

MCB Factors Ltd
Annual Reports

Year ended June 30, 2024

MCB FACTORS LTD

TABLE OF CONTENTS

	PAGES
REPORT OF THE DIRECTORS	1
SECRETARY'S CERTIFICATE	2
STATEMENT OF COMPLIANCE	3
CORPORATE GOVERNANCE REPORT	I - XVIII
INDEPENDENT AUDITOR'S REPORT	4 - 4(b)
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	6
STATEMENT OF CHANGES IN EQUITY	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 29

MCB FACTORS LTD

REPORT OF THE DIRECTORS – YEAR ENDED JUNE 30, 2024

The Directors have the pleasure in submitting the Annual Report of MCB Factors Ltd ("MCB Factors" or "the Company") together with the audited financial statements for the year ended June 30, 2024.

MCB Group Corporate Services Ltd

SECRETARY
MCB GROUP CORPORATE SERVICES LTD

Date: October 28, 2024

SECRETARY CERTIFICATE – YEAR ENDED JUNE 30, 2024

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

MCB Group Corporate Services Ltd

SECRETARY
MCB GROUP CORPORATE SERVICES LTD

Date: October 28, 2024

STATEMENT OF COMPLIANCE
(Section 75 (3) of the Mauritian Financial Reporting Act)

Name of Public Interest Entity ('the PIE'): MCB Factors Ltd

Reporting Period: July 1, 2023 — June 30, 2024

We, the Directors of MCB Factors Ltd, confirm to the best of our knowledge that, MCB Factors Ltd has complied with all the provisions of the National Code of Corporate Governance for Mauritius (2016).

Signed for and on behalf of the Board of Directors:

Chairperson

Managing Director

Date: October 28, 2024

STATEMENT OF COMPLIANCE BY THE BOARD

It is the policy of the Company to ensure the highest standard of business integrity, transparency and professionalism in all its activities to ensure that the activities within the Company are managed ethically and responsibly to enhance business value for all stakeholders. As an essential part of this commitment, the board subscribes to and is fully committed to comply with the Code of Corporate Governance.

Throughout the year ended June 30, 2024 to the best of the Board's knowledge, the Company has complied with all the provisions of the National Code of Corporate Governance for Mauritius (2016).

The Company is a public interest entity, as defined by law.

The requirements of the Corporate Governance Code for Mauritius are regularly reviewed by the Board to ensure compliance by the Company.

1. GOVERNANCE STRUCTURE

1.1. Conduct of affairs

The objective of the Board is to define the Company's purpose, strategy and values and to give direction to all matters relating to the policies, practices, management and operations of the Company.

The Board has adopted a Charter which sets out the objectives, roles and responsibilities and composition of the Board. The Board reviews the Charter on a regular basis. The Board Charter is available for consultation on the Company's website.

1.2. Code of Ethics

The Company is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. MCB Group Ltd ("MCB Group" or "the Group"), the holding company, has adopted a Code of Ethics which is applicable to all its subsidiaries, its employees and directors. This Code has been approved by the Board of the Company and is published on its website. The Group encourages a corporate culture that promotes ethical and responsible decision-making throughout the organisation by way of group-wide awareness of its operating beliefs and principles.

The Code of Ethics is regularly reviewed at MCB Group level and compliance thereto is monitored at Company level as well as at MCB Group level.

1.3. Statement of Accountabilities

The Directors have approved the following Statement of Accountabilities:

- The Board assumes the responsibility for leading and controlling the Company and meeting all legal and regulatory requirements. Directors are aware of their legal duties.
- The Board is accountable for the performance and affairs of the Company and for achieving sustainable growth.
- The Board is responsible for ensuring that the Company adheres to high standards of ethical behavior and acts in the best interest of shareholders.
- The Board has the responsibility of reviewing and approving the financial statements of the Company.

Additionally, the Board Charter and the Position Statements, which have been approved by the Board, provide for a clear definition of the roles and responsibilities of the Chairperson, the Directors and the Company Secretary.

Key roles and responsibilities

Chairperson	• Provides overall leadership to the Board • Ensures that the Board is effective in its tasks of setting and implementing the Company's direction and strategy • Presides and conducts board meetings effectively • Provides support and supervision to the Managing Director • Ensures that directors receive accurate, timely and clear information • Ensures that development needs of the directors are identified and that appropriate training is provided to continuously update the skills and knowledge of the directors • Maintains sound relations with shareholders
Directors	• Contribute to the development of the strategy • Analyse and monitor performance of Management against agreed objectives • Ensure that financial information released to the market and the shareholder is accurate • Ensure that the Company has adequate and proper financial controls and systems of risk management in place • Actively participate in Board decision-making and constructively challenge, if necessary, proposals presented by Management • Provide specialist knowledge and experience to the Board • Remain permanently bound by fiduciary duties of care and skill
Managing Director	• Manages the day-to-day operations of the Company • Leads the elaboration and execution of the long term strategy of the Company • Maintains good relationships with clients and ensures clients' satisfaction • Identifies and monitors material risks that may affect the business • Advises and informs members of the Board on significant matters to facilitate decision-making

	• Monitors the operational and financial performance of the Company • Builds the team by empowering, monitoring & managing performance of employees in order to maximise existing talents and develop new capabilities
Company Secretary	• Ensures compliance with all relevant statutory and regulatory requirements • Provides the Board as a whole and directors individually with guidance as to their roles and responsibilities • Assists the Chairperson in governance processes such as Board and Committee evaluation • Develops and circulates agendas for meetings and drafts minutes and ensures follow ups • Ensures that the shareholder's interests are taken care of and acts as primary point of contact

1.4. Organisation Chart

The Organisation Chart setting out the structure of the Company as well as the reporting lines is reviewed on a regular basis to assess the needs of the business and ensure that the structure is appropriate and maximises effectiveness. The Organisational Chart may be viewed on the website of the Company.



2. THE STRUCTURE OF THE BOARD

2.1. Board Size

The Board is a unitary board that currently consists of 1 executive director, 1 non-executive directors and 3 independent directors. Taking into consideration the size of the Company and the scope and nature of its operations, the Board is of the opinion that the current number of 5 directors including 1 executive director is adequate for the smooth running of the Company and for enabling effective decision-making.

The Board currently consists of 5 directors, as shown below.

NAME	GENDER	COUNTRY OF RESIDENCE	BOARD APPOINTMENT
Jean-Philippe Coulier	M	Mauritius	Independent Director, Chairperson
Koomaren Cunnoosamy (up to July 2023)	M	Mauritius	Non-Executive Director
Jean-Mée Ernest	M	Mauritius	Executive Director
Désiré Léo (up to June 2024)	M	Mauritius	Non-Executive Director
Georges Michael David Lising	M	Mauritius	Independent Director
Martine Ip Min Wan (as from July 2023)	F	Mauritius	Independent Director
Dominic Provencal (as from July 2023)	M	Mauritius	Non-Executive Director

2.2. Board Composition

The Board regularly reviews its size and composition to ensure that there is an appropriate balance of expertise, skills and experience amongst its members. All members of the Board possess the necessary knowledge, skills, objectivity, intellectual honesty, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Company and to protect the interests of shareholders, clients and other stakeholders.

Messrs Jean-Philippe Coulier and Michael Lising, independent directors, are both on the boards of MCB Factors Ltd and MCB Group Ltd. The Directors have no executive nor any controlling powers on MCB Factors and MCB Group. It is unlikely that any potential conflict of interest will arise. Therefore, their judgement and decisions relating to the affairs of MCB Factors are purely professional and in the best interest of the Company.

2.3. Directors' Profile

Jean-Philippe Coulier, Independent Non-Executive Director

Holder of a Diplôme d'Études Supérieures en Droit' and 'Diplôme de l'Institut d'Études Politiques de Paris' (France). During his career, Jean-Philippe has accumulated extensive experience in the banking sector, having worked for the Société Générale Group for some 40 years. Over this period, he has assumed a range of high-level responsibilities within the group, acting as Director, Chief Operating Officer and Chief Executive Officer in its various offices based worldwide. Before his retirement from Société Générale in early 2013, he was the Vice Chairman and Managing Director of the National Société Générale Bank in Cairo, Egypt. He was a Board member of The Mauritius Commercial Bank Limited from 2012 to 2018 and was appointed Chairperson thereof as from 2014. In 2018, he was appointed director and Chairperson of Promotion and Development Ltd and Caudan Development Ltd. He is also a director of MCB Group Ltd, Fincorp Investment Ltd, Constance Hotel Services Ltd, and MCB Microfinance Ltd.

Directorship in listed companies : MCB Group Limited, Fincorp Investment Limited, Promotion and Development Ltd, Caudan Development Limited, Constance Hotel Services Ltd.

Jean-Mee Ernest, Executive Director
Associate member of the Chartered Institute of Bankers (UK), Jean-Mee joined MCB in 1986. After having been in the Retail banking sector during the first part of his career, he joined MCB Factors in the late 90's where he had the opportunity to hold various positions. He was appointed General Manager of MCB Factors in 2013 and Managing Director in 2016.

Martine Ip Min Wan, Independent Non-Executive Director (as from July 2023)
Martine holds a BSc Economics from the London School of Economics and is a Fellow member of the Institute of Chartered Accountants in England and Wales. From 2000 to 2008, she worked in London at Deloitte and Touche and Lehman Brothers and since 2009, she is an Audit and Assurance Partner at Kemp Chatteris Mauritius. She has a wide experience in the audit of global business companies, funds and manufacturing companies. Her other areas of expertise include client relationship management, marketing and development of client base, risk management and quality control and practice management.

Directorship in listed funds : Ipro Growth Fund

Michael Lising, Independent Non-Executive Director
A Chartered Accountant from the Institute of Chartered Accountants in England and Wales (ICAEW), Michael also holds a First class honours in Accounting and Financial Analysis (BSC Hons) from the University of Warwick. Michael has a long experience in the retail industry. He currently heads the Lising Group and occupies the position of Managing Director. Prior to joining the Lising Group, Michael has worked for Ernst & Young (UK) and De Chazal du Mee & Co. where he was responsible for various consultancy projects and conducted assignments for the World Bank in Rwanda, Tanzania, Madagascar and Burkina Faso. He previously sat on the Council of the University of Mauritius and was in the Executive Committee of Young Presidents Organisation. He is also a director of MCB Group Ltd.

Directorship in listed companies: MCB Group Limited

Mr. Dominic Provençal, Non-Executive Director (as from July 2023)
Dominic holds an Executive MBA from the University of Manchester and is a Chartered Management Accountant (ACMA, CGMA) from the Chartered Institute of Management Accountants. He is currently the Head of Overseas and Para Banking Subsidiaries at MCB and is also part of the Leadership Team of the bank. During his career, he has occupied various managerial and leadership roles in different strategic business units of the bank where he has led some key transformation projects. During the past years he is serving as director for a few entities operating in the SME eco-system such as IFCM Equity Ltd, KIIM Africa Ltd, Seed Capital Ltd and has recently been appointed as director of some MCB Group entities namely MCB Microfinance and MCB Leasing.

2.4. Attendance at Board meetings during financial year 2023/2024

Board and Committee meetings are held at least 4 times a year. Additional meetings may be convened when required.

NAME	NO. OF BOARD MEETINGS
Number of meetings held	**4**
Jean Philippe Coulier	4/4
Koomaren Cunnoosamy (up to July 2023)	0/0
Jean-Mée Ernest	4/4
Martine Ip Min Wan (as from July 2023)	4/4
Désiré Léo (up to June 2024)	3/4
Michael Lising	4/4
Dominic Provencal (as from July 2023)	4/4

2.5. Company Secretary

MCB Group Corporate Services Ltd acts as Company Secretary to the Company. The Company Secretary has 4 qualified Chartered Secretaries with more than 20 years of experience each. The Company Secretary also acts as Secretary to the Committees of the Board. Profiles of the representatives of the Company Secretary may be viewed on the website of the Company.

2.6. Committees of the Board

An audit committee was set up on May 2, 2019 and currently comprise 3 members, namely Mr Michael Lising, the Chairperson, Mr Jean-Philippe Coulier and Mrs Ip Min Wan.

The Audit Committee Charter which sets out the terms and reference of this Committee and can be viewed on the website of the Company. The main roles of the Audit Committee are:

- to monitor the integrity of the audited financial statements of the Company;
- to monitor and review the effectiveness of the Internal Audit;
- to monitor the external auditor's independence, objectivity and effectiveness and make recommendations to the Board on the appointment and retention of external auditor.

NAME	NO. OF AUDIT COMMITTEE MEETINGS
Number of meetings held	3
Jean-Philippe Coulier	3/3
Martine Ip Min Wan	3/3
Michael Lising	3/3

3. DIRECTOR APPOINTMENT PROCEDURES

3.1. Appointment Process

The Board of directors may at any time appoint any person to be a director either to fill a casual vacancy or as an addition to the existing directors up to a maximum number permitted by the Constitution of the Company, subject to approval being obtained from regulatory bodies. The appointed director then remains in office until the next Annual Meeting of Shareholders where the director shall be eligible for re-election.

The nomination and appointment processes are carried out by the Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGESC) of MCB Group Limited, the holding company of MCB Factors Ltd.

The RCGESC identifies suitable candidate for the Board of the Company and proposes the selected candidates to the Board of the Company. Once the Board has reviewed and is satisfied with the profile of the candidates, the Board shall request the approval of the regulatory authorities.

3.2. Time commitment

Each Director is expected to devote sufficient time and attention to the affairs of the Company. The Board of Directors does not believe that its members should be prohibited from servicing on boards of other organisations unless the number of directorships limits the amount of time they are able to dedicate to being a Director of the Company. The Company anticipates a time commitment of around 10 days per year. This will include attendance at Board meetings, the Annual Meeting of Shareholders, the annual budget and strategy Board meetings, meetings as part of the Board evaluation process as well as attending trainings and development programmes. There is always the possibility of additional time commitment in respect of ad hoc matters that may arise from time to time particularly when the Company is undergoing a period of increased activity.

The external obligations of the Chairperson have not changed materially during the Financial Year 2023/2024 and those obligations have in no way hindered the discharge of the duties and responsibilities.

3.3. Induction of new Directors

Upon appointment, the Company provides a comprehensive, formal and tailored induction to the new directors. The newly appointed directors receive an induction pack which includes a set of the Company's governing documents. An introductory meeting is organised with the Managing Director to explain the business activities of the Company and its governing policies.

The Chairperson, the Managing Director as well as the Company Secretary are readily available to answer to any further queries that the newly appointed directors may have with respect to the Company.

The induction programme meets the specific needs of the Company as well as those of the newly appointed directors and enables the latter to participate actively in Board's discussion.

3.4. Professional Development

Directors are encouraged to keep themselves up to date with the professional practices and industry related developments. The Chairperson regularly reviews and comes to an agreement with each director, if necessary, on his or her training and development needs. Upon request from the directors, the Company shall provide the necessary resources for developing and updating the skills and knowledge of the directors so that they fulfill their role on the Board and its committees.

3.5. Succession planning

The Board believes that good succession planning contributes to the delivery of the Company's strategy.

MCB Group Limited is one of Mauritius' largest group of companies with a large pool of staff possessing different skills, academic and professional qualifications and expertise in various fields of business. The Group creates opportunities to develop leaders by recognizing and nurturing talents within the executive and management levels across the Group.

The Chairperson of the Board is responsible for overseeing the succession planning for the Board and the Managing Director in collaboration with the RCGESC of MCB Group Limited, the Company's holding company.

4. DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

4.1. Legal duties of Directors

The directors are aware of their legal duties and are responsible for ensuring that the activities of the Company are managed ethically and responsibly, in line with relevant laws and regulations. The directors exercise the required standard degree of care, skill and diligence which a reasonable prudent and competent director in his or her position would exercise.

4.2. Register of Interests

The Company Secretary maintains a Register of Interests that is regularly updated with the information submitted by the directors. The Register is available for consultation by the shareholder upon written request to the Company Secretary.

4.3. Whistleblowing Policy

The MCB Group Limited has adopted a Whistleblowing Policy which is applicable to all its subsidiaries, its employees and directors. This policy aims at providing an avenue for employees to raise, in good faith, concerns of potential breaches of laws, rules, regulations or compliance. The whistle-blowing mechanism is designed to motivate employees to act responsibly to uphold the Group's reputation.

This policy is published on the website of the company.

4.4. Conflicts of Interest & Related Party Transactions Policy

The MCB Group Limited, the holding company has adopted a Conflicts of Interest & Related Party Transactions Policy which is applicable to all its subsidiaries. The objective of this policy is to define the scope of conflicts of interest and related party transactions and to set out prudent rules and limits for granting credit to related parties.

This policy is published on the website of the company.

4.5. Related Party Transactions

For Related Party Transactions, please refer to Note 18 of the financial statements.

4.6. Information, Information Technology and Information Security Governance Policy

The Board oversees information governance within the organization. The Information, Information Technology and Information Security Governance Policy of the MCB Group applies to all the subsidiaries of the Group. All policies relating to information security are made accessible to all the employees of the Group without restriction via its intranet system. Appropriate governance arrangements are in place whereby the Information Technology ("IT") function and function responsible for monitoring adherence to Information Risk and IT are kept separate. The Information Technology activities are outsourced to The Mauritius Commercial Bank Limited through a Service Level Agreement.

This Information, Information Technology and Information Security Governance Policy, which has been approved by the Board, is published on the website of the company.

4.7. Board Evaluation

The Board acknowledges the need to regularly review its performance and effectiveness. A Board evaluation was carried out in July 2024 and the review established that the Directors consider the Board to be effective with an appropriate mix of expertise, skills and competence.

The evaluation was carried out by means of a questionnaire that was filled in by each Director. The questionnaire covered the following areas:

- The Structure of the Board
- Board Efficiency and Effectiveness
- Strategy and Performance
- Risk Management and Governance
- Board Members self-evaluation
- Chairperson's evaluation by Board Members

Additionally, individual meetings with the Chairperson might be organised if required. The results of the questionnaire are analysed and an action plan implemented where necessary.

The Board has decided that the board evaluation exercise will be carried out every 3 years. As such, the next exercise will be held in 2027.

4.8. Statement of Remuneration Philosophy

The Board reviews the adequacy of the remuneration of the directors and recommendations are made to the RCGESC of MCB Group Limited.

The RCGESC of MCB Group Limited is responsible for the setting up of and developing the Group's general policy concerning the remuneration of directors. MCB Group Limited lays significant emphasis on appointing the right people with the right skills and behaviours whilst rewarding them adequately in line with market practices.

The Company applies the same remuneration philosophy as its ultimate holding company, MCB Group Limited which consists of:

- a monthly basic retainer for membership of the Board;
- an attendance fee per sitting of the Board and Committee;

- the Chairpersons of the Board and Committee, having wider responsibilities should have consequential remuneration;
- no share option or bonus should be granted to non-executive directors.

The remuneration philosophy for executives is based on meritocracy and opportunity is given to employees to benefit from the financial results of the Company. Indeed, executives receive an annual bonus based on the performance of the Company as well as an assessment of their contributions thereto.

Furthermore, the employees of the Company are entitled to the MCB Group Employee Share Option Scheme which provides them with the opportunity to partake in the growth and prosperity of the Group through an acquisition of a stake therein.

4.9. Directors' Remuneration

The non-executive directors who are already in executive positions within the MCB Group do not receive additional remuneration as Board members, in line with the Group's policy.

Amount paid to directors during the year ended June 30, 2024 is as follows :

Non-Executive	**Rs 000'**
Mr Jean-Philippe Coulier	205
Mr Koomaren Cunnoosamy	-
Mr Désiré Léo	-
Mr Michael Lising	152
Mrs Martine Ip Min Wan	133
Mr Dominic Provencal	-
	490
Executive	
Mr Jean-Mée Ernest	4,758
	5,248

Non-executive directors have not received remuneration in the form of share options or bonuses associated with organisational performance.

Remuneration of the directors is reviewed on an annual basis and the Board is of the opinion that the level and form of remuneration are adequate.

4.10. Share Option Plan

The employees of the Company are entitled to the MCB Group Employee Share Option Scheme.

5. RISK GOVERNANCE AND INTERNAL CONTROL

Risk Governance

The Board ensures that the necessary structures, processes and methods for identifying, measuring and monitoring of the risks faced by the Company in its day-to-day operations are

in place and integrated in the Company's overall framework for risk governance while ensuring that all laws, regulations and codes of business practice are adhered to.

Management and the assurance process on risk management are delegated to management which is responsible for the design and implementation of the risk management process and day-to-day management of all significant business risks (including physical, operational, human resources, business continuity, financial, credit, market, compliance and reputational risks).

The key risks which have been identified in relation to the Company are operational, information and financial risks. For financial risks, refer to note 3 of the financial statements.

RISKS IDENTIFIED

Operational Risk

The risk of loss or costs resulting from human factors, inadequate or failed internal processes and systems or external events. It includes fraud and criminal activity, project risk, business continuity, information and IT risk, etc.

Management reviews the assessments and reports on operational risk against the risk tolerances approved by the Board and ensure that the Company's Business Continuity Plan is up-to-date. 4-eyes principle are applicable to all operational processes and regular Internal audit inspections are performed by the Internal Audit Business Unit of The Mauritius Commercial Bank Limited.

Moreover, the reports of the external auditor of the Company also provide to the board of directors valuable information on risk related issues independently from reports received from the Company's management.

5.1. Internal Control

The Company's internal control framework seeks to ensure the reliability of financial reporting, operations and systems whilst guaranteeing compliance with internal established policies and procedures as well as with laws, regulations, and codes of business practice in order to protect the Company's assets and reputation. The Board oversees the effectiveness of the Company's internal control systems. Processes are in place to monitor the effectiveness of internal control, identify and report any significant issues, and ensure that timely and appropriate corrective actions are taken.

5.2. Integration of internal control and risk management

The system of internal control, which is embedded in all key operations, provides reasonable rather than absolute assurance that the Company's business objectives will be achieved within the risk tolerance levels defined by the Board. The effectiveness of the internal control systems (including financial, operational, compliance and risk management) are normally reviewed quarterly by the Audit Committee of MCB Group Limited and the review covers all internal control systems.

5.3. Assurance on the effectiveness of the risk management process

Regular management reporting, which provides a balanced assessment of key risks and controls, is an important component of board assurance.

6. REPORTING WITH INTEGRITY

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

The directors are also responsible for ensuring that the financial statements present a fair statement of the affairs of the Company and have been prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

6.1. Organisational overview

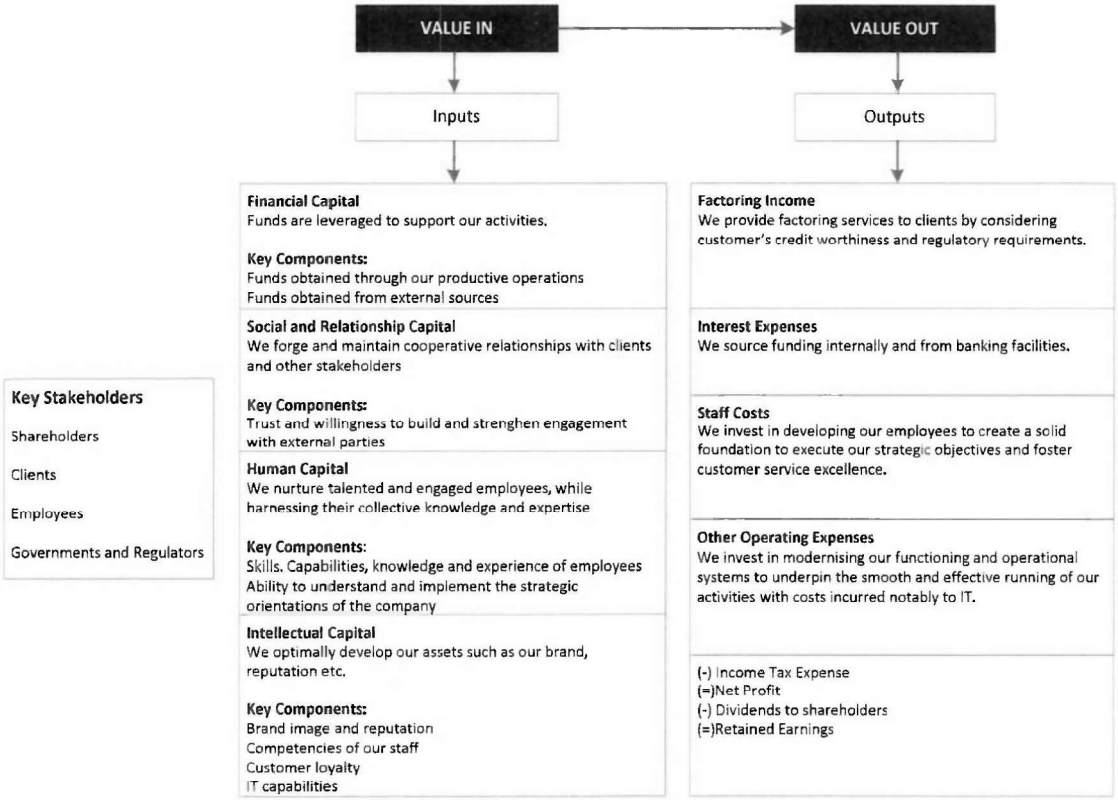
Founded in 2005, the Company is licensed by the Financial Services Commission. The Company which is a wholly owned subsidiary of MCB Group Limited, provides Recourse, Non-Recourse and International factoring services. The Company has been serving businesses of all sizes and has a rich experience as well as an unparalleled knowledge of the local market.

Currently the Company has a team consisting of 22 dedicated professionals, managing more than 275,000 invoices per year and following up on more than 4,500 debtors.

6.2. Overview of the external environment

The Company has invested in state-of-the-art technology to sustain its growth and better support and service its customers and new IT systems have been deployed for the benefit of customers who can access their data online.

6.3. Business model



6.4. Key performance indicators, performance and outlook

During the year under review, the company showed a notable growth of 12% in operating income on account of an increase in the volume of assignments. Operating expenses, on the other side rose by 13% due to increase in staff cost and other operating cost.

Based on its strategies for the forthcoming year, the Company is expecting a 10% increase in its business operations.

6.5. Sustainable development

The Company is focused on reinforcing its resources (human capital, technological development and processes) so as to enable the Company to better meet the demands of its customers, face the challenges of its competitors and to adapt to the market changes.

6.6. Political and Charitable Donations

No donations were made by the Company during the period under review.

6.7. Health and environment safety

The Company has applied social, safety, health and environmental policies and practices of the MCB Group that in all material respects comply with existing legislative and regulatory frameworks as applicable.

6.8. Documents available on the website

The Board of Directors is pleased to announce that the following documents which have been approved by the Board can be viewed on the website of the Company:

- The Annual Report of the Company including the financial statements
- The Constitution
- The Board Charter
- The Audit Committee Charter
- The Position Statements
- The Appointment process of Non-Executive Directors
- The terms and conditions of appointment of Non-Executive Directors
- The Conflicts of Interest & Related Party Transactions Policy
- The Statement of accountabilities
- The Organisational Chart
- The Code of Ethics
- The Whistle Blowing Policy
- The Information, Information Technology and Information Security Governance Policy
- The Internal Audit Function

7. AUDIT

7.1. Internal Audit

The Internal Audit function is outsourced to the Internal Audit Business Unit of The Mauritius Commercial Bank Limited through a Service Level Agreement.

The Head of Internal Audit of The Mauritius Commercial Bank Limited is independent of the Executive Management of the Company. Prior to the setting up of the Audit Committee the Head of Internal Audit used to report to the Board of the Company as well as the Audit Committee of MCB Group Limited. The Audit Committee of MCB Group Limited holds frequent meetings with the Head of Internal Audit. As such, through the internal control in place, the audit reports and the reviews by Management, the Board gains assurance that the Company's internal control systems are adequate and effective. With the setting up of the Audit Committee, the Head of Internal Audit now reports to the Audit Committee of the Company as well as to the Audit Committee of MCB Group Limited.

The Internal Audit Business Unit of The Mauritius Commercial Bank Limited ensures that the quality of internal audit services provided to MCB Factors Ltd is aligned with recognised best practices. The Internal Audit Business Unit leverages on a systematic and disciplined approach, notably through the use of well-focused audit work programs and computer aided audit techniques to evaluate the effectiveness of the internal control systems of the Company. The Institute of Internal Auditors requires each internal audit function to have an external quality assessment conducted at least once every five years. The last exercise was carried out in year 2023, by an internationally recognised auditing firm which confirmed the Internal Audit BU's compliance with the International Standards for the Professional Practice of Internal Audit issued by the above-mentioned institute.

There are no restrictions placed on the internal auditors in conducting their audit exercises. The internal audit exercise has been carried out from January 2023 to December 2023 focused on the:

- Framework in respect of mitigating the risk of Money Laundering and Terrorism Financing [AML/CFT]:
    - Review of the framework put in place by MCB Factors in mitigating the risk of Money Laundering and Terrorism Financing [AML/CFT] in line with the requirements of the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Handbook; and
- Areas, systems and processes covered by internal audit including non-financial matters are as follows:
    - Governance: Strategic Plan and Objectives, Risk Assessment, Review of SLAs, Board and Committee minutes.
    - Invoice Management: Assignment of invoices, Financing of invoices.
    - Accounting: Transaction processing, Review of GL/TB entries.
    - Management of charges: Interest charge; Factoring charge; Other fees.
    - Debtor Management: Allocation of receipts to clients, Management / Safekeeping and banking of cheques, Overdue letter, Debt Recovery Process.
    - Information Technology: Logical access control, Server and Data Security Management, Business continuity and DR procedures, Change Management and Reporting to client.

7.2. External Auditor

The Audit Committee of MCB Group Limited ("Audit Committee") reviews the appointment of the External Auditor for all the subsidiaries of the Group on a yearly basis and makes recommendations to the Board.

For the period under review the Audit Committee had the responsibility to evaluate the performance of the External Auditor against set criteria and review the integrity, independence and objectivity of the External Auditor by:

- Confirming that the External Auditor is independent from the Company
- Considering whether the relationships that may exist between the Company and the External Auditor impair the External Auditor's judgement

Although the External Auditor may provide non-audit services to the Company, the objectivity and independence of the External Auditor is safeguarded through restrictions on the provisions of these services such as:

- where the External Auditor may be required to audit its own work, or
- where the External Auditor participates in activities that should normally be undertaken by Management.

Henceforth, the performance of the External Auditor will be evaluated by both the Audit Committees of the Company and MCB Group Limited and recommendations will be made to the board. Upon recommendations from the Audit Committees, the Board of MCB Factors will

thereafter recommend the appointment of External Auditor to the shareholders in the Annual Meeting of shareholders for approval by way of an ordinary resolution.

7.3. External Auditor's Fees

The fees for audit services were Rs 345,000 (2023 – Rs 270,250).

The external auditor did not carry out non-audit services for the Company during the financial year under review.

8. RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

8.1. Company Structure and Common Directors

MCB Factors Ltd (MCBF) is a wholly owned subsidiary of MCB Group Limited.

Messrs Jean-Philippe Coulier and Michael Lising are common Directors of MCB Factors Ltd and MCB Group Limited.

8.2. Directors' interest and dealings in shares

The Directors do not hold shares in the Company or through any associate.

8.3. Major Transaction

No major transaction as defined under section 130(2) of the Mauritian Companies Act 2001 was undertaken during the year under review.

8.4. Constitution

There are no clauses of the Constitution of the Company deemed material enough for special disclosure.

8.5. Shareholder's rights

The Company is committed to providing to the shareholder with adequate, timely and sufficient information pertaining to the Company's business.

The Shareholder is entitled to receive the Annual Report of the Company and the notice of Annual Meeting within six months of the end of the financial year.

The Shareholder is entitled to attend and vote in person or by proxy at meetings of shareholders of the Company. During the meeting of shareholders, the Shareholder is encouraged to communicate its view and to discuss the activities and performance of the Company with the Board and the Management.

The Company, being wholly owned by MCB Group Limited, the Board does not consider it relevant to publish the Notice of Annual Meeting and the voting results on the website of the Company.

8.6. Dividend Policy

The Company has no formal dividend policy. It aims to provide its shareholder with ongoing returns in the form of stable dividends. The declaration of dividends depends on the profitability of the Company and its expected growth and capital expenditure and working capital requirements.

8.7. Calendar of events

Some of the key milestones are as follows:

Financial year end	June 2024
Declaration/payment of dividend, if any	November 2024
Annual Meeting of Shareholder	November/December 2024

8.8. Directors' service contracts

There are no service contracts between the Company and its directors.

8.9. Shareholder agreement affecting the governance of the Company by the Board

There is currently no such agreement.

8.10. Third party management agreement

There is a service level agreement between The Mauritius Commercial Bank Limited and the Company for provision of technical assistance.

8.11. Stakeholder's relations and communication

The Board aims to properly understand the information needs of all stakeholders and places great importance on an open and meaningful dialogue including outlook and performance with all those involved with the Company. The main stakeholders of the Company are its shareholder, the regulatory authorities, the employees, the clients and suppliers and the population at large.

The Company's website is used to provide relevant information. Open lines of communication are maintained to ensure transparency and optimal disclosure. All Board members are requested to attend Annual Meeting, to which shareholders are invited.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities for:

i) adequate accounting records and maintenance of effective internal control systems;

ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), International Accounting Standard (IAS), the Mauritian Companies Act 2001 and the Mauritian Financial Reporting Act 2004;

iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

iv) the preparation of the financial statements on a going concern basis.

The external auditor is responsible for reporting on whether the financial statements are fairly presented.

The directors report that:

i) adequate accounting records and an effective systems of internal controls and risk management have been maintained;

ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

iii) applicable accounting standards have been adhered to; and

iv) the Code of Corporate Governance has been adhered to.

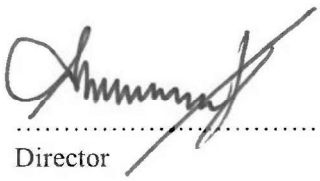
Signed by

For and on behalf of the Board of Directors



.....
Director

Date: October 28, 2024



.....
Director

Date: October 28, 2024

Tel : +230 202 3000
Fax: +230 202 9993
www.bdo.mu

BDO & Co
10, Frère Félix de Valois Street
Port Louis, Mauritius
P.O. Box 799

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of MCB Factors Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MCB Factors Ltd** (the "Company") on pages 5 to 29 which comprise the statement of financial position as at June 30, 2024, 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 material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at June 30, 2024 and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and comply with the Mauritian Companies Act 2001.

Basis for Opinion

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

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Report of the Directors, Secretary's Certificate, Statement of Compliance and Corporate Governance Report but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors for the Financial Statements

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

BDO & Co, a firm of Chartered Accountants in Mauritius, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

BDO

Tel : +230 202 3000
Fax: +230 202 9993
www.bdo.mu

BDO & Co
10, Frère Félix de Valois Street
Port Louis, Mauritius
P.O. Box 799

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholder of MCB Factors Ltd (cont'd)

Responsibilities of Directors for the Financial Statements (cont'd)

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

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 Directors.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

BDO & Co, a firm of Chartered Accountants in Mauritius, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

BDO

Tel : +230 202 3000
Fax: +230 202 9993
www.bdo.mu

BDO & Co
10, Frère Félix de Valois Street
Port Louis, Mauritius
P.O. Box 799

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholder of MCB Factors Ltd (cont'd)

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

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

- We have no relationship with, or interests in, the Company, other than in our capacity as auditor, and dealings in the ordinary course of business.
- We have obtained all information and explanations we have required.
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Mauritian Financial Reporting Act 2004

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("Code") disclosed in the Annual Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Annual Report, the Company has, pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

Other Matter

This report is made solely to the Company's shareholder, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

BDO & Co
Chartered Accountants

Pravesh Mogun , FCCA
Licensed by FRC

Port Louis,
Mauritius

28 OCT 2024

BDO & Co, a firm of Chartered Accountants in Mauritius, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

STATEMENT OF FINANCIAL POSITION - JUNE 30, 2024

	Notes	2024	2023
ASSETS		**Rs'000**	Rs'000
Non-current assets			
Equipment	5	**1,164**	1,395
Intangible assets	6	**12,012**	13,824
		13,176	15,219
Current assets			
Financial assets at amortised cost	8	**841,252**	812,000
Other receivables and prepayments	10	**1,446**	1,419
Cash and cash equivalents	20(a)	**46,855**	23,193
		889,553	836,612
Total assets		**902,729**	851,831
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	11	**50,000**	50,000
Retained earnings		**409,856**	406,852
Total equity		**459,856**	456,852
Non-current liabilities			
Borrowings	13	**150,000**	150,000
Deferred tax liability	7	**1,326**	1,290
		151,326	151,290
Current liabilities			
Trade and other payables	12	**21,797**	13,404
Current tax liability	9	**3,542**	3,632
Borrowings	13	**250,000**	200,000
Bank overdrafts	20(a)	**16,208**	26,653
		291,547	243,689
Total equity and liabilities		**902,729**	851,831

These financial statements have been approved for issue by the Board of Directors on: 28 OCT 2024

.....
Name:
Director

.....
Name:
Director

The notes on pages 9 to 29 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 4(b).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED JUNE 30, 2024

	Notes		2024	2023
			Rs'000	Rs'000
Revenue	2.9		**134,111**	113,212
Finance costs	16		**(27,307)**	(17,172)
			106,804	96,040
Administrative and other expenses			**(58,757)**	(52,754)
Profit before taxation	14		**48,047**	43,286
Taxation	9(b)		**(9,043)**	(7,376)
Profit for the year			**39,004**	35,910
Other comprehensive income			**-**	-
Total comprehensive income for the year			**39,004**	35,910
Earnings per share	17	Rs.	**780**	718

The notes on pages 9 to 29 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 4(b).

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2024

	Note	Stated capital	Retained earnings	Total equity
		Rs'000	Rs'000	Rs'000
At July 01, 2023		50,000	406,852	456,852
Profit for the year		-	39,004	39,004
Dividend	21	-	(36,000)	(36,000)
At June 30, 2024		**50,000**	**409,856**	**459,856**
At July 01, 2022		50,000	370,942	420,942
Profit for the year		-	35,910	35,910
At June 30, 2023		**50,000**	**406,852**	**456,852**

The notes on pages 9 to 29 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 4(b).

STATEMENT OF CASH FLOWS - YEAR ENDED JUNE 30, 2024

	Notes	2024	2023
		Rs'000	Rs'000
Cash flows from operating activities			
Profit before taxation		**48,047**	43,286
Adjustments for:			
Depreciation of equipment	5	**392**	399
Amortisation of intangible assets	6	**2,451**	2,229
Interest expense	16	**27,307**	17,172
Changes in working capital:			
Financial assets at amortised cost		**(29,252)**	(159,297)
Other receivables and prepayments		**(27)**	(90)
Trade and other payables		**8,393**	(7,930)
Cash used in operations		**57,311**	(104,231)
Interest paid	16	**(27,307)**	(17,172)
Tax paid	9	**(9,097)**	(2,822)
Net cash generated from/(used in) operating activities		**20,907**	(124,225)
Cash flows from investing activities			
Purchase of equipment	5	**(161)**	(477)
Purchase of intangible assets	6	**(639)**	(575)
Net cash used in investing activities		**(800)**	(1,052)
Cash flow from financing activities			
Proceeds from borrowings		**50,000**	125,000
Dividend paid	21	**(36,000)**	-
Net cash generated from financing activities		**14,000**	125,000
Increase/(decrease) in cash and cash equivalents		**34,107**	(125,277)
Movement in cash and cash equivalents			
At July 01,		**(3,460)**	(3,183)
Increase/(decrease) in cash and cash equivalents		**34,107**	(277)
At June 30,	20(a)	**30,647**	(3,460)

The notes on pages 9 to 29 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 4(b).

1. GENERAL INFORMATION

MCB Factors Ltd (the "Company") is a public company, limited by shares incorporated in the Republic of Mauritius on July 19, 2005 under the Mauritian Companies Act 2001. The Company holds a Factoring Licence under the Mauritian Financial Services Act 2007 and the Mauritian Financial Services (Consolidated Licensing and Fees) Rules 2008.

The principal activity of the Company is to provide factoring services and its registered office is situated at MCB Centre, 9-15 Sir William Newton Street, Port Louis.

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

2. ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements of the Company comply with the Mauritian Companies Act 2001 and have been prepared in accordance with IFRS Accounting Standards. Where necessary, comparative figures have been amended to conform with change in presentation in the current year.

The financial statements are prepared under the historical cost convention.

The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs '000), except when otherwise indicated.

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

IFRS 17 *Insurance contracts*

IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS Accounting Standards. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts. The financial statements of an entity will reflect the time value of money in estimated payments required to settle incurred claims. Insurance contracts are required to be measured based only on the obligations created by the contracts. An entity will be required to recognise profits as an insurance service is delivered, rather than on receipt of premiums. This standard replaces IFRS 4 – Insurance Contracts. The amendments have no impact on the Company's financial statements.

2. ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

IAS 1 *Presentation of Financial Statements* & IFRS *Practice Statement 2 Making Materiality Judgements*

Disclosure of Accounting Policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material. These amendments have no effect on the measurement or presentation of any items of the Company's financial statements but affect the disclosure of accounting policies of the Company.

IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged. The amendments have no impact on the Company's financial statements.

IAS 12 *Income Taxes*

Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items. The amendments have no impact on the Company's financial statements.

International Tax Reform — Pillar Two Model Rules: The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. The amendments have no impact on the Company's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2024 or later periods, but which the Company has not early adopted.

2. ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective (cont'd)

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

Effective date January 1, 2024

IAS 1 *Presentation of Financial Statements*
Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.

Non-current Liabilities with Covenants: Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.

IFRS 16 *Leases*
Lease Liability in a Sale and Leaseback: The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

IAS 7 *Statement of Cash Flows* & IFRS 7 *Financial Instruments: Disclosures*
Supplier Finance Arrangements: The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements

Effective date January 1, 2025

IAS 21 The Effects of Changes in Foreign Exchange Rates
Lack of Exchangeability: The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Effective date January 1, 2026

IFRS 9 *Financial Instruments* & IFRS 7 *Financial Instruments: Disclosures*
Classification and Measurement of Financial Instruments: The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. Other clarifications include the classification of financial assets with ESG linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments. Also, additional disclosures have been introduced for financial instruments with contingent features and equity instruments designated at fair value through other comprehensive income.

2. ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective (cont'd)

Effective date January 1, 2027

IFRS 18 *Presentation and Disclosure in Financial Statements*

Presentation and disclosure in financial statements: IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals presented within the statement of profit or loss within one of the following five categories – operating, investing, financing, income taxes, and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, it brings about consequential amendments to other accounting standards. This standard replaces IAS 1 - Presentation of Financial Statements.

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Subsidiaries without Public Accountability: Disclosures: IFRS 19 is a non-mandatory standard. It specifies the disclosure requirements that eligible subsidiaries are permitted to apply instead of the disclosure requirements in other IFRS accounting standards. It allows eligible entities to benefit from reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability and their parent, intermediate parent or ultimate parent company produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

The effective date of this amendment has been deferred indefinitely until further notice

IFRS 10 *Consolidated Financial Statements*:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

IAS 28 *Investments in Associates and Joint Ventures*:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

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

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

2. ACCOUNTING POLICIES (CONT'D)

2.2 Equipment

Equipment is initially carried 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 asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of plant and equipment are determined by reference to their carrying amount and are taken into account in the profit or loss.

Interest costs on borrowings to finance the acquisition of equipment are capitalised, during the period of time that is required to complete and prepare the asset for its intended use, as part of the cost of the asset.

Depreciation is calculated to write off the cost of equipment on a straight line basis over the expected useful lives of the assets concerned.

The principal rates are:	
Furniture & fittings	7%
Motor vehicles	20%
Computer equipment	20%

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

Repairs and renewals are charged to profit or loss when the expenditure is incurred.

2.3 Intangible assets

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives (5-8 years).

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

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 8 years).

Expenditure that enhances or extends the benefits of computer software beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software.

2. ACCOUNTING POLICIES (CONT'D)

2.4 Financial assets

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

Impairment provisions for financial assets at amortised cost (trade receivables) are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the receivables. In addition to expected credit losses, the Company recognises specific impairment charges for incurred losses or for receivables which have defaulted and become non performing. Expected credit losses as well as specific impairment charges are recognised in the statement of profit or loss and comprehensive income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Expected credit losses are computed to measure the expected cash shortfalls, discounted at the original effective interest rates ("EIR"). A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- The probability of default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

- The exposure at default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

- The loss given default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

Expected credit losses are computed as unbiased, probability-weighted amounts which are determined by evaluating a range of reasonably possible outcomes and the time value of money and considering all reasonable and supportable information, including that which is forward-looking.

Impairment provisions for receivables from related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

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

Cash and cash equivalents includes cash at bank and for, the purpose of the statement of cash flows, bank overdrafts.

2. ACCOUNTING POLICIES (CONT'D)

2.5 Financial liabilities

The Company classifies its financial liabilities depending on the purpose for which the liability was acquired. The Company's accounting policies for other financial liabilities are as follows:

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost: any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

Short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.6 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

2.7 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit).

2.8 Foreign currencies

(a) *Functional and presentation currency*

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Mauritian rupees, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All other foreign exchange gains and losses are presented in profit or loss.

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

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

2. ACCOUNTING POLICIES (CONT'D)

2.9 Revenue recognition

(a) Revenue from contracts with customers

Performance obligations and timing of revenue recognition
Revenue from factoring services is recognised at a point in time when the customer invoices are accepted for factoring. The Company provides factoring services to its customers and receives fees which is a percentage of each transaction. Factoring services can be with or without recourse. For without recourse customers, the Company obtains credit insurance on the portfolio of receivables prior to providing factoring services.

The Company also earns interest income on factored debt for clients.

Determining the transaction price
Revenue is mainly derived from interest income that are based on financing of factored debts recognised on an accrual basis using the effective yield method and factoring income based on consideration of factoring and recovery services provided.

Allocating amounts to performance obligations
For most contracts, the Company receives a factoring commission fee under a factoring contract for managing the clients' receivables. Therefore, there is no judgement involved in allocating the contract price to each performance obligation. Interest income is charged on daily balances of factored debts.

(b) Other revenue earned by the Company is recognised on the following basis:
- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.10 Current and deferred income tax

The tax expense for the period comprises of current tax, deferred tax and Corporate Social Responsibility (CSR) levy. 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 line with the definition of the Mauritian Income Tax Act 1995, CSR is regarded as a tax and is therefore subsumed with the income tax shown within profit or loss and the income tax liability on the statement of financial position. The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian Tax Authorities.

The Company is subject to the Advance Payment System (APS) whereby it pays income tax on a quarterly basis.

2. ACCOUNTING POLICIES (CONT'D)

2.10 Current and deferred income tax (cont'd)

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

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

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

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

2.11 Stated capital

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

2.12 Employee 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.

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

The pension plan forms part of the MCB Group's pension plan, is held independently and administered by the MCB Superannuation Fund.

2.13 Leases

IFRS 16 Leases results in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Company has applied the specific exemption provisions in IFRS 16 and has not recognised right of use assets and lease liabilities.

3. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks.

3.1 Foreign exchange risk

The Company has assets and liabilities denominated in United States Dollar ("USD") and Euro ("EUR"). Consequently, the Company is exposed to the risk that the exchange rate of the Mauritian rupee may have relative effect on the reported values of the Company's assets and liabilities which are denominated in such currencies. The Company ensures that assets denominated in a foreign currency is matched by liabilities in the same currency.

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	2024		2023	
	Financial assets	**Financial liabilities**	Financial assets	Financial liabilities
	Rs '000	**Rs '000**	Rs '000	Rs '000
Mauritian Rupees	**864,930**	**420,580**	806,687	363,369
USD	**20,525**	**15,275**	26,110	23,714
EUR	**3,891**	**2,150**	3,635	2,974
	889,346	**438,005**	836,432	390,057

The following have been excluded from financial assets:

	2024	2023
	Rs '000	Rs '000
Equipment	**1,164**	1,395
Intangible assets	**12,012**	13,824
Prepayments	**207**	180
	13,383	15,399

Sensitivity analysis

At June 30, 2024, if the rupee had weakened/strengthened by 10% against USD and EUR with all other variables held constant, the impact on pre-tax profit for the year would have changed as follows:

	2024	2023
	Rs '000	Rs '000
USD	**525**	240
EUR	**174**	66

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Credit risk

The Company's credit risk is primarily attributable to the financial assets at amortised cost (trade receivables). The amounts presented in the statement of financial position are net of loss allowance for Expected Credit Losses (ECL) and specific provisions for impairment estimated by management based on prior experience and the current economic environment.

Over the years, the Company has developed processes to mitigate credit risk. The main processes are:
- Client selection based on established criteria.
- Established procedures set up to verify accuracy of invoices.
- Systematic and regular monitoring of trade receivables.
- Part of the trade receivables is credit insured.

The following table provides information regarding the carrying value of financial assets that have been impaired and the ageing of financial assets that are past due but not impaired.

	Within normal credit period	Past due but not impaired			
		Within 3 months	More than 3 months	Impaired	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Gross debtors:					
At June 30, 2024	**486,435**	**645,362**	**105,275**	**-**	**1,237,072**
At June 30, 2023	552,438	516,968	79,002	-	1,148,408

The amounts disclosed in the above table represent nominal value of the receivables and not the amounts that have been financed.

At June 30, 2024, Fund of Guarantee amounted to Rs. 113,428k (2023: Rs.128,985k).

3.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

In order to ensure the adequacy of its funding requirements, cash flow forecasts are regularly prepared and the relevant credit facilities are closely monitored.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	2024		2023	
	Less than 1 year	Between 2 and 5 years	Less than 1 year	Between 2 and 5 years
	Rs '000	Rs '000	Rs '000	Rs '000
Borrowings	**250,000**	**150,000**	200,000	150,000
Bank overdrafts	**16,208**	**-**	26,653	-
Trade and other payables	**21,797**	**-**	13,404	-

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.4 Interest rate risk

The Company lends and borrows at variable interest rates which mitigate its exposure to interest rate risk. At June 30, 2024, if interest rate on rupee denominated assets and liabilities had been 50 basis points higher/lower with all other variables held constant, the impact on post-tax profit for the year would have been immaterial.

3.5 Capital risk management

The Company's objectives when managing capital are:

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

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

The debt-to-adjusted capital ratios at June 30, 2024 and June 30, 2023 were as follows:

	2024	2023
	Rs'000	Rs'000
Total debt and bank overdraft	**416,208**	376,653
Less: cash and cash equivalents	**(46,855)**	(23,193)
Net debt	**369,353**	353,460
Total equity	**459,856**	456,852
Debt-to-adjusted capital ratio	**80%**	77%

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated loss allowance for expected credit losses on financial assets (factoring receivables)

Expected credit losses (ECL) is measured as an allowance equal to 12-months ECL for stage 1 or lifetime ECL for stage 2 and stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk.

In assessing whether the credit risk has increased significantly, the Company takes into account its historical experience, extensive credit analysis of management, forward-looking information on macroeconomics factors affecting the ability of the customers to settle the receivables and also on financial position of the client.

(b) Depreciation policies

Equipment is depreciated to its residual value over its estimated useful life. The residual value of an asset is the estimated net amount that the Company would currently obtain from disposal of the asset, if the asset was already of the age and in condition expected at the end of its useful life.

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

(c) Deferred tax assets arising from impairment losses

The Company has a deferred tax asset arising mainly on impairment losses. The directors have made estimates of the loss allowances for Expected Credit Losses (ECL), based on prior experience, current economic environment and forward-looking information on macroeconomics factors affecting the customers.

5. EQUIPMENT	Furniture & fittings	Motor vehicles	Computer equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At July 01, 2022	1,268	866	7,013	9,147
Additions	-	-	477	477
At June 30, 2023	**1,268**	**866**	**7,490**	**9,624**
Additions	**10**	**-**	**151**	**161**
Disposals	**-**	**-**	**(1,842)**	**(1,842)**
At June 30, 2024	**1,278**	**866**	**5,799**	**7,943**
DEPRECIATION				
At July 01, 2022	564	866	6,400	7,830
Charge for the year	87	-	312	399
At June 30, 2023	**651**	**866**	**6,712**	**8,229**
Charge for the year	**85**	**-**	**307**	**392**
Disposal adjustments	**-**	**-**	**(1,842)**	**(1,842)**
At June 30, 2024	**736**	**866**	**5,177**	**6,779**
NET BOOK VALUES				
At June 30, 2024	**542**	**-**	**622**	**1,164**
At June 30, 2023	617	-	778	1,395

6. INTANGIBLE ASSETS	Computer software	
	2024	2023
	Rs'000	Rs'000
COST		
At July 01,	**24,625**	24,050
Additions	**639**	575
Disposal	**(1,262)**	-
At June 30,	**24,002**	24,625
AMORTISATION		
At July 01,	**10,801**	8,572
Charge for the year	**2,451**	2,229
Disposal	**(1,262)**	-
At June 30,	**11,990**	10,801
NET BOOK VALUES		
At June 30,	**12,012**	13,824

7. DEFERRED INCOME TAX

Deferred income tax is calculated on all temporary differences under the liability method at 17% (2023: 17%).

(a) 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 on the same entity. The following amounts are shown in the statement of financial position:

	2024	2023
	Rs'000	Rs'000
Deferred tax liability	**1,326**	1,290

(b) The movement on the deferred income tax account is as follows:

	2024	2023
	Rs'000	Rs'000
At July 01,	**1,290**	916
Charged to profit or loss (note 9)	**36**	374
At June 30,	**1,326**	1,290

(c) The deferred tax liability arise respectively on accelerated tax depreciation and expected credit losses.

Deferred tax liability	Accelerated tax depreciation	Expected credit losses	Total
	Rs'000	Rs'000	Rs'000
At July 01, 2022	1,327	(411)	916
Charged to profit or loss	374	-	374
At June 30, 2023	**1,701**	**(411)**	**1,290**
Charged to profit or loss	**36**	**-**	**36**
At June 30, 2024	**1,737**	**(411)**	**1,326**

8. FINANCIAL ASSETS AT AMORTISED COST

	2024	2023
	Rs'000	Rs'000
Trade receivables	**843,669**	814,417
Less: provision for impairment	**(2,417)**	(2,417)
Trade receivables - net	**841,252**	812,000

(a) *Impairment of financial assets at amortised cost*

The Company applies the IFRS 9 general approach to the measuring of Loss allowance for expected credit losses with increases in credit risk segmented into 3 stages as explained below.

The default rates of each stage are based on the historical data as adjusted to reflect current and forward-looking information on macroeconomics factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product (GDP) to be the most relevant factor, and accordingly adjusts the default rates based on expected changes in the GDP.

8. FINANCIAL ASSETS AT AMORTISED COST (CONT'D)

(a) *Impairment of financial assets at amortised cost (cont'd)*

Stage 1 - The trade receivables are either not yet due or if they are past due, the number of days past due does not exceed 30 days.

Stage 2 - There is a perceived increase in credit risk when the number of days past due exceed 30 days, with a corresponding significant increase in probability of default.

Stage 3 - The trade receivables are considered to be non performing and specific provision for impairment is determined by management based on past historical track record or taking the specific financial situation of the debtor into consideration.

On that basis, the loss allowance as at June 30, 2024 was determined as follows for trade receivables excluding entities under common control:

	Stage 1 0 - 30 days past due	Stage 2 31 - 60 days past due	Stage 3 More than 60 days past due	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2024				
Expected Credit Loss (range)	0.05%-0.30%	2.00%-6.00%	7.00%-20.00%	
Change in GDP		3.70%		
Gross carrying amount - Financial assets at amortised cost	843,669	-	-	843,669
Impairment provision				
ECL Including forward looking element	2,417	-	-	2,417

	Stage 1 0 - 30 days past due	Stage 2 31 - 60 days past due	Stage 3 More than 60 days past due	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2023				
Expected Credit Loss (range)	0.05%-0.30%	2.00%-6.00%	7.00%-20.00%	
Change in GDP		5.00%		
Gross carrying amount - Financial assets at amortised cost	809,700	4,717	-	814,417
Impairment provision				
ECL Including forward looking element	2,229	188	-	2,417

8. FINANCIAL ASSETS AT AMORTISED COST (CONT'D)

(b) The financial assets at amortised cost approximate their fair value. The financial assets at amortised cost consist of the net amount financed. The Company does not hold any collateral as security.

The carrying amount of the Company's financial assets is denominated in the following currencies:

	2024	2023
	Rs'000	Rs'000
Rs	**819,253**	784,573
USD	**20,525**	26,188
EUR	**3,891**	3,656
	843,669	814,417

(c) The closing loss allowance for financial assets as at June 30, reconcile to the opening loss allowance as follows:

	2024	2023
	Rs'000	Rs'000
At July 01, and June 30,	**2,417**	2,417

9. TAXATION

	2024	2023
	Rs'000	Rs'000
(a) Amount recognised in statement of financial position		
At July 01,	**3,632**	(548)
Charge for the year	**7,214**	6,178
Corporate Social Responsibility contribution	**962**	824
Underprovision in respect of previous years	**831**	-
Paid during the year	**(9,097)**	(2,822)
At June 30,	**3,542**	3,632

(b) Amount recognised in profit or loss	2024	2023
	Rs'000	Rs'000
Current tax on the adjusted profit for the year at 15%	**7,214**	6,178
Corporate Social Responsibility contribution	**962**	824
Underprovision in respect of previous years	**831**	-
Deferred tax (note 7)	**36**	374
	9,043	7,376

9. TAXATION (CONT'D)

(c) The tax on the Company's results before taxation differs from the theoretical amount that would arise using the basic rate of the Company as follows:

	2024	2023
	Rs'000	Rs'000
Profit before taxation	**48,047**	43,286
Tax calculated at the rate 15% (2023: 15%)	**7,207**	6,493
Income not subject to tax	**(4)**	-
Expenses not deductible for tax purposes	**43**	15
Effect of CSR	**4**	44
Corporate Social Responsibility contribution	**962**	824
Underprovision in respect of previous years	**831**	-
Tax charge	**9,043**	7,376

10. OTHER RECEIVABLES AND PREPAYMENTS

	2024	2023
	Rs'000	Rs'000
Other receivables (note (a))	**1,239**	1,239
Prepayments	**207**	180
	1,446	1,419

(a) Other receivables

(i) These amounts generally arise from transactions outside the usual operating activities of the Company. Collateral is not normally obtained.

(ii) The carrying amounts of other receivables are denominated in Rs. As a result, there is no exposure to foreign currency risk.

(iii) Other receivables are unsecured, interest-free and repayable on demand.

11. STATED CAPITAL

	2024 & 2023
	Rs'000
Issued and fully paid	
50,000 ordinary shares of no par value	**50,000**

12. TRADE AND OTHER PAYABLES

	2024	2023
	Rs'000	Rs'000
Trade payables	**14,979**	7,758
Amount due to related parties		
- Entities under common control	**5,032**	4,588
- Related companies	**1,336**	1,003
Other payables	**450**	55
	21,797	13,404

(i) The carrying amounts of trade and other payables approximate their fair value and are denominated in the following currencies:

	2024	2023
	Rs'000	Rs'000
Rs	**20,580**	13,370
USD	**558**	33
EUR	**659**	1
	21,797	13,404

12. TRADE AND OTHER PAYABLES (CONT'D)

(ii) The amount due to related parties is unsecured, interest-free and repayable on demand.

13. BORROWINGS

	2024	2023
	Rs'000	Rs'000
Non Current		
Shareholder's loan (note (a))	**150,000**	150,000
Current		
Bank borrowings - secured	**250,000**	200,000
Total borrowings	**400,000**	350,000

(a) The Company obtained a loan of Rs 150m from MCB Group Limited, its holding company and is repayable on December 31, 2027. Rate of interest applicable was Key Rate per annum.

(b) Bank borrowings are secured by floating charges on the assets of the Company. Interest rate applicable for bank borrowings is MCB Money Market Rate.

14. PROFIT BEFORE TAXATION

	2024	2023
	Rs'000	Rs'000
Profit before taxation is arrived at after		
Charging:		
Employee benefit expense (note 15)	**35,714**	31,991
Depreciation on equipment (note 5)	**392**	399
Amortisation of intangible assets (note 6)	**2,451**	2,229
Auditor's remuneration	**345**	270

15. EMPLOYEE BENEFIT EXPENSE

	2024	2023
	Rs'000	Rs'000
Wages and salaries	**30,778**	27,048
Pension costs	**4,031**	4,131
Social security costs	**861**	788
Group employee share option scheme	**44**	24
	35,714	31,991

16. FINANCE COSTS

	2024	2023
	Rs'000	Rs'000
Interest expense:		
- Bank overdrafts	**20,538**	11,555
- Shareholder's loan	**6,769**	5,617
	27,307	17,172

17. EARNINGS PER SHARE

		2024	2023
		Rs '000	Rs '000
Profit for the year		**39,004**	35,910
Number of ordinary shares in issue		**50,000**	50,000
Basic earnings per share	Rs.	**780**	718

18. RELATED PARTY TRANSACTIONS

	Finance costs	Management & other fees	Amount due to related parties	Banking facilities
	Rs'000	Rs'000	Rs'000	Rs'000
2024				
Entities under common control	**20,538**	**5,196**	**3,349**	**266,208**
Holding company	**6,768**	**-**	**1,683**	**150,000**
Other related companies	**-**	**8,098**	**1,336**	**-**

	Finance costs	Management & other fees	Amount due to related parties	Banking facilities
	Rs'000	Rs'000	Rs'000	Rs'000
2023				
Entities under common control	11,555	4,672	2,906	226,654
Holding company	5,617	-	1,683	150,000
Other related companies	-	7,787	1,003	-

Amount due to related parties represents the following:

(i) Management fees in respect of services (rent, electricity, telephone, maintenance, technological and other costs) rendered by Fellow Subsidiary. The services are invoiced and paid every quarter except for rent, which is invoiced once yearly.

(ii) Credit insurance fees paid on a monthly basis.

(iii) Secretarial fees paid to MCB Group Corporate Services Ltd on a monthly basis.

Terms and conditions:

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

(ii) The terms and conditions of outstanding balances have been disclosed in their respective notes.

(iii) There has been no guarantees provided or received for any related party receivables or payables, except for the security given on the banking facilities disclosed in note 13(b).

(iv) For the year ended June 30, 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2023: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

19. HOLDING COMPANY

The holding company is MCB Group Limited, incorporated in Mauritius. Its registered address is 9 - 15 Sir William Newton Street, Port Louis, Mauritius.

20. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents and bank overdrafts include the following for the purpose of the statement of cash flows.

	2024	2023
	Rs'000	Rs'000
Cash and cash equivalents	**46,855**	23,193
Bank overdrafts	**(16,208)**	(26,653)
	30,647	(3,460)

Bank overdrafts are secured by floating charges on the assets of the Company. Interest rate applicable for MUR bank overdraft facilities is the MCB Prime Lending Rate.

(b) Reconciliation of liabilities arising from financing activities

	2023	Cash flows	**2024**
	Rs'000	Rs'000	**Rs'000**
Shareholder's loan	150,000	-	**150,000**
Bank borrowings - secured	200,000	50,000	**250,000**
	350,000	50,000	**400,000**

21. DIVIDEND

		2024
		Rs'000
Amount recognised as distributions to equity holders in the year:		
Dividends and paid during the year		**36,000**
Number of ordinary shares in issue		**50,000**
Dividends per share	Rs.	**720**

22. CONTINGENT LIABILITY

Tax assessment

At the end of the Financial Year 2021/2022, the Company received a formal assessment from Mauritius Revenue Authority (MRA) in relation to Corporate Taxation for Financial Year 2019/2020 for which the Company has lodged an objection. The matter will be called for Hearing before the Assessment Review Committee on October 30, 2024.

23. EVENTS AFTER THE REPORTING PERIOD

In July 2024, the Finance (Miscellaneous Provisions) Act 2024 was promulgated into law and requires the company to pay a Corporate Climate responsibility ("CCR") Levy equivalent to 2 per cent of its chargeable income. The levy will be paid in respect of the year of assessment commencing on July 01, 2024. This has been deemed to be a non-adjusting event.

The potential effect of this additional 2% levy is as follows:

	Rs'000
CCR levy to be paid for year of assessment commencing July 2024	**962**