from 03 June 2019)	Non-Executive /Non-Independent	-		
<b>Directors who ceased during the year</b>					
6	Mr. Ayub Hussein Nakhuda (as from 09 June 2015 up to 18 May 2018)	Non-Executive/ Non-Independent	1/1		
7	Mrs Banoomatee Veerasamy (as from 06 August 1997 up to 29 March 2018)	Non-Executive/ Non-Independent			
8	Mr. Manickchand Beejan (as from 21 June 2018 up to 28 February 2019)	Non-Executive/ Non-Independent	1/1		

**\*Note:-** The Sub Committees were formalized and reconstituted after the financial year ended 31 December 2018 as during the Financial year 2018, most of the times, there were 3 Board Members only (one Executive and two non-executives).

**Board Committees**

The Board has carefully considered the work that it needs to carry out to be effective and in order to perform against strategy. Given the size of the company and composition of the Board and pending the appointment of additional Independent Directors, the Audit and Risk Management Committee has been re-constituted and a Corporate Governance Committee was formalized and reconstituted in February 2019.

**Board Committees (continued)**

The objectives of these Committees are as follows:-

- To bring focus and appropriate expertise and specialization to the consideration of specific Board issues;
- To enhance Board efficiency and effectiveness;
- To enable key issues to be studied in depth;
- To make recommendations to the Board.

The Board reviews the Board/Board Committee Charter on an annual basis. The Board ensures that the Company are being managed in line with the Company's objectives through deliberations and reporting of its various Committees.

The Charter of the Committees, which have been approved by the Board, are available on the website of the Holding Company, SIC. The Charters would be reassessed on a yearly basis.

**Audit and Risk Management Committee**

The Audit and Risk Management Committee is governed by a Charter in line with the provisions of the Code and is available on the website of SIC, Holding Company.

The Board considers that the members of the Audit and Risk Management Committee are appropriately qualified to discharge their responsibilities of the Audit and Risk Management Committee.

The Audit and Risk Management Committee has the explicit authority to investigate any matter within its terms of reference. In addition, the Audit and Risk Management Committee has full access to and co-operation of Management as well as full discretion to invite any Director to attend its meetings.

The duties of the Audit and Risk Management Committee include amongst others:-

- Examining and reviewing the quality and integrity of the financial statements of the Company including its annual report;
- Compliance with International Financial Reporting standards and legal requirements;
- Keeping under review the adequacy and effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
- Reviewing the annual compliance work plan and other reports from the Compliance function;
- Ensuring the Internal Auditor has direct access to the Board Chairperson and to the Committee Chairperson;
- Consider and make recommendations to the Board, to be put to shareholders for approval at the Annual Meeting of Shareholders, in relation to the appointment, re-appointment and removal of the Company's External Auditor;
- Making recommendations to the Board as it deems appropriate, on any area within its remit where action or improvement is needed.

In performing its function, the Audit and Risk Management will ensure that regularly meetings be held with the internal and external auditors. Where necessary, the Audit and Risk Management will meet separately with the internal and external auditors whereby any issues may be raised directly to the Audit and Risk Management, without the presence of Management. The internal and external auditors have unrestricted access to the Audit and Risk Management Committee.

**Audit and Risk Management Committee (continued)**

According to the National Code of Corporate Governance (the Code), Board Committees should have at least 3 members and the majority should be non-executive and where possible, independent. In case of the Audit Committee, the majority of the members should be independent.

In June 2018, the Board of Prime Partners Ltd was constituted with only 3 directors, comprising of one Executive and two Non-Executives. According to the Code, Executive Director cannot be appointed as member of the Audit and Risk Management Committee. Subsequent appointments were made in 2019.

Given the size of the Company and composition of the Board and pending the appointment of additional Independent Directors, in June 2019, the Board decided that the Audit and Risk Management Committee would exceptionally consist of 2 members notwithstanding the fact that the charter provides for a minimum of 3 members.

Existing Members /Composition of the Audit and Risk Management Committee:

S/N	Composition	Designation
1	Mr. G. Goburdhun	Chairman
2	Mr. P. Neerunjun	Member
3	Mr. C. Brette	In Attendance
4	Ms. P. Chennen	In Attendance

**Corporate Governance Committee**

The Corporate Governance Committee will be governed by a Charter in line with the provisions of the Code and is available on the website of SIC, Holding Company.

The Corporate Governance Committee is a useful mechanism for making recommendations to the Board on various corporate governance, nomination and remuneration matters so that the Board remains effective and complies with good governance principles.

The duties of the Corporate Governance Committee include, amongst others, the following:-

- Oversee the implementation of the corporate governance framework;
- Periodically review and evaluate the effectiveness of the Company's Code of Conduct and Ethics;
- Review the position descriptions of the Chairperson, and Board Committee chairs and recommend any amendment to the Board; and
- Review annually the size and composition of the board as a whole.

Existing Members /Composition of the Corporate Governance Committee:

S/N	Composition	Designation
1	Mr. P. Neerunjun	Chairman
2	Mr. M. Beejan	Member
3	Mr. C. Brette	Member

**DIRECTORS' PROFILE****Mr. Jairaj Sonoo, C.S.K (As from 02 April 2019)**

Mr. Sonoo is the Chairman of PPL as well as the Chairman of SIC, Holding Company. He holds a Masters in Business Administration (MBA) from University of Surrey, UK. He has extensive experience in banking both on the local and internal level and spent nearly 38 years at SBM in various positions. He served as the Chief Executive Officer at SBM Bank (Mauritius) Ltd from September 2012 to August 2016 and Acting Group Chief Executive at SBM Holdings Ltd from November 2014 to September 2015. He occupied the post of Chief Executive Overseas Expansion of SBM Holdings Ltd from August 2016 to September 2017.

During his tenure of office at SBM Group, he was responsible for overseeing the development and execution of the Bank's international strategy through both organic growth and M&A. He also led the acquisition of a Kenyan Bank which marked the milestone for the Group's entry into East Africa.

**Mr. Premode Neerunjun (As from 30 January 2018)**

Mr. Neerunjun is a Director of PPL and as well as the Director of SIC, Holding company. He holds the post of Permanent Secretary at the Prime Minister's Office and has over thirty years of experience in the public sector. In addition, he has also been called upon to serve as Board Director in statutory bodies on a part time basis. He holds a Graduate Diploma in Business from Curtin University (Western Australia) and a BSc in Economics & Management from University of London. He also holds a Masters Degree in Public Policy and Administration from the University of Mauritius.

**Mr. Christophe Brette**

Mr. Brette is Chief Operations Officer and as well as the Director (Executive) of PPL. He holds a BSc (Hons) in Economics from the University of Mauritius. Christophe is a Fellow Member of the Institute of Chartered Secretaries and Administrators UK. He has around 20 years' experience in the Corporate Secretarial Services within the SIC Group at Prime Partners Ltd. Christophe also holds a LLB (Hons) and LLM from University of London.

**Ms. Prityea Chennen(As from 23 November 2018)**

Ms. Chennen is a Director (Executive) of PPL. She is a Fellow of the Chartered Certified Accountant, UK and was admitted member of the Association since August 2008. She holds a Master in Business Administration, University of Surrey, UK. She is also a Member of The Institute of Chartered Accountants in England and Wales. She joined Prime Partners Ltd since February 2004 and has been working in the Secretarial and Accounting department of the Company.

**Mr. Manickchand Beejan (Up to February 2019)**

Mr. Beejan was the Chairman of the Company. He has a long and successful career with work experience in Government, state-owned enterprises and private sector companies. He sat in capacities ranging from Chairman, Executive Director and Independent Director on more than 40 Boards of companies that are involved in a diverse range of activities including insurance, equity investment, portfolio and wealth management, fund management, casinos, housing, property development, sugar sector, IT sector, commerce and education. Prem has more than 35 years of professional experience starting his career as Government Economist and successively moving up to the level of Managing Director. His areas of competence include project conception, development and implementation, designing innovative financial instruments, designing and implementing business processes, and long-range asset-liability matching with scenario planning.

Prem holds a B.A. Hons with Distinction in Economics from a Canadian University and an MSc in Financial Management from the University of London. His pastime includes complex modelling in EXCEL and trading on the stock market.

**DIRECTORS' PROFILE (CONTINUED)****Mr. Ayub Hussein Nakhuda, C.S.K (Up to 18 May 2018)**

Mr. Nakhuda was the Chairman of PPL. Economist by training, Mr. Nakhuda has worked at various levels in Government. Starting as Economist in the then Ministry of Economic Planning & Development, he successively occupied the posts of Senior Economist, Principal Economist and Deputy Director. He subsequently moved to the Ministry of Finance, where he held the post of Financial Secretary until his retirement. He represented the Parent Ministry on the Boards of several parastatal bodies.

Mr. Nakhuda has extensive experience in economic planning and in devising policy agenda for sectoral development. He participated in the drafting of National Development Plans and annual budgets; headed the secretariat of National Committee set up for the preparation of the document "Mauritius: Vision 2020", which charts out the vision of Mauritius in the year 2020; helped define the contours of new development initiatives to broaden the economic base; and contributed to efforts to promote R&D to enhance Mauritius' international competitiveness through institutional changes. Mr. Nakhuda has represented Mauritius at several international conferences and meetings and presented papers on diverse themes.

**Mrs. Banoomatee Veerasamy (Up to 29 March 2018)**

Mrs. Veerasamy was a Director of PPL. She is a Fellow of the Institute of Chartered Secretaries and Administrators and has been with the SIC since its inception. She holds a B.A (Hons) in Administration and an LLB (Hons) and an LLM from the University of London. She is also a qualified Stockbroker and played an active role in the setting up of a Stock Exchange in Mauritius. She occupied the post of Acting Managing Director as from December 2014. During her employment at SIC, she held directorship on various SIC related companies.

**Subsequent Appointment****Mr. Goolachund Goburdhun**

Mr. Goburdhun is as Director of PPL. He is a Fellow of the Association of Chartered Certified Accountants and holds a M.S.c in Finance from University of Mauritius. He has extensive experience in the field of accounting and finance. He is registered with the Mauritius Institute of Professional Accountants (MIPA) as 'Professional Accountant.'

Mr G. Goburdhun is also the Managing Director of The State Investment Corporation Limited (SIC) and holds directorship on various SIC Investee Companies, including Air Mauritius Ltd, Lottotech Ltd and Casino Companies. In the past, he was in public practice as a Chartered Certified Accountant providing services relating to Accounting, Auditing, Management, Tax Consultancy and Corporate Secretarial Services. He also held Chairmanship on various Government-related companies/institutions such as MauBank Holdings Ltd, MPCB (now MauBank Ltd), National Pensions Board and Responsible Gambling and Capacity Building of the Gambling Regulatory Authority.

**The Company Secretary**

The Company Secretary is appointed by the Board. The role of the Company Secretary is to ensure that Board Members have the proper advice and resources for performing their duties to shareholders under the relevant legal frameworks. The Company Secretary is also responsible for organization and coordination of the Board and Committee meetings, and ensuring that the records, or minutes of those meetings, reflect the proper exercise of those duties.

Mr. R. G. Bullyraz is the Company Secretary of PPL. Mr. Bullyraz holds a BSc (Hons) Management from the University of Mauritius and is a Fellow of the Institute of Chartered Secretaries and Administrators, (FCIS) UK since November 2018. He also holds an MBA from the University of Mauritius. He joined PPL in July 2006. Before that, he was employed at the Sugar Investment Trust (Corporate Services Department). He currently holds the post of Head, Corporate Services at PPL.

**DIRECTORS' PROFILE (CONTINUED)****Directorship in other companies (The Common Directors)**

S/N	Director	PPL	SIC
1	Mr. Jairaj Sonoo, CSK, Chairman (as from 02 April 2019)	√	√
2	Mr. Premode Neerunjun (as from 30 January 2018)	√	√
3	Mr. Christophe Brette	√	-
4	Ms. Prityea Chennen (as from 23 November 2018)	√	-
<b>Subsequent Appointment</b>			
5	Mr. Goolachund Goburdhun (as from 03 June 2019)	√	√
<b>Officers who ceased to be Director during the year</b>			
6	Mr. Manickchand Beejan (Up to 28 February 2019)	√	√
7	Mrs. Banoomatee Veerasamy ( Up to 29 March 2018)	√	√
8	Mr. Ayub Hussein Nakhuda (Up to 18 May 2018)	v	√

**PRINCIPLE 3 – DIRECTORS APPOINTMENT PROCEDURES**

*“There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of Directors. The search for Board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard to the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders.”*

**Appointment of Directors**

The Board carefully considers the needs of the Company in appointing Board Members. The following factors are considered: -

- Skills, knowledge and expertise required on the Board;
- Skills, knowledge and expertise of the proposed Director;
- Previous experience as a Director;
- Specific roles required on the Board such as Chairman of a Committee;
- Balance required on the Board such as gender and age;
- Independence where required;
- Amount of time the proposed Director is able to devote to the business of the Board; and
- Conflicts of interests.

**PRINCIPLE 3 – DIRECTORS APPOINTMENT PROCEDURES (CONTINUED)**

**Appointment of Directors (continued)**

As per the Charter of Corporate Governance Committee, the role of the said Committee in respect of nomination of Directors include the following: -

- To keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace; and
- To identify and nominate for the approval of the Board, candidates to fill board vacancies as and when they arise.

The proposed appointee is required to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest. The Board considers its succession very carefully and assumes responsibility for succession planning. The Corporate Governance Committee is responsible to give consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.

**Professional Development**

The Board has reviewed the professional development and on-going education of Directors. During the Board evaluation exercise, the Board Members are invited to indicate any training development programme they require. The needs of the Directors are taken into account with regards to training and continuous professional development.

**PRINCIPLE 4 - DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE**

*“Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Each director must be able to allocate sufficient time to discharge his or her duties effectively. Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organisation’s information, information technology and information security. The Board, committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality to perform to required standards. The Board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives.”*

**Legal Duties**

All Directors are fully aware of their fiduciary duties. The duties of directors are listed in the Companies Act 2001, but other legal obligations are contained in other legislations. Directors are required to exercise that degree of care, skill and diligence which a reasonably prudent and competent director in his or her position would exercise.

**Code of Ethics**

PPL has adopted an appropriate Code of Ethics for Directors. Same is published on the website of SIC, Holding Company.

**Conflict of Interest**

Board Members have a fiduciary duty to conduct themselves without conflict of the interests of the Company. In their capacity as Board Members, they must subordinate personal individual business, third-party and other interests to the welfare and best interests of the Company.

**PRINCIPLE 3 – DIRECTORS APPOINTMENT PROCEDURES (CONTINUED)**

**Conflict of Interest (Continued)**

A conflict of interest occurs when a present transaction or relationship might conflict with a Board Member's obligations owed to the Company and the Board Member's personal, business or other interests.

The Company ensures that Directors declare any interest and report to the Chairman and Company Secretary any related party transactions. A register of conflicts of interests is kept by the Company Secretary and is available to shareholders upon written request to the Company Secretary.

**Information, IT and Information Security Governance**

The Board of Directors ensures that appropriate resources are allocated for the implementation of an information and IT security framework.

A Support Agreement for IT Services be entered into between SIC (IT Department) and PPL. Principle 4 of the New Code of Corporate Governance for Mauritius (2016) has emphasised on the governance of the organisation's information, information technology and information security. The SIC's IT Policy is being applied for PPL.

SIC has in place an Information Security policy and an IT Risk policy, which are regularly reviewed. days.

**Directors & Officers Liability Insurance**

The SIC Group has contracted for a Directors & Officers Liability Insurance policy with SICOM in respect of legal action or liability that can arise against its Directors and officers. The cover does not provide insurance against fraudulent, malicious or wilful acts or omissions.

**Board Evaluation**

The Company will come up with a mechanism for Board Appraisal to assess the effectiveness/performance of the Board and Sub-Committees. Same was in progress. The Directors will be required to fill in Evaluation Questionnaire, focusing on the following major governance issues relevant to the Board:

-

- Objectives and Strategy;
- Performance Measurement;
- Relationships with key stakeholders;
- Propriety, Fraud and Other Leakage;
- Project Management;
- Risk Management;
- Oversight of Management;
- Audit Committee, Internal Audit and Corporate Reporting;
- Composition of the Board;
- Conduct of Board Meetings;
- The Boardroom;

The results will subsequently be analysed and discussed by the Corporate Governance Committee and action will be considered for implementation.

The Board evaluation will be led by the Chairman of the Board rather than being outsourced to an independent facilitator in view of the size of the Company.



**PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL**

*“The Board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system.”*

The Board of directors is responsible for determining the overall strategic direction and the proper risk management strategy and policies of the Company. It sets the appropriate risk level and tolerance of the Company. The risk strategy covers all the major risk areas in which the Company has significant exposure. The Management Team is responsible for implementing the risk strategy and policies approved by the Board of Directors. It oversees the day-to-day risk management issues in line with the approved strategy, policies and procedures.

The Board evaluates on a regular basis the Company’s strategic risk, financial risk, compliance and operational risk.

Moore Stephens (who has been providing internal audit services to SIC and CAM (subsidiary of SIC) has been appointed as Internal Auditors in April 2019 (for an initial period of 6 months) and they have submitted a preliminary report in June 2019. The report will be submitted to the Audit and Risk Management Committee together with recommendations / comments from Management. Their scope of the assignment encompasses the examination and evaluation of the adequacy and effectiveness of PPL’s governance process, its system of internal control and its accountability in meeting its stated goals and objectives.

**Assurance on risk management processes**

The Board relies on the internal and external audit functions to report on any weaknesses and to make recommendations via the Audit and Risk Management Committee, the objective being to ensure the effective and efficient use of available resources and ascertaining the accuracy of information used in the preparation of financial statements.

The internal and external auditors report directly to the Audit and Risk Management Committee on a regular basis for identification of any deficiency noted in internal processes and controls, compliance issues and any material misstatements noted in the financial reports.

**The principal risks faced by the Company and the way in which each is managed are as follows:**

Operational Risk - is defined by the Basel Committee on Banking Supervision as “the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.” The main areas of risk of loss are risks relating to internal fraud due to unauthorised activity, theft or fraud due to theft, systems’ security failure or tampering, employment practices and workplace safety due to unhealthy employee relations, improper environment, improper business or market practices, disputes over performance and management of monies, damage to physical assets due to disaster and other events, business disruptions, system’s failures and inaccurate reporting.

The Management Team has established control procedures to mitigate operational risks. The Company is subject to the following categories of risks among others: physical, operational, human resources, technology, compliance and reputational risk. IT support team from the Holding Company ensures that technological risks are minimized through frequent system maintenance and updates, restricted access to external parties and data backup system. An IT Agreement was circulated and signed by the staff members to ensure their adherence to terms, policies and procedures to minimise risks.

In addition, the internal auditors ensure that appropriate controls are in place to mitigate all potential risk areas of the Company and their recommendation is considered by the Audit and Risk Management Committee on a regular basis.

**PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

**Financial Risk Factors** - please refer to note 4 of the Notes to the Financial Statements on pages 42 to 46.

**Solvency Risk** - is minimal since the Company has no debt.

**Frameworks and processes for the sound management of Risks and Internal Controls**

The Audit and Risk Management Committee has appointed an independent internal auditor for reviewing the effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems. This ensures that appropriate frameworks and effective processes are in place for a sound management of risk.

Management is responsible for the implementation of internal control and risk management systems under the supervision of the Audit and Risk Management Committee which ensure that proper accounting records are maintained and that the strategies and policies adopted by the Board are being implemented.

The internal auditor covers all key areas of activities, including IT. Any deviation in policies and non-performance of internal control are duly reported and discussed at large at Management and Audit and Risk Management Committee levels. Corrective actions are promptly taken, and regular follow ups are done. This enables the Board to derive assurance that the internal control systems are effective.

**Whistle-blowing rules and procedures**

For any suspicious or illegal transactions or behaviour, officers and directors are encouraged to lodge reports promptly to the Money Laundering officer as per the Financial Intelligence and Anti Money Laundering Act and Prevention of Corruption Act.

**PRINCIPLE 6: REPORTING WITH INTEGRITY**

***"The Board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its annual report"***

The financial statements of the Company includes its Annual Report and its Corporate Governance Report which provide comprehensive details on all of the Company's financial, environmental, social and governance position as well as its performance for the financial year under consideration.

The Company's objective is to provide and maintain a safe and healthy work environment at all times for its employees. The aim is to reduce to the extent possible prevention of accidents at work and ensure compliance with the Occupational Safety and Health Act No 28 of 2005 and other related legislative and regulatory frameworks.

PPL aligns itself with the policy set out by The State Investment Corporation Limited, i.e to support through donation non-political activities and events having a national dimension. No donations were made during the year under review.

The Company also ensures social harmony through its employment policies and it follows non discriminatory policies in recruitment and promotion. It adopts a transparent and merit-based procedure.

Further, in view to minimise carbon emissions, e-filing, e-mails, scanning of documents and file sharing are being heavily encouraged. In this spirit, the Company has invested in an online portal for holding its board meetings.

**Corporate Social Responsibility**

For its CSR, the Company had paid directly its contribution to the Mauritius Revenue Authority.

**PRINCIPLE 7 – AUDIT**

*“Organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation’s auditors”*

**Internal Audit**

The role of Internal Audit is to provide independent and objective assurance to management and the Board of Directors through the Audit and Risk Management Committee. By following a systematic and disciplined approach, Internal Audit helps to accomplish the Company’s objectives by evaluating and recommending improvements to operations, internal controls, risk management systems, and governance process.

The internal audit function has been outsourced to Messrs. Moore Stephens. The latter is a professional firm and its internal audit department is adequately staffed with qualified auditors and certified internal auditors. The internal audit is performed on a quarterly basis and they report to the Audit and Risk Management Committee on a regular basis.

The internal auditor shall report directly to the Audit and Risk Management Committee, has unrestricted access to review all activities and transactions undertaken within the Company and to appraise and report thereon. There was no restriction placed over the right of access by internal audit to the records, management or employees of the organisation.

**External Audit**

Mazars was appointed as external auditors for the financial year ended 31 December 2018. With regard to the appointment of external auditors for the financial year ended 31 December 2019 a decision will be taken at a later stage.

The Audit and Risk Management Committee ensures that the external auditor is rotated at least every 7 years. The approach to appointing external auditor is done through a tendering process..

**Meeting with Audit and Risk Management Committee**

For the year ended 31 December 2018, since the Audit and Risk Management Committee of the Company was not yet fully functional, no meeting was held with the external auditors. The Audit & Risk Committee had not yet discussed about significant issues or significant accounting policies which could affect the financial statements. Nonetheless, the management accounts were presented to the Board and no significant issues was raised.

Going forward, the external auditors are expected to meet with the Chairman of the Audit and Risk Management Committee at least once during the year, during which meeting, the financial statements of the Company, timeline of the audit, the audit approach, the accounting principles and critical policies adopted are discussed.

**Evaluation of the Auditors**

The Audit and Risk Management Committee evaluates the external auditor in fulfilling their duty annually, to make an informed recommendation to the Board for the reappointment of the auditor. The Audit and Risk Management Committee assesses the qualifications and performance of the auditor; the quality of the auditor’s communications with the Audit and Risk Management Committee and the auditor’s independence, objectivity and professional scepticism.

**Information on non-audit services**

The Company has appointed Mazars for audit services against a fee of Rs40,000/- (Exc VAT), for compilation of Financial Statements in IFRS format against a fee of Rs7,000/- (Exc VAT) and tax services against a fee of Rs18,000/- (Exc VAT) for the year ended 31 December 2018.

**PRINCIPLE 8- RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS**

*“The Board should be responsible for ensuring that an appropriate dialogue takes place among the organization, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose”*

**SHARE CAPITAL STRUCTURE**

SIC is the sole Shareholder of PPL as at December 31, 2018. Except SIC, no person/institution has material interest of 5% or more of the equity share capital of PPL.

**DIVIDEND POLICY**

The Board has not established a formal dividend policy. However, the Board endeavours to authorise distributions in the light of the company’s profitability, cash flow requirements and planned capital expenditure.

**RELATIONS WITH SHAREHOLDER**

Regarding the General Meetings, all decisions are taken by way of written resolution in lieu of holding an Annual Meeting of Shareholders of the Company in conformity with Section 117 of Companies Act 2001 given the fact that there is only one shareholder.

The Company ensure that there is regular contact and dialogue with the sole shareholder to keep them informed on material events affecting the Company. The Chairman, through the assistance of the Company Secretary, is available to answer any query from the Shareholder.

**COMPANY KEY STAKEHOLDERS**

**Regulators**

Relationships with the regulators, mainly the Financial Services Commission, the Registrar of Companies and the Mauritius Revenue Authority are considered as critical for good running of the Company. The Company maintains relationship with its regulators through written communications, filing of returns and financial reports, participation in forums, conferences and workshops as well as compliance with relevant legislation.

These relationships are viewed as strategic partnerships to ensure that the Company upholds and maintains best practices with full transparency.

**CALENDAR OF IMPORTANT EVENTS**

The following is a schedule of events as at 31 December 2018:

Financial Year End / Balance Sheet Date	- 31 December
Annual Meeting of Shareholders	- Before 30 June
Approval of Accounts	- Before 30 June

**Statement of Compliance  
(Section 75 (3) of the Financial Reporting Act)**

**Name of PIE:** Prime Partners Ltd  
**Reporting period:** December 31, 2018

We, the Directors of Prime Partners Ltd, the “Company” confirm to the best of our knowledge that the Company has complied with all of its obligations and requirements under the Code of Corporate Governance except for the following section:-

**Reasons for non-compliance with the sections of the Code:**

**Principle 1: Governance Structure**

*Appointment of Independent Director: - The matter has been referred to the Shareholder.*


**Principle 2: Board Committees Composition**

*Given the size of the Company and composition of the Board and pending the appointment of additional Independent Directors, in June 2019, the Board decided that the Audit and Risk Management Committee would exceptionally consist of 2 members notwithstanding the fact that the charter provides for a minimum of 3 members and independent where possible. The Sub Committees were formalized and reconstituted after the financial year ended 31 December 2018 as during the Financial year 2018, most of the times, there were 3 Board Members only (one Executive and two non-executives).*

**Principle 5: Risk Governance and Internal Control**

*During the Financial year ended 31 December 2018, no internal auditor was appointed. It was in 2019 that Moore Stephens have been appointed as Internal Auditor. The assignment is ongoing, and Moore Stephens has submitted a first report for Management comments and consideration.*

**Signed on behalf of the Board of Directors:** 27 June 2019.

  
.....  
**Director**

  
.....  
**Director**

**CERTIFICATE FROM THE COMPANY SECRETARY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**20.**

We hereby certify that to the best of my knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required by the Company under Section 166 (d) of the Companies Act 2001 during the financial year ended 31 December 2018.



.....  
**Gopal Bullyraz**  
**Company Secretary**

Date: 27 June 2019  
.....



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
*PRIME PARTNERS LTD*

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Prime Partners Ltd (the "Company") on pages 24 to 52, which comprise the statement of financial position as at 31 December 2018, 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 accompanying financial statements on pages 24 to 52 give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and comply with the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the Annual report and the Secretary's Certificate as required by the Mauritius Companies Act 2001 which we obtained prior to the date of the audit report. Other information does not include the financial statements and our audit report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### *PRIME PARTNERS LTD*

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

The Company's 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 Mauritius Companies Act 2001 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 directors either intends to liquidate the Company or to cease operations, or has 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 audit 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 skepticism 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 the 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 audit 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 audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

*PRIME PARTNERS LTD*

## Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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

The Mauritius Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- a) we have no relationship with, or interests in, the Company other than in our capacity as auditors;
- b) we have obtained all the information and explanations we have required; and
- c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

*Financial Reporting Act 2004*

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the "Code") as disclosed in the financial statements and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the financial statements is consistent with the requirement of the Code.

## Other matter

- (i) The financial statements of the Company for the year ended 31 December 2017 were audited by another auditor, whose audit report dated 29 June 2018, expressed an unqualified opinion on these financial statements.
- (ii) This report, including the opinion has been prepared for and only for the Company's members, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Mazars

Udaysingh Taukoordass, FCA  
Licensed by FRC

Date: 27 JUN 2019

ASSETS	Notes	2018 Rs.	2017 Rs.
<b>Non-current assets</b>			
Plant and equipment	5	513,245	131,240
Intangible assets	6	94,735	385,157
Investment in associate	7	-	-
Available-for-sale investments	8	-	338,500
Financial assets at fair value through profit or loss	9	307,200	-
Other financial assets	10	-	82,665
Deferred tax asset	11	98,543	62,756
		<u>1,013,723</u>	<u>1,000,318</u>
<b>Current assets</b>			
Current tax recoverable	16	54,793	-
Other financial assets	10	65,322	115,216
Trade and other receivables	12	3,572,723	4,171,515
Cash and cash equivalents	13	6,070,435	5,839,597
		<u>9,763,273</u>	<u>10,126,328</u>
<b>TOTAL ASSETS</b>		<u><u>10,776,996</u></u>	<u><u>10,126,328</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	14	1,000,000	1,000,000
Fair value reserve		-	100,052
Retained Earnings		8,765,861	9,504,057
<b>Total equity</b>		<u>9,765,861</u>	<u>10,604,109</u>
<b>Current liabilities</b>			
Trade and other payables	15	1,011,135	484,229
Current tax liabilities	16	-	38,308
		<u>1,011,135</u>	<u>522,537</u>
<b>Total liabilities</b>		<u>1,011,135</u>	<u>522,537</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>10,776,996</u></u>	<u><u>11,126,646</u></u>

These financial statements have been approved for issue by the Board of Directors on:

28 June 2019

.....  
Directors

.....  
Directors

The notes on pages 24 to 52 form an integral part of these financial statements.

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

25.

	<u>Notes</u>	<u>2018</u> Rs.	<u>2017</u> Rs.
<b>Revenue</b>	17	14,317,633	11,677,979
Other income	18	1,206,039	424,644
		<u>15,523,672</u>	<u>12,102,623</u>
Operating expenses	19	(16,243,029)	(11,994,340)
<b>Operating (loss)/profit</b>		<b>(719,357)</b>	<b>108,283</b>
Share of results of associate	7	-	(346,092)
Fair value adjustment on financial assets at fair value through profit or loss	9	(31,300)	-
<b>(Loss)/profit before tax</b>		<b>(750,657)</b>	<b>(237,809)</b>
Income tax expense	16	(87,591)	(86,707)
<b>(Loss)/profit for the year</b>		<b>(838,248)</b>	<b>(324,516)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss in subsequent period:</i>			
Fair value gain on available-sale-investments	8	-	64,350
<b>Other comprehensive (loss) income for the year, net of tax</b>		<b>-</b>	<b>64,350</b>
<b>Total comprehensive (loss) income for the year</b>		<b>(838,248)</b>	<b>(260,166)</b>

The notes on pages 24 to 52 form an integral part of these financial statements.

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018****26.**

	<b>Share capital</b>	<b>Fair value reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
At 01 January 2017	<u>1,000,000</u>	<u>35,702</u>	<u>9,828,573</u>	<u>10,864,275</u>
Loss for the year	-	-	(324,516)	(324,516)
Other comprehensive income	<u>-</u>	<u>64,350</u>	<u>-</u>	<u>64,350</u>
At 31 December 2017	<u>1,000,000</u>	<u>100,052</u>	<u>9,504,057</u>	<u>10,604,109</u>
 At 01 January 2018	 <u>1,000,000</u>	 <u>100,052</u>	 <u>9,504,057</u>	 <u>10,604,109</u>
First time Adoption of IFRS 15 and 9		(100,052)	100,052	-
Loss for the year	-	-	(838,248)	(838,248)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2018	<u>1,000,000</u>	<u>-</u>	<u>8,765,861</u>	<u>9,765,861</u>

The notes on pages 24 to 52 form an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS**  
**YEAR ENDED 31 DECEMBER 2018**

27.

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
		Rs.	Rs.
<b>Cash generated from operations</b>			
Loss/profit before tax		(750,657)	(237,809)
Share of result of associate		-	346,092
Fair value adjustment on financial assets at fair value through profit or loss		31,300	
Movement in provision for doubtful debts		257,025	234,275
Depreciation on plant and equipment	5	101,760	83,759
Amortisation of intangibles	6	324,942	320,180
Dividend income	18	(6,570)	(5,250)
Interest income	18	(58,662)	(14,825)
		<u>(100,862)</u>	<u>964,231</u>
Changes in working capital:			
- Trade and other receivables		341,767	(901,871)
- Trade and other payables		526,906	(436,827)
- Other financial assets		<u>132,559</u>	<u>318,997</u>
<b>Cash generated from operations</b>		<b>900,370</b>	<b>(55,470)</b>
Interest received		58,662	14,825
Income tax paid		<u>(216,479)</u>	<u>(232,690)</u>
<b>Net cash flows from operating activities</b>		<b>742,553</b>	<b>(217,865)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	5	(483,765)	(79,400)
Purchase of intangible assets	6	(34,520)	-
Dividends received		6,570	5,250
<b>Net cash flows used in from investing activities</b>		<b>(511,715)</b>	<b>(74,150)</b>
<b>Net increase in cash and cash equivalents</b>		<b>230,838</b>	<b>(585,294)</b>
<b>Movement in cash and cash equivalents</b>			
At 01 January		5,839,597	6,424,891
Increase / (Decrease)		<u>230,838</u>	<u>(585,294)</u>
At 31 December	13	<u>6,070,435</u>	<u>5,839,597</u>

The notes on pages 24 to 52 form an integral part of these financial statements.

**1. GENERAL INFORMATION**

Prime Partners Ltd is a limited liability company incorporated and domiciled in Mauritius. Its registered office is situated on the 15th floor, Air Mauritius Centre, John Kennedy Street, Port Louis.

The principal activity of the Company is the provision of secretarial, registry and other administration services.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

The financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which are stated at fair values. The financial statements are presented in Mauritian Rupees ('MUR') and all values are rounded to the nearest rupee, except as otherwise indicated.

**2.2 Statement of compliance**

The financial statements of Prime Partners Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

**2.3 Standards and amendments to existing standards effective 01 January 2018**

**IFRS 9 – Financial Instruments**

IFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest ("SPPI"). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss ("ECL") impairment model.

IFRS 9 has been applied retrospectively by the Company and did not result in a change to the classification or measurement of financial instruments. There was no material impact on adoption from the application of the new impairment model at 1 January 2018.

**Classification**

- From 1 January 2018, the Company classifies its financial assets in the following measurement categories those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

29.

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.3 Standards and amendments to existing standards effective 01 January 2018 (continued)**

**Classification (continued)**

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

The Company classifies its investments based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. All investments are measured at fair value through profit or loss.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

The measurement category and the carrying amount of financial instruments in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

Financial instrument	IAS 39		IFRS 9	
	Measurement category	Carrying amount	Measurement category	Carrying amount
		Rs		Rs
Listed equity shares	Financial assets at fair value through profit or loss	338,500	Financial assets at fair value through profit or loss	338,500
Loan and grants to employees	Loans and receivables	197,881	Other liabilities at amortised Cost	197,881
Accounts receivables	Loans and receivables	3,694,350	Other liabilities at amortised Cost	3,694,350
Cash and cash equivalents	Loans and receivables	5,839,597	Other liabilities at amortised Cost	5,839,597
Accounts payables	Other liabilities at amortised cost	208,110	Other liabilities at amortised Cost	208,110

**Recognition, derecognition and measurement**

Regular purchases and sales of investments are recognised on the trade date – the date on which the Partnership commits to purchase or sell the investment. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Partnership has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expires.



## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Standards and amendments to existing standards effective 01 January 2018 (continued)**

#### **Recognition, derecognition and measurement (continued)**

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the “financial assets and liabilities at fair value through profit or loss” category are presented in the statement of comprehensive income within “other net changes in fair value of financial assets and liabilities at fair value through profit or loss” in the period in which they arise.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2018 that have a material effect on the financial statements of the Company.

#### *Equity instruments*

The Company subsequently measures all equity investments at fair value. Where the Company’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group’s right to receive payments is established.

#### **Impairment**

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The Company has assessed the impact of applying the impairment provisions of IFRS 9 Expected Credit Loss at 1 January 2018 as opposed to applying IAS 39 incurred loss model. The Company has estimated that no significant adjustment is required at 1 January 2018 to retained earnings.

#### **Accounting policies applied until 31 December 2017**

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company’s previous accounting policy.

#### *Classification*

Until 31 December 2017, the Company classified its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.



**2. ACCOUNTING POLICIES (CONTINUED)**

**2.3 Standards and amendments to existing standards effective 01 January 2018 (continued)**

**IFRS 9 – Financial Instruments (continued)**

**Accounting policies applied until 31 December 2017**

*Subsequent measurement*

The measurement at initial recognition did not change on adoption of IFRS 9, see description above.

Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised as follows:

- for financial assets at FVPL – in profit or loss within other net changes in fair value of financial assets at fair value through profit or loss.
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income.
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in Note 3.

When securities classified as available-for-sale were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to profit or loss as gains and losses from investment securities.

*Impairment*

The Company assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or Company of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

**Fair value estimation**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets (such as publicly traded derivatives and equity securities publicly traded on a stock exchange) are based on quoted market prices at the close of trading on the reporting date. The Company utilises the last traded market price for financial assets where the last traded market price falls within the bid-ask spread, as the Company is of the view that this price is the most representative of fair value of the financial instruments of the Company. If a significant movement in fair value occurs subsequent to the close of trading up to midnight in a particular stock exchange on the year-end date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign stock exchange, but before the Company's valuation time, that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered “readily available” market quotations.

**2. ACCOUNTING POLICIES (CONTINUED)****2.3 Standards and amendments to existing standards effective 01 January 2018 (continued)****Fair value estimation (continued)**

The Company's valuation model technique for debt instruments include the net present value of estimated future cash flows based on a discounted cash flow model inclusive of accrued interest. The discount rate used by the Company is based on the risk-free rate of the economic environment in which portfolio companies operate and is adjusted with other factors such as liquidity, credit and market risk factors. Similar to the earnings multiples model, cash flow used in the discounted cash flow model is based on projected cash flows or earnings of the portfolio companies.

In determining fair valuation, the Company in many instances relies on the financial data of investees and on estimates by the management of the investee companies as to the effect of future developments. Although the Company uses its best judgement in estimating the fair value of investments, there are inherent limitations in any estimation techniques. The fair value estimates presented herein are not necessarily indicative of an amount the Company could realise in a current transaction. Future confirming events will also affect the estimates of fair value. The effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to the financial statements.

**Transfer between levels of the fair value hierarchy**

Transfer between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

**Assets carried at amortised cost**

Receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Company shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

**IFRS 15 Revenue from contracts with customers**

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standards introduces a 5-Step approach to revenue recognition:

- Step 1 : Identify the contract(s) with a customer;
- Step 2 : Identify the performance obligations in the contract;
- Step 3 : Determine the transaction price;
- Step 4 : Allocate the transaction price to the performance obligations in the contract; and
- Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.3 Standards and amendments to existing standards effective 01 January 2018 (continued)**

**IFRS 15 Revenue from contracts with customers (continued)**

Far more prescriptive guidance has been added in IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

IFRS 15 did not have a significant impact on the accounting policies with respect to the revenue generating activities of the Company.

**2.4 New standards, amendments and interpretations effective after 1 January 2018 and have not been early adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been early adopted in preparing these financial statements. None of these are expected to have a significant impact on the Company.

**2.5 Summary of significant accounting policies**

**a) Plant and equipment**

Plant and equipment are stated at historical cost less accumulated 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 possible that future economic benefits associate with the item will flow to the company and the cost of the item can be measured reliably.

Depreciation is calculated on the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives as follows:

- Computer equipment	4 years
- Office equipment	5 years
- Furniture and fittings	10 years

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use.

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

**b) Investment in associate**

An associate is an entity over which the Company has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

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

**2.5 Summary of significant accounting policies(Continued)****b) Investment in associate (continued)**

The statement of profit or loss reflects the Company's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The Company's share of profit or loss of its associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax of the associate. The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

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

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

**c) Financial Instruments****(i) Financial assets*****Initial recognition and measurement***

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

***Subsequent measurement******Loans and receivables***

Loans and receivables include trade and other receivables, and cash and cash equivalents.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss.

**2.5 Summary of significant accounting policies(Continued)**

**c) Financial Instruments(Continued)**

**(i) Financial assets(Continued)**

*Available-for-sale (AFS) financial assets*

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

For a financial asset reclassified from the AFS category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

*Impairment*

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

2.5 Summary of significant accounting policies(Continued)

c) Financial Instruments(Continued)

(i) Financial assets(Continued)

*Impairment(Continued)*

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited of profit or loss.

*Available-for-sale (AFS) financial assets*

For AFS financial assets, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

**2.5 Summary of significant accounting policies(Continued)**

**c) Financial Instruments(Continued)**

**(i) Financial assets(Continued)**

***Derecognition***

Loans and receivables are primarily derecognised (i.e., removed from the Company's statement of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

**(ii) Financial liabilities**

***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

***Loans and borrowings***

The Company's financial liabilities consist of other payables which are classified as loans and borrowings.

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

**2.5 Summary of significant accounting policies(Continued)**

**(ii) Financial liabilities (continued)**

***Derecognition***

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

***Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**d) Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand net of outstanding bank overdrafts.

**e) Share capital**

***Ordinary shares***

Ordinary shares are classified as equity.

**f) Intangible assets**

Intangible assets consist of computer software and are recognised at costs and amortised using the straight line method over their estimated useful life of 5 years.

**g) Retirement benefits**

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to the National Pension Scheme and the defined contribution pension plan are expensed to profit or loss in the period in which they fall due.

The company is also liable for gratuity on retirement payable under the Employment Rights Act 2008 for those employees who are not covered or who are insufficiently covered by the defined contribution plan. An assessment has been performed by the actuary who confirmed that at the reporting date, the company has no residual liabilities under the Employment Rights Act 2008.

**h) 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).



**2.5 Summary of significant accounting policies(Continued)**

**i) Current and deferred income tax**

The tax expense for the period comprises current and deferred income tax and Corporate Social Responsibility (“CSR”) 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. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Current income tax assets and liabilities are measured at the amount expected to be received or paid to the taxation authorities.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

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

The principal temporary differences arise from accelerated capital allowances, provision for post-employment benefits and provision for impairment on receivables.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The directors apply judgement to determine whether sufficient future taxable profit will be available after considering, amongst others, factors such as cash flows and budgets. The carrying amount of deferred tax asset is reviewed at each reporting date.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**j) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow in the Company and the revenue can be reliably measured, regardless of when the payment is being made.

The effect of initially applying IFRS 15 on the Company’s revenue from contracts with customers is described in Note 2. Due to the transition method chosen in applying IFRS 15, comparative information has not been restated to reflect the new requirements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2.5 Summary of significant accounting policies(Continued)**

**j) Revenue recognition (continued)**

*Disaggregation of revenue*

The Company generates revenue from the provision of secretarial, registry and other administration services.

Services	2018	2017
	Rs	Rs
Secretarial	9,905,365	6,363,150
Registry	2,997,043	2,927,043
Other administration	1,415,225	2,387,786
<b>Timing of revenue recognition</b>		
Services transferred over time	14,317,633	11,677,979

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue IFRS 15 1 January 2018)	Revenue recognition under IAS 18 (applicable before 1 January 2018)
Secretarial, registry and other	<p>The Company provides secretarial, registry and other administration.</p> <p>Invoices for the above services are issued on a monthly basis.</p>	Revenue is recognised over time.	Revenue from secretarial, registry and other administration is recognised in the accounting period in

**k) Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements and deducted from equity in the period in which the dividend is declared.

**2.5 Summary of significant accounting policies(Continued)**

**l) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

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

**m) Current and deferred taxation**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided, using the liability method, for all temporary differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes at the reporting date. Currently enacted tax rates are used to determine deferred tax.

The principal temporary difference arises from tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

### **3. FINANCIAL RISK MANAGEMENT**

#### **3.1 Financial Risk Factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

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

##### **(a) Market risk**

The market risks exposed by the Company are detailed below. The Company is not exposed to significant interest rate risks and foreign currency risk at the reporting date.

##### **Price risk**

The Company is exposed to equity securities price risk because of investments held by the Company and classified as available-for-sale investments on the statement of financial position.

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio.

##### **Sensitivity analysis**

If the equity price of the financial assets at fair value through profit or loss had increased/decreased by 5%, the impact on equity of the Company would have been **Rs. 15,360** higher/ lower(2017: Rs. 16,925) respectively.

##### **Foreign exchange risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Company has financial assets and liabilities denominated in Mauritian Rupees ("Rs") and thus is not exposed to the risk arising from fluctuations in foreign exchange rates.

##### **Interest rate risk**

At 31 December 2018, the Company was not exposed to interest rate risk as the Company's interest bearing assets were issued / contracted at fixed interest rates. Interest rate risk arising on cash and cash equivalents are short term in nature and changes in their fair values or interest cash flows in the event of a change in interest rate will not be material.

##### **(b) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables, and cash and cash equivalent. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current environment.

The Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history. A significant portion of the company's sales are made to related parties as shown in note 19.

The maximum exposure to credit risk arise from default of the counter party with a maximum exposure equal to the carrying amount of the Company's financial assets. Cash and cash equivalents are maintained with reputable financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS  
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**3. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**3.1 Financial Risk Factors (Continued)**

**(c) Liquidity risk**

Liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities to meet obligations as they fall due.

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. The amount disclosed are the contractual undiscounted cash flows.

THE COMPANY	Less than 1 year Rs.	Between 1 and 2 years Rs.	Between 2 and 5 years Rs.	Over 5 years Rs.
<b>At 31 December 2018</b>				
Trade Payable	Rs. 525,130			
<b>At 31 December 2017</b>				
Trade Payable	Rs. 484,229			

Included in the financial liabilities for 2018 is an amount of **Rs 486,006** relating to provisions for sick & vacation leave and passage benefits.

**3.2 Fair value estimation**

The Company adopted IFRS 13 in respect of disclosures about the degree of reliability of fair value measurements. This requires the Company to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

## 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

## 3.2 Fair value estimation (continued)

- Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments. Level 3 instruments mainly include unlisted equity and corporate debt securities (including distressed debt instruments) and other below investment grade securities valued using valuation techniques (e.g., the market approach or the income approach) for which sufficient and reliable data is available. Within Level 3, the use of the market approach generally consists of using comparable market transactions, while the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. The inputs used in estimating the value of Level 3 investments include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted by a discount to reflect illiquidity and/or non-transferability in the absence of market information. Assumptions used by the directors due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Company's results of operations.

The determination of what constitutes "observable" requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

For instruments for which there is no active market, the Company may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The fair values of the Company's financial assets at fair value through profit or loss approximate their carrying amounts at the reporting date.

The following table provides the fair value measurement hierarchy of the Company's financial assets measured at fair value as at reporting date.

	Level 1 Rs	Level 2 Rs	Level 3 Rs	Level 4 Rs
<b>At 31 December 2018</b>				
Financial assets at fair value through profit or loss (Note 9)	<u>307,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December 2017</b>				
Financial assets at fair value through profit or loss (Note 9)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
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**3. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**3.2 Fair value estimation (continued)**

**Financial instruments by category**

	Financial assets at amortised cost Rs	Financial assets at fair value through profit or loss Rs	Total Rs
<b>Assets as per statement of financial position</b>			
<i>At 31 December 2018</i>			
Financial assets at fair value through profit or loss	-	307,200	307,200
Other financial assets	65,322	-	65,322
Trade and other receivables	3,430,536	-	3,430,536
Cash and cash equivalents	6,070,435	-	6,070,435
	<u>9,566,293</u>	<u>307,200</u>	<u>9,873,493</u>

	Loans and receivables Rs	Financial assets at fair value through profit or loss Rs	Total Rs
<i>At 31 December 2017</i>			
Financial assets at fair value through profit or loss	-	-	-
Other financial assets	197,881	-	197,881
Trade and other receivables	3,430,536	-	3,430,536
Cash and cash equivalents	5,839,597	-	5,839,597
	<u>9,468,014</u>	<u>-</u>	<u>9,468,014</u>

	Other financial liabilities at amortised cost Rs	Total Rs
<b>Liabilities as per statement of financial position</b>		
<i>At 31 December 2018</i>		
Trade payables	<u>525,130</u>	<u>-</u>
<i>At 31 December 2017</i>		
Trade payables	<u>208,110</u>	<u>-</u>

The directors have assessed that the fair value of cash and cash equivalents, advance received from customer and accruals and other payables approximate their carrying amounts primarily due to the short-term maturities of these instruments. Their own non-performance risk as at the reporting date was assessed to be insignificant.

**3. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide adequate returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants; if any. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No dividend was declared for the year ended 31 December 2018 (2017: nil).

No change was made in the objectives, policies or processes for managing capital during the year ended 31 December 2018 and 31 December 2017.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise 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 below.

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

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

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

**(b) Provision for impairment of trade and other receivables**

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. At 31 December 2018, the directors have assessed and considered that provision for impairment against trade for receivables is **Rs 542,860** (2017: Rs 285,835).

**(c) Deferred tax**

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized and/or recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.



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**5. PLANT AND EQUIPMENT**

	Computer equipment	Office equipment	Furniture and fittings	Total
<b>COST</b>	Rs.	Rs.	Rs.	Rs.
At 01 January 2017	3,687,907	821,923	2,130,838	6,640,668
Additions	79,400	-	-	79,400
At 31 December 2017	3,767,307	821,923	2,130,838	6,720,068
Additions	334,840	148,925	-	483,765
<b>At 31 December 2018</b>	<b>4,102,147</b>	<b>970,848</b>	<b>2,130,838</b>	<b>7,203,833</b>
<b>DEPRECIATION</b>				
At 01 January 2017	3,589,173	785,058	2,130,838	6,505,069
Charge for the year	73,114	10,645	-	83,759
At 31 December 2017	3,662,287	795,703	2,130,838	6,588,828
Charge for the year	91,740	10,020	-	101,760
<b>At 31 December 2018</b>	<b>3,754,027</b>	<b>805,723</b>	<b>2,130,838</b>	<b>6,690,588</b>
<b>NET BOOK VALUES</b>				
<b>At 31 December 2018</b>	<b>348,120</b>	<b>165,125</b>	<b>-</b>	<b>513,245</b>
At 31 December 2017	105,020	26,220	-	131,240

**6. INTANGIBLE ASSETS**

	2018	2017
<u>Computer softwares</u>	Rs.	Rs.
<b>COST</b>		
At 01 January	1,329,920	1,329,920
Additions	34,520	-
At 31 December	1,364,440	1,329,920
<b>AMORTISATION</b>		
At 01 January	944,763	624,583
Charge for the year	324,942	320,180
At 31 December	1,269,705	944,763
<b>NET BOOK VALUES</b>		
<b>At 31 December</b>	<b>94,735</b>	<b>385,157</b>

**7. INVESTMENT IN ASSOCIATE**

	2018	2017
	Rs.	Rs.
At 01 January	-	346,092
Share of result of associate	-	(346,092)
At 31 December	-	-

Details of the investments in the associate are as follows:

	Classes of shares held	Proportion of ownership	Country of incorporation	Activity
Prime Securities Ltd	Ordinary	20%	Mauritius	Stock broking

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## 8 AVAILABLE-FOR-SALE INVESTMENTS

	2018	2017
	Rs.	Rs.
<b><u>Equity investments - Level 1</u></b>		
At 01 January	338,500	274,150
First time application of IFRS 9	(338,500)	-
Fair value adjustments recognised in other comprehensive income	-	64,350
<b>At 31 December</b>	<b>-</b>	<b>338,500</b>

The fair value of the available-for-sale investments has been determined based on the quoted prices at the close of business at the reporting date. There has been no transfers between level 1 and level 2 during the year.

The available-for-sale investments are denominated in Mauritian Rupee.

## 9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	Rs.	Rs.
At 01 January	-	-
First time application of IFRS 9 (Note 8)	338,500	-
Fair value adjustments recognised in other comprehensive income	(31,300)	-
<b>At 31 December</b>	<b>307,200</b>	<b>-</b>

## 10. OTHER FINANCIAL ASSETS

	2018	2017
	Rs.	Rs.
<b>Non-current</b>		
Loan to employee	-	55,509
Grants to employees	-	27,156
	-	82,665
<b>Current</b>		
Loan to employee	54,565	88,758
Grants to employees	10,757	26,458
	65,322	115,216
<b>Total</b>	<b>65,322</b>	<b>197,881</b>

The loan to employees is interest bearing and is repayable in instalments. The grants to employees have been provided according to the terms of the agreement and are amortised over the agreed period.

## 11. DEFERRED INCOME TAX

Deferred income taxes are calculated on all temporary differences under the liability method at 15% (2017: 17%).

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 taxes relate to the same fiscal authority. The movement on the deferred tax are as follows:

	Rs.	Rs.
<b><u>Net deferred tax asset</u></b>		
<b>Accelerated tax depreciation</b>		
At 01 January	62,756	9,956
Deferred tax credit	35,787	52,800
<b>At 31 December</b>	<b>98,543</b>	<b>62,756</b>

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FOR THE YEAR ENDED 31 DECEMBER 2018

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## 12. TRADE AND OTHER RECEIVABLES

	2018	2017
	Rs.	Rs.
Trade receivables	3,973,396	3,980,185
Provision for impairment	(542,860)	(285,835)
	3,430,536	3,694,350
Other receivables	142,187	477,165
	3,572,723	4,171,515

Trade receivables and other receivables are unsecured, interest free and are receivable within three months. The carrying amount of trade and other receivables approximate their fair value. The Company's trade and other receivables are denominated in Rupees.

The movement in the provision for impairment were as follows

	2018	2017
	Rs.	Rs.
At 01 January	285,835	51,560
Charge for the year	257,025	234,275
At 31 December	542,860	285,835

The ageing analysis of the trade receivables was as follows:

	2018	2017
	Rs.	Rs.
Neither past due nor impaired	1,264,897	1,174,988
less than 30 days	684,135	601,990
30 - 60 days	351,325	389,735
61 - 90 days	220,751	299,434
Above 90 days	909,428	1,228,203
	3,430,536	3,694,350

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

## 13. CASH AND CASH EQUIVALENTS

	2018	2017
	Rs.	Rs.
Cash at bank and in hand	6,070,435	5,839,597

## 14. STATED CAPITAL

	2018	2017
	Rs.	Rs.
Authorised, issued and fully paid		
100,000 Ordinary shares of Rs.100 each	1,000,000	1,000,000

Ordinary shares confer the following to the holder:

- Right to vote at the Annual General Meeting;
- Right to dividend, as declared by the Board;
- Right to any surplus of assets, on a winding up of the Company

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## 15. TRADE AND OTHER PAYABLES

	2018	2017
	Rs.	Rs.
Trade payables	525,130	208,110
Other payables	85,845	105,061
Provision for passage benefits	400,160	171,058
	<u>1,011,135</u>	<u>484,229</u>

Other payables are non-interest bearing and have an average term of six months.

## 16. INCOME TAX

	2018	2017
	Rs.	Rs.
<u>Current tax (assets)/liabilities</u>		
At 01 January	38,308	131,491
Current tax on the adjusted profit for the year	-	107,625
CSR	8,968	31,882
Underprovision of income tax in previous year	114,410	-
Paid during the year	(216,479)	(232,690)
At 31 December	<u>(54,793)</u>	<u>38,308</u>

Income tax expense

	2018	2017
	Rs.	Rs.
Current tax on the adjusted profit for the year	-	107,625
CSR	8,968	31,882
Underprovision of income tax in previous year	114,410	-
Deferred tax (credit) (Note 11)	(35,787)	(52,800)
	<u>87,591</u>	<u>86,707</u>

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

	2018	2017
	Rs.	Rs.
Profit before taxation	<u>(750,657)</u>	<u>(237,809)</u>
Tax calculated at a rate of 15% (2016: 17%)	(112,599)	(40,428)
Income not subject to tax	(986)	(893)
Expenses not deductible for tax purposes	80,120	110,496
Underprovision of income tax in previous year	114,410	-
CSR not recognised in previous year	-	17,532
CSR tax	8,968	-
Tax losses utilised	33,465	-
Deferred tax	(35,787)	-
Tax charge	<u>87,591</u>	<u>86,707</u>

## 17. REVENUE

	2018	2017
	Rs.	Rs.
Secretarial	9,905,365	6,363,150
Registry	2,997,043	2,927,043
Other administration	1,415,225	2,387,786
	<u>14,317,633</u>	<u>11,677,979</u>

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## 18. OTHER INCOME

	2018	2017
	Rs.	Rs.
Dividend income	6,570	5,250
Refund of expenses	1,140,807	404,569
Interest income	58,662	14,825
	<u>1,206,039</u>	<u>424,644</u>

## 19. OPERATING EXPENSES

	2018	2017
	Rs.	Rs.
Salaries and wages	10,420,195	8,840,977
Pension costs	899,827	467,256
<b>Total staff costs</b>	<b>11,320,022</b>	<b>9,308,233</b>
Depreciation on plant and equipment (note 5)	101,761	83,759
Amortisation of intangible assets (note 6)	324,942	320,180
Provision for impairment of trade receivables (note 11)	257,025	234,275
Bad debts	626,859	-
Other expenses	2,824,750	2,047,893
Professional and legal expenses	787,670	-
	<u>16,243,029</u>	<u>11,994,340</u>

## 20. RELATED PARTY DISCLOSURES

The transactions and balances with related parties were as follows:

	Compensation	Rendering of services	Amount receivable	Amount payable
	Rs.	Rs.	Rs.	Rs.
<b>2018</b>				
Holding company	-	640,000	240,000	-
Entity under common control	-	7,558,300	1,266,507	-
Key management personnel	<u>1,676,616</u>	<u>-</u>	<u>-</u>	<u>68,926</u>
<b>2017</b>				
Holding company	-	240,000	23,000	-
Entity under common control	-	4,972,900	863,380	-
Key management personnel	<u>1,304,110</u>	<u>-</u>	<u>-</u>	<u>28,854</u>

The balances receivable and payable at the year end are unsecured and interest free and settlement occurs in cash. There has been no guarantee provided or received for any related party receivables or payables.

For the year ended 31 December 2018, the Company has recorded provision for impairment in respect of amount receivable amounting to **Rs 542,860** (2017: Rs 285,835). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which it operates.

**21. HOLDING COMPANY**

The directors consider The State Investment Corporation Ltd, a company incorporated in Mauritius, as the holding company.

**22. CLIENT MONIES**

The Company held bank balances of **Rs 867,810** at 31 December 2018 on behalf of its clients. The bank balances are not considered to be assets of the Company and were therefore not recorded in these financial statements.