ANNUAL REPORT
& FINANCIAL STATEMENTS
2022

Happy World
PROPERTY

CONTENTS

The directors are pleased to present the annual report together with the audited consolidated and separate financial statements of Happy World Property Ltd (the "Company") for the year ended 30 June 2022.

While focusing on material matters, the report informs stakeholders about the governance, performance and strategy of the Company. It also provides a forward-looking view on how it manages challenges and opportunities in order to achieve its ambitions in the fast-changing context.

REVIEW OF BUSINESS

The main activities of the Group are:

- The rental of Commercial Property providing office and retail spaces.
- Operation of car parking facilities.
- Business Centres offering serviced office facilities.

With effect from 01 February 2022, the Company purchased 100% of the shares in the two Business Centres operating under the "Regus" brand name and continued the operations by virtue of a strong, long-duration agreement made by the Company with Franchise International Ltd, the Franchisor, and Happy World Ltd, their Master Franchisee for the Indian Ocean islands of Mauritius, Reunion and Seychelles with a right of first refusal for Madagascar.

RESULTS

For the year under review, the Company recorded a turnover of RS 45,767K (2021: RS 43,184K).

The Company's profit for the year ended 30 June 2022 is RS 31,153K (2021: RS 23,413K). Overall, the business activities remained at a stable level in all the areas of operations.

	2022	2021
TURNOVER in Rs'000	45,767	43,184
PROFIT in Rs'000	31,153	23,413

DIVIDENDS

The Board resolved not to declare dividends for the year ended 30 June 2022 (2021: Rs 0.45 per share).

BOARD OF DIRECTORS

The following directors held office during the year ended 30 June 2022:

Mr. Jason
HAREL

Mr. Khushhal Chand
KHUSHIRAM

Mr. Jean Pierre
MONTOCCHIO

Mr. Mushtaq
OOSMAN

Mr. Nicolas
SEEYAVE

Mr. Antoine
SEEYAVE

Mr. Jonathan
SEEYAVE

Mr. Neermal
SHIMADRY

Mrs. Tharangany
SINGARAVELLOO

DIRECTORS' REMUNERATION AND BENEFITS

The following table highlights the remuneration and benefits received by the directors during the financial year.

RENUMERATION AND BENEFITS RECEIVED	Rs'000
Mrs. Nathalie DESCELLES-POCHÉ *Resigned on 17 Sep 2021*	18
Mr. Jason HAREL	100
Mr. Khushhal Chand KHUSHIRAM	175
Mr. Jean Pierre MONTOCCHIO	100
Mr. Mushtaq OOSMAN	175
Mr. Antoine SEEYAVE	120
Mr. Jonathan SEEYAVE	90
Mrs. Tharangany SINGARAVELLOO	100
Mr. Neermal SHIMADRY *Appointed on 12 May 2022*	15
Total Independent and Non-Executive	**893**
Mr. Nicolas SEEYAVE	1,056
Total Executive	**1,056**
Total (Independent, Non-Executive and Executive)	**1,949**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors acknowledge their responsibilities for:

(i) leading and controlling the organisation and meeting all legal and regulatory requirements;

(ii) ensuring adequate accounting records and maintenance of effective internal control systems;

(iii) the preparation of consolidated and separate financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the cash flows for that period, and which comply with International Financial Reporting Standards (IFRS), Financial Reporting Act and in compliance with the Mauritius Companies Act 2001;

(iv) the use of appropriate accounting policies supported by reasonable and prudent judgements and estimates;

(v) the Company's adherence to the New Code of Corporate Governance (2016); and

(vi) the governance of risk and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives, and for ensuring that the Company develops and executes a comprehensive and robust system of risk management.

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

The Directors report that:

(i) the Company is a public interest entity as defined by law;

(ii) the Company is headed by an effective Board, and responsibilities and accountabilities within the Company (including at the level of Senior Management) are clearly identified;

(iii) appropriate Board committees, namely the Audit and Risk Committee and the Corporate Governance Committee (which is also tasked with duties regarding remuneration of Senior Management), have been set up to assist the Board in the effective performance of its duties;

(iv) adequate accounting records and an effective system of internal controls and risk management have been maintained;

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

(vi) International Financial Reporting Standards, the Financial Reporting Act and the Mauritius Companies Act have been adhered to. Any departure has been disclosed, explained and quantified in the consolidated and separate financial statements;

(vii) The Code of Corporate Governance has been adhered to in all material aspects and explanations have been provided for any non-compliance;

(viii) they have assessed the Company as a going concern and have a reasonable expectation that the Company will continue to operate for the foreseeable future and meet its liabilities as they fall due; and

(ix) they have approved the composition of the Audit and Risk Committee and the Corporate Governance Committee.

Approved by the Board of Directors on 24 November 2022 and signed on its behalf by:

Director	Director
Mr. Antoine SEEYAVE	Mr. Jean Pierre MONTOCCHIO

CORPORATE GOVERNANCE REPORT

PRINCIPLE 1: GOVERNANCE STRUCTURE

1.1 Company Information

Happy World Property Ltd (HWP), formerly known as Newton Development Limited, was incorporated on 14 February 1986 as a private Company limited by shares under the laws of the Republic of Mauritius. It was converted into a public Company limited by shares on 25 November 2020. The registered office address of the Company is Level 8, Happy World House, 37 Sir William Newton Street, Port Louis 11328, Mauritius. The main activity of the Company is the rental of its Commercial Property providing office and retail spaces. The Company is registered as a reporting issuer with the Financial Services Commission in line with the Securities Act 2005. HWP is listed on the DEM since 18 December 2020. HWP is a Public Interest Entity in accordance with the Financial Reporting Act 2004.

1.2 Company's Philosophy

The Company is committed to the conduct of business practices that display characteristics of good corporate governance, namely business integrity, transparency, independence, accountability, fairness and professionalism in all its activities and ensures that its organisation and operations are managed ethically and responsibly to enhance business value for its shareholders and other stakeholders. The Board Charter will be considered by the Board of directors during the next financial year.

1.3 Corporate Governance Statement

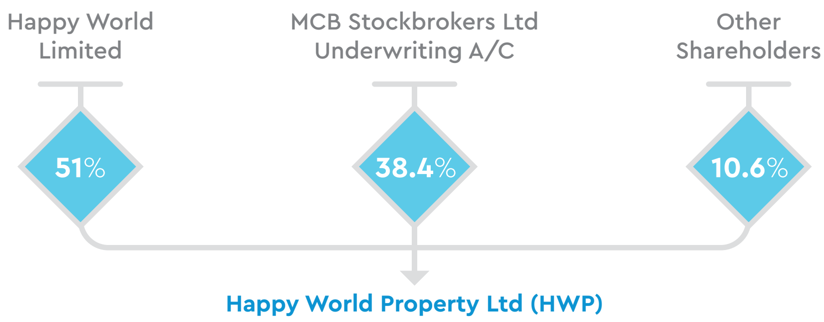
During this financial year ended 30 June 2022, the Board of HWP has applied the eight principles of the new Code of Corporate Governance (2016). The Board shall continue to monitor the recommended disclosures under each principle which it did not disclose during this current financial year, in the forthcoming financial year.

The Board of HWP considers that the current application of the principles of the code is likely to work in the particular context of HWP's business and culture, and which promote the following:

- Effective decision-making, risk management and control;
- Keeping the interests of the owners of the business aligned with, and foremost in the mind of, the people charged with managing the business; and
- The ability of the Company to hear the voice of stakeholders other than shareholders; principally these are regulatory and standard bodies, employees, customers, suppliers and the communities in which the Company operates.

1.4 Holding Structure

The holding structure of the Company is as follows:



1.5 Relations with shareholder/Key stakeholders

The following shareholders held more than 5% of the shareholding of the Company as at 30 June 2022:

SHAREHOLDERS	HOLDING %
Happy World Ltd	51
MCB Stockbrokers Ltd – Underwriting a/c	38.4

There were no additions or disposals in the shareholding for the year under review.

1.6 Statement of Main Accountabilities

The Directors have approved the following Statement of Accountabilities:

- The Board assumes the responsibility for leading and controlling the organisation 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 behaviour and acts in the best interest of shareholders.

1.7 Directors Interest in shares

At 30 June 2022, Messrs Antoine, Jonathan and Nicolas SEEYAVE have indirect interests in the shareholding of the Company through Happy World Ltd.

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

2.1 Structure of the board

The Board structure of Happy World Property Ltd is a unitary Board. The directors of Happy World Property Ltd share responsibility for directing the Company and promoting its affairs collectively and not individually when acting on behalf of the Company.

2.2 Composition of the Board

The Board currently comprises of one (1) executive director, three (3) non-executive directors and five (5) independent directors. The directors come from diverse business backgrounds and possess the necessary knowledge, skills, objectivity, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Company, independent of management.

To determine its current size and composition, the Board has taken into account (a) the size of its operations and its sector of activity, (b) the various qualifications and experience of its members, (c) the recommendations of the Code. The Board is satisfied that it is currently of a size and level of diversity that is commensurate with the operations and scale of Happy World Property Ltd.

2.3 Role and Function of the Board

The Board is responsible for the stewardship of the Company, overseeing its conduct and affairs to create sustainable value for the benefit of its stakeholders. It acknowledges its responsibility for leading and controlling the Company, ensuring that strategic direction and management structure are in place to meet legal and regulatory requirements.

Its principal functions also include the following:

- protecting and enhancing shareholders' value by identifying and monitoring key risks areas and key performance indicators;

- approving such acquisition and disposal of assets as appropriate;
- exercising leadership, enterprise, intellectual honesty, integrity and judgement in directing the Company to achieve sustainable prosperity for the Company; and
- ensuring timely communication with shareholders and other stakeholders.

The Board will approve a Statement of Main Accountabilities within the Company which will then be displayed on the Company's website. The Board is also considering the publication of its Annual Report and other documents on the Company's website which will be reviewed and updated on a regular basis.

2.4 Residency

All directors of the Company are residents in Mauritius.

2.5 Role and Function of the Chairman

The Chairman has no executive or management responsibilities and acts as Chairperson of the Board and of Shareholders' meetings.

There is a job description in place for the appointment of Chairperson. The Chairperson's other commitments have been disclosed to the Board before his appointment and any change would be communicated to the latter.

2.6 Role and Function of the Executive Director

The Executive Director is responsible for guiding the implementation of the board strategy and policy with respect to the Company's business. The Executive Director reports to the board of directors.

2.7 Role of the Non-Executive and Independent Director

The non-executive directors and the independent directors make a significant contribution to the functioning of the board, thereby ensuring that no one individual or group dominates the decision-making process.

2.8 Role and Function of the Company Secretary

The Company Secretary manages the provision of timely, accurate and considered information to the board and ensures that the board maintains its awareness of the ever-changing corporate governance environment. The Company Secretary attends every Board Meeting and Board Committee Meeting.

2.9 Board Meetings

The Board meets on quarterly basis and at such ad hoc times as may be required. In the year under review, the Board has met seven (7) times and has performed its duties and considered matters relevant to the development of the business, strategic orientation, key transactions of relevance to the Company, its position, the risk situation and management as well as reviewed the budget and longterm plans.

All directors receive timely information so that they are equipped to fulfil their duties at Board Meetings.

Senior management is also invited on a regular basis at the Board meeting of the Company. The Executive Director of the Company is regularly invited to attend all subcommittee meetings.

The records of proceedings of each Board meetings are recorded by the Company Secretary of the Board. The minutes of each Board meeting are submitted for confirmation at its next meeting and signed by the Chairperson and the Secretary. All Board members have access to the Company Secretary for any further information they require.

2.10 Directors' Attendance at Meetings

The record of attendance at Board and Sub Committee meetings is shown in the summary table below:

	Board meetings	Audit and Risk Committee meetings	Corporate Governance Committee meetings
Number of meetings held	7	5	2
Director/committee member:			
Mrs. Nathalie DESCELLES-POCHÉ	1		
Mr. Jason HAREL	5		2
Mr. Khushhal Chand KHUSHIRAM	7	5	
Mr. Jean Pierre MONTOCCHIO	5		2
Mr. Mushtaq OOSMAN	7	5	
Mr. Antoine SEEYAVE	7		
Mr. Nicolas SEEYAVE	7		
Mr. Jonathan SEEYAVE	6		
Mrs. Tharangany SINGARAVELLOO	7		
Neermal SHIMADRY	1		

2.11 Board Committees

The Board delegates certain roles and responsibilities to its principal Board committees. Whilst the Board retains overall responsibility, a sub-committee structure allows these committees to probe the subject matter more deeply and gain a greater understanding of the detail, and then report back to the Board on matters discussed, decision taken, and where appropriate make recommendations to the Board on matters requiring its approval.

The Board is satisfied that the committees are appropriately structured and competent to deal with both the Company's existing and emerging issues, and that they have effectively discharged their responsibilities during the year under review.

The committees, which are set out below, meet regularly under terms of reference set by the Board. The chairman of each committee has the responsibility to report to the Board regarding all decisions and matters arising at sub-committee meetings. The committees may from time to time seek independent professional advices which are then approved by the Board.

2.11.1 Corporate Governance Committee

Membership of the Corporate Governance Committee

NAMES	STATUS
Mr. Jean Pierre MONTOCCHIO (Chairman)	Independent Director
Mr. Jason HAREL	Independent Director

2.11.2 Main Duties of the Corporate Governance Committee

The main duties and responsibilities of the Corporate Governance Committee encompass that of the Remuneration Committee and Nomination and include namely:

- Determine, agree and develop the Company's general policy on executive and senior management remuneration.
- Determine specific remuneration packages for executives and directors of the Company, including but not limited to basic salary, benefits in kind, any annual bonuses, performancebased incentives, pensions and other benefits.

- Determine the level of the non-executive and independent non-executive director's fees.
- Aim to give the executive director every encouragement to enhance the Company's performance and to ensure that they are fairly rewarded for their contributions and performance.
- Be responsible to ascertain whether a new Director is fit and proper and not disqualified from being a director.
- Ensure that the Board has a right balance of skills, expertise and independence.
- Make recommendations on the composition of the Board.
- Ensure that the potential new director is fully cognizant of what is expected from a director.
- Ensure that the right candidates are chosen to assume executive and senior management responsibilities.
- Determine, agree and develop the Company's general policy on Corporate Governance in accordance with the New Code of Corporate Governance of Mauritius.
- Ensure that a succession planning does exist in respect of the Managing Director.
- Appoint independent advisors and professionals as it deems necessary to carry out its duties.
- Have unrestricted access to any employee and information relevant to the performance of its duties.

The Committee met twice (2) times during the year and the meetings are minuted and recorded.

2.11.3 Audit and Risk Committee (ARC)

Membership of the Audit and Risk Committee

NAMES	STATUS
Mr. Mushtaq OOSMAN (Chairman)	Independent Director
Mr. Khushhal Chand KHUSHIRAM	Independent Director
Regular attendees by invitation: Executive Director and Financial Controller	

2.11.4 Main Duties of the Audit and Risk Committee

The primary objective of the Audit and Risk Committee is to provide the Board with additional assurance regarding accounting, auditing, internal control and financial matters together with their associated risks and includes:

- review and recommend to the Board for approval, the audited consolidated and separate financial statements at 30 June and the quarterly consolidated and separate unaudited management accounts;
- review the internal audit plan and the Company's internal financial control and risk management system;
- evaluate the work of the external auditors;
- ensure that significant adjustments, unadjusted differences, disagreements with Management, management letters, accounting principles along with the external audit process are discussed with the external auditors;
- review and discuss with Management the recommendations made by internal and external auditors and their implementation;
- review the contents of the annual report before its release;
- review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up of any fraudulent acts and/or non-compliance; and
- oversee the Company's compliance with legal and regulatory provisions, its Constitution, code of conduct, by-laws and any rules established by the Board.

The meetings of each Audit and Risk committee are minuted and recorded.

The external auditors have unrestricted access to the records, to management and employees of the Company. Meetings may also be scheduled with the external auditor without the presence of Management.

The members of the Committee have examined and tabled their views on financial reports prior to the approval of the audited consolidated and separate financial statements, as well as reports from the Internal and External Auditors.

For the year under review, there were no significant issues in relation to the financial statements.

The Audit Committee met five (5) times during the year.

PRINCIPLE 3 DIRECTOR APPOINTMENT PROCEDURES

3.1 Nomination Process

The Board recognises the importance of having a formal and transparent process for the nomination and appointment of directors.

The nomination and appointment process of directors which is owned by the Corporate and Governance Committee for the Company is as follows:

1. Identification of candidates;
2. Interviews conducted by members of the Corporate Governance Committee;
3. Board approval of candidate;
4. Regulatory approval (if any);
5. Election at Annual/Special Meeting;
6. Letter of appointment;
7. Regulatory filing

3.2 Appointment and Re-Election of Directors

In accordance with the Constitution of the Company, the Directors of the Company shall be such person or persons as may from time to time be appointed by the shareholders' ordinary resolution.

3.3 Board Induction and Professional Development

All new Directors receive a full, formal and tailored induction on joining the Board, including meetings with senior management and visits to the Company's operational locations. The Board recognises the importance of on-going professional development and training to sustain an effective, well informed and functional Board which is continuously reviewed.

3.4 Succession Planning

The Corporate Governance Committee shall consider a set of criteria for the selection of prospective directors and key employees in view of the needs and strategic orientations of the Company, alongside considering gender diversity in its assessment. These, amongst others, relate to their knowledge base, competencies, experience, time commitment, ethics and values which provide the basis for assessing prospective successors for the Board and key employees.

3.5 Directors' Profile

Mr. Antoine SEEYAVE
Chairman and Non-Executive Director

Mr. Antoine Seeyave has a long-standing and continuing association with Happy World Ltd as a core shareholder and director. He is co-Founder of Innodis Ltd where he held leadership positions from its inception in 1973 to 1998. He is a co-Founder of Floreal Knitwear Ltd, and a former Member of the National Committee on Corporate Governance. He is a Sloan Fellow of the London Business School.

Directorships in related companies: Happy World Ltd and several companies and sociétés related to Happy World Ltd.

Directorships in other listed companies: None.

Mr. Antoine Seeyave was appointed on 27 September 2004.

Mr. Nicolas SEEYAVE
Executive Director

Mr. Nicolas Seeyave is the General Manager of Happy World Ltd and has worked at the group level since 2019. He qualified as a Certified Accountant and worked at Cohen Arnold LLP, London UK (February 2016-August 2019). He graduated with an Honours degree in Economics at the University of London School of Oriental and African Studies.

Directorships in related companies: Happy World Enterprises Ltd and several companies and sociétés related to Happy World Enterprises Ltd.

Directorship in other listed companies: None.

Mr. Nicolas Seeyave was appointed on 26 October 2020.

Mr. Jason HAREL
Independent Director

Mr. Jason Harel is a co-founding Partner of BLC Robert, a leading law firm in Mauritius which is ranked as tier one firm by legal directories such as Legal 500, Chambers and Partners and IFLR1000. He is a qualified Chartered Accountant and as a Barrister both in England and Wales and the Republic of Mauritius. He possesses substantial experience in real estate, banking, corporate finance, corporate transactions, mergers & acquisitions and taxation law. Jason is consistently identified as a 'leading practitioner' in his field by the legal directories whilst he acts for public and private companies.

Directorship in other listed companies: None.

Mr. Jason Harel was appointed on 26 October 2020.

Mr. Khushhal Chand KHUSHIRAM
Independent Director

Following a post-graduate degree in economics, Mr. Khushhal Chand Khushiram started his career in 1976 at the Research Department of the Bank of Mauritius; in 1989, he set up a stockbroking and investment business. Elected Chairman of the Stock Exchange of Mauritius in 1993 and 1994, he expanded trading and issuance activities, and enhanced stock market infrastructure. In 2000, he was elected a Member of Parliament in Mauritius, and was appointed Minister of Economic Development, Financial Services and Corporate Affairs, and also later Minister of Industry, until July 2005. In this capacity, he led a wide-ranging program of economic and financial reforms. Between October 2005 and June 2008, he acted as Senior Advisor to the President of the African Development Bank, dealing mainly with strategic, finance and private sector issues. From 2008 until his retirement from the Bank in 2011, he was the AFDB Resident Representative in Egypt. Mr. Khushiram also acts as Chairman of The Kibo II Fund LLC.

Directorships in other listed companies: IPRO Growth Fund Ltd.

Mr. Khushhal Chand Khushiram was appointed on 26 October 2020.

Mr. Jean Pierre MONTOCCHIO
Independent Director

Mr. Jean-Pierre Montocchio was appointed Notary Public in Mauritius in 1990. He participated in the National Committee on Corporate Governance as a member of the Board of Directors' Sub-Committee.

Directorships in other listed companies: Les Moulins de la Concorde Ltee, New Mauritius Hotels Limited, Rogers and Company Limited, Semaris Ltd, ENL Limited, Fincorp Investment Ltd and Swan Forex Ltd.

Mr. Jean-Pierre Montocchio was appointed on 26 October 2020.

Mr. Mushtaq OOSMAN
Independent Director

Mr. Mushtaq Oosman has over 30 years professional experience in audit and financial advice, with a diversified portfolio of clients in sectors such as banking, insurance, manufacturing, sugar companies, the hospitality industry, betting operator, textiles and trading. Mr. Mushtaq Oosman trained and qualified as a Chartered Accountant with Sinclairs in the UK. He joined Roger de Chazal & Partners (founders of Price Waterhouse in 1988 in Mauritius), serving as a partner from 1991 until his retirement in 2015. He was primarily an Assurance Partner, also responsible for Business Recovery Services as well as the Chief Operating Partner for Mauritius. In January 2016, Mushtaq Oosman formed his own Insolvency Practice. He has served on the Africa Central Governance Board and is well versed with the working and responsibilities of a Governance Board.

Directorships in other listed companies: Automatic Systems Ltd, Mauritius Union Assurance Co. Ltd, United Docks Ltd, ENL Limited, PIM LTD, Les Moulins de la Concorde, Forges Tardieu Ltd.

Mr. Mushtaq Oosman was appointed on 26 October 2020.

Mr. Jonathan SEEYAVE
Non-Executive Director

Mr. Jonathan Seeyave is the General Manager of Happy World Enterprises Ltd. He graduated from ESSEC Business School with an MBA and from the University of Reading with an Honours degree in Philosophy and French.

Directorships in related companies: Happy World Enterprises Ltd and several companies and sociétés related to Happy World Enterprises Ltd.

Directorships in other listed companies: None.

Mr. Jonathan Seeyave was appointed on 01 January 2015.

Mrs. Tharangany SINGARAVELLOO
Independent Director

Mrs. Tharangany Singaravelloo is a qualified Actuary with over 23 years of experience across the sub-Saharan Africa region, the UK, and the Netherlands. She holds a BSc Economics and Statistics (South Africa), a BSc (Hons) Operation Research (South Africa), a LLM International Business Law (France) and is a Fellow of the Institute of Faculty of Actuaries (UK). Her experience spans an array of disciplines in the insurance fields with particular interest in developing markets. She currently heads Aon's Global Benefits Africa unit. She is also a director of the MCB Group and chairs the board of Anglo African Investments Ltd.

Directorship in other listed companies: MCB Group.

Mrs. Tharangany Singaravelloo was appointed on 25 February 2021.

Mr. Neermal SHIMADRY
Non-Executive Director

Mr. Neermal Shimadry joined MCB Capital Markets in July 2011 and is currently a Senior Vice President with MCB Financial Advisers, the corporate finance advisory arm of MCB Capital Markets Ltd. He has extensive experience in financial structuring, capital raising, strategic planning, valuation, and transaction execution with a particular focus on corporate finance advisory and private equity transactions in Africa. He has led some of the largest bond issuances in the debt capital markets in Mauritius and is also actively involved in advising African corporates in their fund-raising initiatives.

Before joining MCB Group, Mr. Neermal Shimadry accumulated deep experience in several sectors like aviation, logistics, agro-industry, and property during his tenure as "Project and Development Manager" at Rogers and CIEL Groups and 'Planning Manager' at Air Mauritius. Mr. Neermal Shimadry has a master's in Economics and Business Strategy from the University of Paris IX Dauphine, France, and is a Fellow Certified Chartered Accountant (FCCA).

He holds directorships in three unlisted companies, subsidiaries of large conglomerates, in Mauritius, and one directorship in a French company headquartered in Rungis, France.

Mr. Neermal Shimadry was appointed on 12 May 2022.

3.6 Company Secretary

The Company Secretary is Executive Services Limited, and its registered office address is found at 2nd Floor, Les Jamalacs Building, Vieux Conseil Street, Port Louis.

Executive Services Limited is a leading company with over 35 years of experience in the field of corporate secretarial services in Mauritius. Its core businesses are incorporation of companies, business registration, full corporate secretarial and administrative services including accounting and tax services.

The Directors of Executive Services Limited are Mr. Christian Angseesing, Mr. Didier Angseesing, and Ms. Emmanuelle Angseesing.

PRINCIPLE 4: DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE

4.1 Directors' Duties and Responsibilities

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Company and works with the management to take objective decisions in the interest of the Company. The Company Secretary keeps Directors inform of their duties as per the Companies Act 2001. They are also made aware of their responsibilities and legal duties.

4.2 Conflict of Interests and Related Party Transaction Policy

Each Director ensures that no decision or action is taken that places his interests in front of the interests of the business. At each Board meeting a Director will be requested to disclose any actual or potential conflicts of interests.

There is currently no specified policy for Related Party Transaction. The Company is currently working on same and would report in the next financial year.

4.3 Interests Register

The interest register is available to shareholders upon request to the Company Secretary.

4.4 Remuneration Philosophy

The Corporate Governance Committee has the responsibility for reviewing the remuneration of directors and key executives. The level of remuneration is based on market trend and is reviewed on a regular basis.

The Board is transparent, fair and consistent in determining the remuneration policy for directors and key executives. The remuneration of directors and key executives is generally aligned with the salary packages in the industry. The Company believes that adequate remuneration is essential to attracting and retaining talent and to motivating our key executives to perform at their best.

4.5 Directors' Remuneration

Remuneration received by the directors from the Company for the year was RS 1,949,216.

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

4.6 Board Evaluation

The Board shall consider setting up a well-established process for conducting the evaluation of the Board, the directors, and the committee performance during the next financial year.

4.7 Information Technology

The Company has a defined policy with regards to information, information technology and information security.

The Board oversees information governance through its Audit and Risk Committee, which itself supervises the Internal Audit function, which has no restrictions to its right of access to information. The Board ensures that all guidelines as per Data Protection Act, which governs right of access to information, are strictly adhered to.

All significant expenditures on information technology are approved by the Board, following recommendations and explanations provided by Management in that respect.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

5.1 Risk Management Function

The Directors recognise that the Board has the overall responsibility for the Company's risk management and internal control. The management of the Company assists the Board in implementing, operating and monitoring the internal control systems which manage the risk of failure to achieve business objectives and provide reasonable but not absolute assurance against material misstatements or loss.

The systems of internal controls put in place by management include the:

- maintenance of proper accounting records;
- implementation of the policies and strategies approved by the Board;
- regular assessment of specific risks management such as – market risks, credit risks, liquidity risks, operation risks, commercial risks, technological risks, compliance risks and human resource risks;
- overseeing and reviewing on an ongoing basis of the risks associated with social, safety, health and environmental issues.

Management has a well-designed structure for the identification and management of risks through stringent controls. Reviews of risks is effected by management on a quarterly basis and this provides the directors a certain level of assurance that management processes are in place and effective.

The Board is ultimately responsible for establishing, maintaining and overseeing appropriate and effective risk management and internal control systems for the Company. It has given the Audit and Risk Committee the responsibility of overseeing these systems on an ongoing basis and assessing their adequacy and effectiveness.

5.2 Internal Control

The Board is responsible for the system of internal control and has set appropriate policies to provide reasonable assurance that the control objectives are attained. Management is responsible for the design, implementation and monitoring of the internal control system. In view of the size and non-complexity of the transactions, the Board believes that an Internal control exercise once a year will be sufficient to mitigate any risk factor. The Board will undertake an independent appointment to carry out such exercise in the next financial year.

5.3 Risk factors

The Audit and Risk Committee review the risks factors which has been presented by Management and mitigating actions are taken to reduce such risks.

PRINCIPLE 6: REPORTING WITH INTEGRITY

6.1 Social, Safety, Health and Environmental policies

The Company has developed and implemented social, safety, health and environmental policies and practices that comply with existing legislative and regulatory frameworks.

6.2 Code of Ethics

The Company aims to adopt a code of ethics during the next financial year.

6.3 Corporate Social Responsibility (CSR)

The Company's CSR activities will aim to focus on the following specific areas in the course of the next financial year:

- Support NGOs in their activities for the needy of the community.
- Support sustainable programs towards food self-sufficiency.

6.4 Training

The Company ensures that employees are trained and become sufficiently experienced to the extent necessary to competently and effectively undertake their assigned activities and responsibilities.

The Company aims to create a learning environment where employees will be prepared to accept change, develop new skills and take responsibility for their own continuous development.

6.5 Environment

The Company is committed to reducing its impact on the environment. It strives to improve its environmental performance over time and to initiate additional projects and activities that will further its impact on the environment.

PRINCIPLE 7: AUDIT

7.1 Accounting and Audit

The Audit and Risk Committee evaluates the independence and effectiveness of the external auditors on an on-going basis before making a recommendation to the Board on their appointment and retention. The external auditors for this current financial year are Cays LLP. The total duration of the audit assignment is for a period of one year with the possibility of reappointment of the selected firm annually, subject to the approval of the Annual Meeting of Shareholders of HWP.

The fees paid/payable to the auditors for the year under review by the Company were:

	2022	2021
Payable to Cays LLP for: Audit services	Rs 125,000+vat	Rs 85,000+vat
Paid to Cays LLP for: Due diligence services	Rs 400,000+vat	-

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

8.1 Service Agreement

The Company has a service agreement with its Parent Company for its day-to-day operations.

8.2 Share Option Plan

The Company has no share option plan.

8.3 Dividend Policy

The payment of dividend is subject to the profitability of Happy World Property Ltd and satisfying the solvency test.

8.4 Share Price Information

In a similar manner to other listed companies on the stock market, the share price of the Company will be subject to the volatility associated with stock market movements.

8.5 Donations

The Company did not make any political donations during the year under review (2020: Nil).

8.6 Stakeholders' Relations and Communication

The Board aims at properly understanding the information needs of all shareholders and places great importance on an open and meaningful dialogue with all those involved with the Company. It ensures that shareholders are kept informed on matters affecting the Company. Open lines of communication are maintained to ensure transparency and optimal disclosure. The Board is committed to fair financial disclosure for its shareholders and all the stakeholders at large.

All board members are requested to attend the Annual Meeting of Shareholders.

All shareholders of the Company are entitled to attend and vote at general meetings in person or by proxy. Shareholders also receive the annual reports of the Company and the notice of annual general meetings.

8.7 Conduct of shareholder meeting

During the annual meeting, which is held in Mauritius, shareholders are given the opportunity to communicate their views and to engage with the Board and Management with regard to the Company's business activities and financial performance.

Directors are encouraged to attend the shareholder's meetings. The members of the Audit and Risk Committee and external auditors are asked to be present at such meetings.

At the shareholder's meeting, each item is proposed in a separate resolution:

- The approval of the audited financial statements.
- The annual report.
- The ratification of dividend (if applicable).
- The election or re-election of directors of the board.
- The appointment or re-appointment of auditors under Section 200 of the Companies Act 2001.
- The ratification of the remuneration paid to the auditors.

Any other matter which may require the Shareholder's approval.

8.8 Timetable of major events

Key events are set out below:

November 2021	Approval of quarterly accounts: Quarter ended 30th September
February 2022	Approval of quarterly accounts: Quarter ended 31st December
July 2022	Approval of quarterly accounts: Quarter ended 31st March
November 2022	Approval of the audited financial statements
December 2022	Annual Meeting of Shareholders

8.9 Related party transactions

Related party transactions are set out in note 26.

Acknowledgement

The Board would like to thank all employees for their continued dedication and loyalty.

Director
Mr. Antoine SEEYAVE

Date: **24 November 2022**

Director
Mr. Jean Pierre MONTOCCHIO

Date: **24 November 2022**

STATEMENT OF COMPLIANCE

(Section 75 (3) of the Financial Reporting Act)

Name of Public Interest Entity ('P.I.E'): HAPPY WORLD PROPERTY LTD

Reporting period: Year ended 30 June 2022

We, the Directors of Happy World Property Ltd, confirm, to the best of our knowledge that the Company has complied with the Corporate Governance Code for Mauritius (2016). The Company has fully applied all the principles set out in the Code and has explained how these principles have been applied.

Signed by:

Chairman
Mr. Antoine SEEYAVE

Date: **24 November 2022**

Director
Mr. Jean Pierre MONTOCCHIO

Date: **24 November 2022**

SECRETARY'S CERTIFICATE

In our capacity as Company Secretary of Happy World Property Ltd, we hereby confirm that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, for the year ended 30 June 2022, all such returns, as are required, in terms of the Companies Act 2001.

Executive Services Ltd
Company Secretary
Per Christian Angseeing

2nd Floor, Les Jamalacs Building
Vieux Conseil Street, Port Louis
Republic of Mauritius

Date: **24 November 2022**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Happy World Property Ltd, which are made up of the consolidated financial statements (the Group) and of its separate financial statements (the Company) and which comprise the Statements of Financial Position as at 30 June 2022 and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year then ended and a summary of significant accounting policies and other notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act 2001.

Basis of our opinion

- We conducted our audit in accordance with International Standards on Auditing (ISAs). Refer to paragraph entitled 'Auditors' responsibilities for the audit of the financial statements' below.
- We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements (in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)).
- We have fulfilled our other ethical responsibilities in accordance with these requirements.
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(i) Investment properties
The investment properties of the Company, recognized at Rs456,500k, (being its fair value determined on the basis of the valuation report carried out by Mr P Ramrekha MSC, FRICS CSK Chartered Valuation Surveyor) is the most significant asset of the company representing 80% of the total assets of the Company. Gain or loss in fair value has been recognized in profit or loss. We have, amongst others, reviewed and assessed the Chartered Valuation Surveyor's report and the gross revenue generated from that property during the year and concur with the conclusions made in that report.

(ii) Investments in subsidiaries and impairment of goodwill on consolidation
- On 31 January 2022, the Company acquired 100% of the shareholding of two subsidiaries, Regus Business Centres (Mauritius) Ltd and RBC (Mauritius) Ltd, both incorporated in the Republic of Mauritius for a total consideration of Rs52,108k. These two subsidiaries had a net liabilities of Rs29,526k on acquisition date, resulting into a goodwill on consolidation of Rs81,634k recognized in the Group's financial Statements.
- We have carried out an assessment of the assets and liabilities of these two subsidiaries as at acquisition date to confirm the net liabilities of Rs29,526k as agreed by the Company and the Seller.
- Goodwill has been allocated to cash-generating units (CGU) and must be tested for impairment annually in accordance with IAS 36 (Impairment of Assets) by comparing the recoverable amount of the CGU. The recoverable amount is the higher of: **Value in use and Fair value less costs to sell.**
- The value in use is the present value of the future cash flows (discounted cash flow DCF), projections based on financial budgets over the next six years approved by the Board. The recoverable amount is sensitive to the discount rate used as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.
- **Our audit procedures comprise the following:**
  We concur with the definition of CGU of management for goodwill allocation. We obtained the Group's discounted cash flow model (DCF) that supports the value-in-use calculation and assessed the assumptions used, including projections on future income, discount rate, sensitivity analysis to determine the impact of those assumptions, comparison with previous years' performance. We verified the mathematical accuracy of the DCF. We discussed and challenged the key management judgement.

(iii) Amount receivable from Regus Group

- Trade and other receivables (note 13) include an amount of Rs16,995k receivable from Regus Group in respect of overpayment on the purchase consideration for the acquisition (effective 01 February 2022) of the investments in Regus Business Centers (Mauritius) Ltd & RBC (Mauritius) Ltd. Out of that amount receivable from Regus Group, an amount of Rs11,797k is still in dispute at the date of this report, between the Company and Regus Group and the negotiation process is still ongoing by both parties.
- No allowance for credit losses has been made on the basis of a letter of comfort received from its parent company, Happy World Limited, to make appropriate arrangements (including the mechanism set out in the purchase and sale agreement between the purchaser and the seller) to recover this amount within the next 12 months. We also discussed of this matter with the audit committee of the Company who is in agreement with this approach.

Responsibilities of the directors of the Company

The directors of the Company are responsible:

- for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Companies Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- 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, having no realistic alternative but to do so.

Responsibilities of the auditors for the audit of the financial statements

Our objectives are:

- to obtain reasonable assurance whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error; and
- to issue a 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. Refer to our website at: www.cays.mu for further details of our responsibilities forming part of this report.

Report on other legal and regulatory requirements

Companies Act 2001

We have no relationship with, or interest in, the Company, other than in our capacity as auditors and tax advisors and dealings in the ordinary course of business. We have obtained all the 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.

Financial Reporting Act 2004

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

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

Cays LLP Public Accountants	**LHY Tang Ying Yuen FCCA** Licensed by FRC	**24 November 2022** Date

ANNUAL FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2022

in Rs'000	Notes/Pages	GROUP	COMPANY	
		2022	**2022**	**2021**
NON-CURRENT ASSETS				
Plant and equipment	N7	17,375	9,644	2,771
Intangible assets	N8	81,634	-	-
Right-of-use assets	N9	20,805	-	-
Investment properties	N10	456,500	456,500	435,500
Investment in subsidiaries	N11	-	52,108	-
Deferred tax assets	N15	308	308	2,982
		576,622	**518,560**	**441,253**
CURRENT ASSETS				
Loans receivable	N12	-	30,738	-
Trade and other receivables	N13	29,793	20,343	3,077
Cash at bank and in hand	P28	4,699	2,454	14,900
		34,492	**53,535**	**17,977**
Net assets		**611,114**	**572,095**	**459,230**
EQUITY AND LIABILITIES				
Share capital		400,000	400,000	400,000
Retained earnings		39,287	39,782	8,629
Equity attributable to owners of the Company	P27	**439,287**	**439,782**	**408,629**
NON-CURRENT LIABILITIES				
Lease liabilities	N16	15,319	-	-
Loans payable	N17	107,646	107,646	15,089
		122,965	**107,646**	**15,089**
CURRENT LIABILITIES				
Lease liabilities	N16	6,955	-	-
Loans payable	N17	13,155	13,155	7,585
Trade and other payables	N14	28,322	11,512	9,927
Dividends payable	P27	-	-	18,000
Tax payable		430	-	-
		48,862	**24,667**	**35,512**
Total liabilities		**171,827**	**132,313**	**50,601**
Total equity and liabilities		**611,114**	**572,095**	**459,230**

These financial statements were approved and authorised for issue by the Board of Directors on **24 November 2022.**

Director
Mr. Antoine SEEYAVE

Director
Mr. Jean Pierre MONTOCCHIO

STATEMENTS OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

in Rs'ooo	Notes/Pages	GROUP	COMPANY	
		2022	2022	2021
Revenue	N19	60,901	45,767	43,184
Gain in fair value of investment properties	N10	21,000	21,000	-
(Loss)/gain on foreign exchange	N20	(963)	(3)	701
Other income and gains		313	3	-
Administrative and selling expenses	N22	(36,312)	(25,778)	(21,685)
Finance costs	N23	(3,778)	(2,935)	(1,769)
		41,161	**38,054**	**20,431**
Non-recurrent items	N24	(6,464)	(4,227)	-
Profit before tax		34,697	33,827	20,431
Tax (expense)/credit	N15	(4,039)	(2,674)	2,982
Profit for the year	P27	**30,658**	**31,153**	**23,413**
Other comprehensive income for the year		**-**	-	-
Comprehensive income for the year		**30,658**	**31,153**	**23,413**
Profit for the year attributable to Owners of the Company*		**30,658**		
Comprehensive income for the year attributable to Owners of the Company*		**30,658**		

* *Owners of the Company have 100% interest in the subsidiaries.*

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

in Rs'000	Notes/Pages	Equity attributable to owners of the Company		
		Share Capital*	Retained Earnings	Total
GROUP				
2022				
Consolidation adjustments		400,000	8,629	408,629
Profit for the year	P26	-	30,658	30,658
Other comprehensive income for the year	P26	-	-	-
Comprehensive income for the year	P26	-	30,658	30,658
At 30 June 2022		**400,000**	**39,287**	**439,287**
COMPANY				
2021				
At 01 July 2020		400,000	3,216	403,216
Profit for the year	P26	-	23,413	23,413
Other comprehensive income for the year	P26	-	-	-
Comprehensive income for the year	P26	-	23,413	23,413
Dividends**		-	(18,000)	(18,000)
At 30 June 2021		**400,000**	**8,629**	**408,629**
2022				
At 01 July 2021		400,000	8,629	408,629
Profit for the year	P26	-	31,153	31,153
Other comprehensive income for the year	P26	-	-	-
Comprehensive income for the year	P26	-	31,153	31,153
Dividends**		-	-	-
At 30 June 2022		**400,000**	**39,782**	**439,782**

	2022 No. of Shares	2021 No. of Shares	2022 in Rs'000	2021 in Rs'000
* Share capital				
Authorised, Issued and fully paid Ordinary shares of Rs 10 each				
At 01 July and at 30 June	**40,000,000**	**40,000,000**	**400,000**	**400,000**
** Dividends				
a Declared and payable			-	**18,000**
b Per ordinary share – (Rs)			-	**0.45**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

in Rs'ooo	Notes/Pages	GROUP	COMPANY	
		2022	2022	2021
OPERATING ACTIVITIES				
Profit before tax	P26	34,697	33,827	20,431
Adjustment for:				
Non-recurrent items	N24	(1,088)	-	-
Allowance for credit losses	N24	3,325	-	-
Gain on disposal of plant and equipment	N21	(3)	(3)	-
Gain in fair value of investment properties	N10	(21,000)	(21,000)	-
Depreciation of plant and equipment	N22	2,567	1,685	1,417
Depreciation of right-of-use assets	N22	3,487	-	
Interest expenses	N23	3,778	2,935	1,769
Change in working capital:				
Trade and other receivables		(23,976)	(17,266)	(174)
Trade and other payables		(524)	1,585	(855)
		1,263	1,763	22,588
Interest paid	N23	(3,778)	(2,935)	(1,769)
Tax paid	N15	(2,983)	-	-
Net cash from operating activities		**(5,498)**	**(1,172)**	**20,819**
INVESTING ACTIVITIES				
Acquisition of plant and equipment	N7	(9,094)	(8,558)	(207)
Acquisition of subsidiaries	N11	-	(52,108)	-
Proceeds from disposal of plant and equipment		3	3	6
Loans granted to subsidiaries		-	(30,738)	-
Payment of acquistion of subsidiaries, net of cash acquired	N25	(48,278)	-	-
Net cash used in investing activities		**(57,369)**	**(91,401)**	**(201)**
FINANCING ACTIVITIES				
Lease capital payments		(3,382)	-	-
Loans received		112,609	105,950	-
Loans repaid		(38,561)	(7,823)	(13,250)
Dividends paid		(18,000)	(18,000)	-
Net cash from/(used in) financing activities		**52,666**	**80,127**	**(13,250)**
(Decrease)/increase in cash and cash equivalents		(10,201)	(12,446)	7,367
Consolidation adjustments		14,900	-	-
Cash and cash equivalents at 01 July	P25	-	14,900	7,533
Cash and cash equivalents at 30 June		**4,699**	**2,454**	**14,900**
Cash and cash equivalents are:				
Cash at bank and in hand		**4,699**	**2,454**	**14,900**
Leases				
Total cash outflows		**4,225**	-	-

NOTES

NOTES

1 GENERAL INFORMATION

Happy World Property Ltd is a public company incorporated and domiciled in Mauritius. Its registered address is Level 8, Happy World House, 37, Sir William Newton Street, Port Louis, Republic of Mauritius.

The main business activities of the Group are:

- The rental of Commercial Property providing office and retail spaces.
- Operation of car parking facilities.
- Business Centres offering serviced office facilities.

These consolidated financial statements comprise the Company and its subsidiaries. (collectively the Group)

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act 2001 and under the historical cost convention as modified by **the revaluation of investment properties at fair value**.

3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Mauritian rupees (the Group's functional currency), rounded to nearest thousand (Rs' 000) unless otherwise stated. Comparative figures have been amended, where necessary, to conform to change in presentation in the current year.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, management makes estimates and assumptions based on historical experience and expectations of future events that are considered to be reasonable under the appropriate circumstances. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Critical estimates and assumptions made during the year that might have a significant risk of causing material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

Fair value of investment properties
The Group measures its investment properties at fair value; gain/loss in fair value being recognized in profit or loss. The Group engaged an independent valuation specialist to determine the fair value based on prevailing market condition.

Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit, to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Depreciation of plant and equipment
Estimated useful lives of plant & equipment are determined based on management's historical experience and comparable market available data.

Right-of-use assets and lease liabilities
The Group determines the lease term as non-cancellable term of lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, it is reasonably certain not to be exercised. The Group cannot readily determine the interest rate implicit in the lease, therefore it uses the

lessee's incremental borrowing rate of interest, that is, the rate of interest, the lessee would have to pay on a similar lease or, if that is not determinable, the rate at the inception of the lease, the lessee would incur to borrow over a similar term, and with a similar security, the funds necessary to purchase the asset.

5 APPLICATION OF NEW IFRS AND INTERPRETATIONS

The Group is evaluating the applicability and relevance of certain new/revised standards and interpretations to existing standards (which are not yet effective) on the Group's operations and its impact on the financial statements of the Group in terms of results, presentation or disclosure. In alignment with the refined definition of Materiality in IASB Conceptual framework, IAS 1 and 8, certain information that is generally required by a standard, being assessed as immaterial, has been or may have been omitted in these financial statements.

6 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 periods presented, unless otherwise stated. The accounting policies set out below are, as far as possible, presented in the same chronological order, as the items/headings in the statement of financial position and statement of profit or loss. Accounting policies in respect of financial instruments are described under the relevant financial assets and liabilities.

6.1 PLANT AND EQUIPMENT

All plant and equipment are initially recognised at cost and are subsequently measured at cost less accumulated depreciation and any impairment losses. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Depreciation is calculated to write off the cost of items of plant and equipment less their estimated residual value using the straight-line method over their estimated useful lives and is recognised in profit or loss, unless it is required to be capitalised to another asset.

The estimated useful lives for the current and comparative periods are as follows:

- Furniture and equipment 4 – 5 years
- Motor vehicles 7 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Plant and equipment are derecognised when these are disposed of or permanently withdrawn from use. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that item and is recognised in profit or loss at the date of disposal or retirement.

6.2 INTANGIBLE ASSETS

Computer software
Intangible assets which consist of purchased computer software are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and any impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred. Amortisation of intangible assets is calculated, using the straight line method, so as to allocate their cost less their residual values over their estimated useful lives of 8 years and is recognised in profit or loss. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Goodwill
Goodwill on consolidation is initially recognised as the excess of the cost of acquisition over the fair value of the Company's share of the net assets of the acquired subsidiary at the date of acquisition and is subsequently measured at that amount less any impairment losses. Goodwill is not

amortised but is tested for impairment annually. It is allocated to cash-generating units for the purpose of impairment testing. Goodwill is impaired when the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is, in turn, defined as the higher of the fair value less cost to sell and the value in use; where the value in use is the present value of the future cash flows.

6.3 RIGHT-OF-USE ASSETS

The Group (as a lessee) recognises a right-of-use asset and a lease liability at the lease commencement date in respect of its leases, other than short term and low value leases. Right-of-use assets are initially recognised at cost and are subsequently measured at cost less accumulated depreciation and any impairment losses.

Cost comprises

- the amount of the initial measurement of the lease liability adjusted for any lease payments at or before the commencement date, plus
- any initial direct costs incurred by the lessee, plus
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located, less
- any lease incentives received.

Depreciation is calculated to write off the cost of right-of-use assets using the straight-line method over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term and is recognised in profit or loss.

The estimated useful lives and lease terms for the current and comparative periods are as follows: –

- Buildings 5 years

6.4 INVESTMENT PROPERTIES

Investment properties which comprise of properties held for rental are initially recognised at cost and are subsequently measured at fair value determined by a professional valuer on the basis of open market value. Gain or loss in fair value is recognised in profit or loss in the period in which it arises. The gain or loss arising on the disposal or retirement of an investment property is determined as the difference between the sales proceeds and the carrying amount of that property and is recognised in profit or loss at the date of disposal.

6.5 INVESTMENTS IN SUBSIDIARIES

In the Group's financial statements
The Group's financial statements include the Company and all its subsidiaries.

Control of a subsidiary

- The results of any subsidiary acquired or disposed of during the year are included in the Group's profit or loss from the date on which control is transferred to the Group or up to the date that control ceases.
- The purchase consideration of an acquisition of subsidiary is allocated to the assets and liabilities based on fair value at the respective date of acquisition. Any excess of the purchase consideration over the fair value of the net assets acquired is recognised as goodwill on consolidation under intangible assets. (note 6.2)
- If the fair value of the net assets acquired is more than the purchase consideration the difference is recognised directly in profit or loss as a bargain purchase.

Loss of control of a subsidiary

- Investments in subsidiaries are derecognised when the Group disposes or ceases to have control on a subsidiary.

- The gain or loss on disposal of a subsidiary is determined as the difference between the sales proceeds and the carrying value of the net assets including any goodwill of that subsidiary and is recognised in profit or loss.

Consolidation procedures

- Like items of assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are combined.
- The carrying amount of the parent investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated resulting in goodwill on consolidation.
- Intra-group balances & transactions (including unrealised gains or losses thereon) are eliminated.
- Uniform accounting policies are applied for like transactions.
- Any non-controlling interest in a subsidiary is recognised at its proportionate share of the net assets of that subsidiary.

In the Company's Financial Statements

Investments in subsidiaries are initially recognised at cost and subsequently measured at cost less any impairment losses. Investments in subsidiaries are derecognised when these are disposed of and or the Group ceases to control. Any gain or loss on disposal of a subsidiary is determined as the difference between the sales proceeds and the carrying amount of the investment in the subsidiary and is recognised in profit or loss at the date of disposal.

6.6 LOANS RECEIVABLE

Loans receivable are initially recognised at fair value when the Group's becomes a party to the contract and are subsequently measured at amortized cost using the effective interest method less any impairment losses. These loans and deposits are derecognised when the receivables have been collected or the rights to receive the cash flows have expired. These are classified as current assets except for maturities greater than 12 months after the reporting date. These are then classified as non-current assets.

6.7 TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value when the Group becomes a party to the contract with the customer for rental of offices and sales of services and are subsequently measured at amortised cost net of any allowance for credit losses, estimated by management based on prior experience and the economic environment. Allowance for credit losses for the period is recognised in profit or loss. Trade and other receivables are classified as current assets as they are short term in nature. Trade and other receivables are derecognised when the receivables have been collected and/or the contractual rights to receive the cash flows have expired.

6.8 IMPAIRMENT OF ASSETS

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

6.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and at bank less bank overdrafts.

6.10 LEASES

Lease liability is initially measured at the present value of the lease payments that are unpaid, discounted by using the interest rate implicit in the lease or the borrowing Group's incremental borrowing rate as the discount rate. The distinction between finance & operating leases is no longer relevant from a lessee perspective. Lease liability is subsequently measured by increasing the liability with the implicit interest in the leases and by deducting the lease payment. Payments made under short term and low value leases are recognised in profit or loss on a straight line basis over the term of the lease.

6.11 LOANS PAYABLE

Interest bearing bank loans are initially recognised at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the year. These are then classified as non-current liabilities.

6.12 TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value which is normally the invoiced price by the suppliers when the Group becomes a party to the contract with the suppliers for purchase of goods or services and are subsequently measured at amortised cost. Trade and other payables are classified as current liabilities as they are short term in nature. Trade and other payables are derecognised when and only when the obligations are discharged, cancelled or they expire.

6.13 INCOME TAX

Tax expense
Tax expense comprises current and deferred tax and is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. The tax expense is calculated using tax rates enacted or substantively enacted at the reporting date.

Tax payable/prepaid
Tax payable or prepaid for the current and prior periods is measured at the amount expected to be paid or recoverable to/from the tax authorities. Tax payable are derecognised when and only the obligations are discharged.

Deferred tax liabilities or assets
Deferred tax liabilities or assets for tax payable or recoverable in future periods are recognised on all temporary differences arising between the tax bases of the liabilities and assets and their carrying values for financial reporting purposes. Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available, against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

6.14 SHARE CAPITAL

Ordinary shares are classified as equity.

6.15 FOREIGN CURRENCY TRANSLATION

In the Group's financial statements
The financial position, results and cash flows of an entity whose functional currency is different from the presentation currency (Mauritian rupees) are translated into Mauritian rupees as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at that reporting date.
- Income and expenses for each item of profit or loss and other comprehensive income are translated at an average exchange rate for the period.
- All resulting exchange differences are recognised in other comprehensive income and cumulated in the translation reserve, except to the extent that the translation difference is allocated to the noncontrolling interests.
- Cash flows are translated at an average exchange rate.

In the Company's Financial Statements
Transactions in foreign currencies are translated to Mauritian rupees at the exchange rates prevailing at the date of the transactions. Difference in exchange resulting from the settlement of such transactions is recognised as gain or loss on foreign exchange in profit or loss. Monetary assets and liabilities denominated in foreign currencies are subsequently retranslated to Mauritian rupees at the exchange rates ruling at the end of the reporting date. Difference in exchange thereon is recognized as gain or loss on foreign exchange in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

6.16 REVENUE

Provision of services at a point in time
Revenue for the provision of services at a point in time is recognised in profit or loss based on the consideration to which the Company is entitled to receive net of value added tax in the accounting period in which the services are provided.

Provision of services over time
Revenue for the provision of services over time is recognised in profit or loss based on the consideration to which the Company is entitled to receive net of value added tax for the performance obligation of each period (month/quarter/year).

Rental income
Income from the lease of property is recognised in profit or loss on a straight-line basis over the term of the operating lease.

6.17 DIVIDEND INCOME

Dividend from investments in subsidiaries are recognised in profit or loss only when the Company's right to receive payment of the dividends is established.

6.18 EXPENSES

Purchases of services and ancillary goods for internal use, other than those related to the production overhead included in inventories, are recognised as expenses (as adjusted for prepayments & accruals) in profit or loss in the period these are incurred.

6.19 FINANCE COSTS

Finance costs on borrowings directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are recognised as part of the cost of the assets until such time that the assets are substantially ready for their intended use or sale. Otherwise, finance costs are recognised in profit or loss in the period in which these are incurred. Interest income is recognised using the effective interest method and is deducted from interest expenses shown as finance costs (net).

6.20 DIVIDENDS PAYABLE

Dividends declared to the Company's shareholders during the period (paid and payable at end of period) are recognised as distribution to shareholders in the statement of changes in equity. Dividends declared and payable at end of period are recognised as current liability.

in Rs'000		GROUP	
	Furniture & Equipment	Motor Vehicles	Total
7 PLANT AND EQUIPMENT		2022	
a Cost			
At 01 July 2021	48,644	43	48,687
Acquisitions	9,094	-	9,094
Disposals	(16)	-	(16)
At 30 June 2022	**57,722**	**43**	**57,765**
b Accumulated depreciation and impairment			
At 01 July 2021	37,822	17	37,839
Depreciation charge	2,561	6	2,567
Disposals adjustment	(16)	-	(16)
At 30 June 2022	**40,367**	**23**	**40,390**
c Carrying amount			
At 30 June 2022	**17,355**	**20**	**17,375**

in Rs'000		COMPANY	
		2022	
a Cost			
Consolidation adjustments	9,984	43	10,027
Acquisitions	8,558	-	8,558
Disposals	(16)	-	(16)
At 30 June 2022	**18,526**	**43**	**18,569**
b Accumulated depreciation and impairment			
Consolidation adjustments	7,239	17	7,256
Depreciation charge	1,679	6	1,685
Disposals adjustment	(16)	-	(16)
At 30 June 2022	**8,902**	**23**	**8,925**
c Carrying amount			
At 30 June 2022	**9,624**	**20**	**9,644**

in Rs'000		COMPANY	
		2021	
a Cost			
At 01 July 2020	11,246	43	11,289
Acquisitions	207	-	207
Disposals	(8)	-	(8)
Write-offs	(1,461)	-	(1,461)
At 30 June 2021	**9,984**	**43**	**10,027**
b Accumulated depreciation and impairment			
At 01 July 2020	7,292	10	7,302
Depreciation charge	1,410	7	1,417
Disposals adjustment	(2)	-	(2)
Write-offs	(1,461)	-	(1,461)
At 30 June 2021	**7,239**	**17**	**7,256**
c Carrying amount			
At 30 June 2021	**2,745**	**26**	**2,771**

Refer to note 17 for assets pledged as securities for banking facilities granted to the Group and Company.

in Rs'000	GROUP		
	Goodwill on Consolidation	Computer Software	Total
		2022	
8 INTANGIBLE ASSETS			
a Cost			
Consolidation adjustments	-	1,567	1,567
Acquisitions	81,634	-	81,634
At 30 June	**81,634**	**1,567**	**83,201**
b Accumulated depreciation and impairment	-		
Consolidation adjustments	-	1,567	1,567
At 30 June		**1,567**	**1,567**
c Carrying amount			
At 30 June	**81,634**	-	**81,634**

in Rs'000	COMPANY	
	2022	2021
Computer Software		
a Cost		
At 01 July and 30 June	**1,567**	**1,567**
b Accumulated depreciation and impairment		
At 01 July and 30 June	**1,567**	**1,567**
c Carrying amount		
At 30 June	-	-

in Rs'000	GROUP	COMPANY	
	2022	2022	2021
9 RIGHT-OF-USE ASSETS			
Buildings			
a Cost			
Consolidation adjustments	34,265	-	-
At 30 June	**34,265**	-	-
b Accumulated depreciation and impairment			
Consolidation adjustments	9,973	-	-
Charged for the year	3,487	-	-
At 30 June	**13,460**	-	-
c Carrying amount	**20,805**	-	-

d The Group leases premises for an average period of 5 years.

NOTES FOR YEAR ENDED 30 JUNE 2022

in Rs'000		GROUP	COMPANY	
		2022	2022	2021
10 INVESTMENT PROPERTIES				
a	At 01 July	-	435,500	435,500
	Consolidation adjustments	435,500	-	-
	Gain in fair value	21,000	21,000	-
	At 30 June	**456,500**	**456,500**	**435,500**

b **Assessment of fair value**

The fair value of the investment properties have been determined by Mr P. Ramrekha MSC FRICS MMIS, Chartered Valuation Surveyor on the basis of open market value on 09 May 2022 (2021: 3 June 2021).

		GROUP 2022	COMPANY 2022	COMPANY 2021
11 INVESTMENT IN SUBSIDIARIES				
a	Acquisitions during the year	-	52,108	-
	At 30 June	**-**	**52,108**	**-**

b During the year the Company acquired 100% shareholding of Regus Business Centres (Mauritius) Ltd and RBC (Mauritius) Ltd, both companies are incorporated in the Republic of Mauritius. The subsidiaries offer serviced office facilities.

c The directors have assessed the recoverable amount of the investment in subsidiaries (by using the cost and/or earnings and/or net assets basis of valuation and have made assumptions that are based on the market conditions) and consider that no impairment are necessary.

d Refer to note 17 for assets pledged as securities for banking facilities granted to the Group and Company.

		GROUP 2022	COMPANY 2022	COMPANY 2021
12 LOANS RECEIVABLE				
a	Loans receivable from subsidiaries	-	**30,738**	-

b The loans are unsecured, interest free and repayable on demand.

		GROUP 2022	COMPANY 2022	COMPANY 2021
13 TRADE AND OTHER RECEIVABLES				
a	**Trade receivables**	10,374	1,311	1,268
	Accumulated allowance for credit losses	(5,389)	-	-
	Net trade receivables	**4,985**	**1,311**	**1,268**
	Prepayments and other receivables	6,234	318	166
	Receivable from Regus Group Limited	16,995	16,995	-
	Tax deduction at source recoverable	1,673	1,673	1,555
		24,902	18,986	1,721
	Accumulated allowance for credit losses	(140)	-	-
	Net prepayments and other receivables	**24,762**	**18,986**	**1,721**
	Amount receivable from parent company	33	33	17
	Amount receivable from fellow subsidiaries	-	-	58
	Amount receivable from a related party	13	13	13
		29,793	**20,343**	**3,077**
b	**Ageing of net trade receivables not impaired**			
	Not later than three months	4,855	1,181	1,263
	Later than three months and not later than six months	130	130	35
		4,985	**1,311**	**1,298**
c	**Accumulated allowance for credit losses**			
	Consolidation adjustments	3,227	-	-
	Allowance for credit losses for the year	3,325	-	-
	Receivables written off as uncollectible	(1,023)	-	-
	At 30 June	**5,529**	**-**	**-**

d Taking into consideration the credit quality of the trade receivables, the Group considers an allowance for credit losses of Rs 9,766k is adequate and the Company considers that no provision for impairment is necessary on trade receivables of not later than six months (not due or past due).

in Rs'000	GROUP	COMPANY	
	2022	2022	2021
14 TRADE AND OTHER PAYABLES			
a **Trade payables**	3,784	918	828
Accruals and other payables	4,449	1,533	1,145
Deposits from customers	14,456	9,061	7,954
Advances received from customers	5,193	-	-
Amount payable – CSR fund	440	-	-
	28,322	**11,512**	**9,927**

b Trade payables are non-interest bearing and are generally on 30 to 90 days' term.

in Rs'000	GROUP 2022	COMPANY 2022	COMPANY 2021
15 INCOME TAX			
a **Tax expense/(credit)**			
Income tax on the adjusted profit for the year	1,365	-	-
Deferred tax expense/(credit) for the year	2,674	2,674	(2,982)
	4,039	**2,674**	**(2,982)**
b **Tax payable**			
Consolidation adjustments	2,048	-	-
Income tax on the adjusted profit for the year	1,365	-	-
Tax paid	(2,983)	-	-
	430	-	-
c **Reconciliation of tax expense and tax on accounting profit**			
Profit before tax	34,697	33,827	20,432
Adjustment for:			
Consolidation adjustments	(14,972)	-	-
Difference between capital allowance and depreciation	(947)	(484)	(1,033)
Difference between depreciation of right-of-use assets and rental payments	246	-	-
Expenses not deductible for income tax purposes	20,583	4,570	473
Gain in fair value of investment properties	(21,000)	(21,000)	-
Income not subject to income tax	(885)	(3)	-
Tax losses from previous years	(25,954)	(25,954)	(49,083)
Overlapped profit	8,287	-	-
Tax losses lapsed	-	-	3,257
Tax losses for future use	9,044	9,044	25,954
Adjusted chargeable profit for the year	**9,099**	-	-
Enacted tax rate	15%	15%	15%
Income tax on the adjusted profit for the year	**1,365**	-	-
Average effective tax rate	**4%**	-	-

d Tax deduction at source recoverable is recognised as accounts receivable (note 13).

in Rs'000	GROUP	COMPANY	
	2022	2022	2021
15 INCOME TAX (CONT'D)			
e **Deferred tax assets**			
At 01 July	-	2,982	-
Consolidation adjustments	2,982	-	-
Deferred tax (expense)/credit for the year	(2,674)	(2,674)	2,982
At 30 June	**308**	**308**	**2,982**
Made up of			
Difference between capital allowance and depreciation	(968)	(968)	(913)
Tax losses	1,276	1,276	3,895
	308	**308**	**2,982**
16 LEASE LIABILITIES			
a **Minimum lease payments**			
Not later than one year	8,504	-	-
Later than one year and not later than five years	16,948	-	-
	25,452	-	-
Finance costs for future periods	(3,178)	-	-
Present value of lease liabilities	**22,274**	-	-
b **Present value of finance lease liabilities**			
Current – Not later than one year	6,955	-	-
Non current – Later than one year and not later than five years	15,319	-	-
	22,274	-	-
17 LOANS PAYABLE			
a **Bank loans – secured**	110,284	110,284	11,024
Other loan – secured	10,517	10,517	11,650
	120,801	**120,801**	**22,674**
b **Current loans payable**			
Not later than one year	**13,155**	**13,155**	**7,585**
c **Non-current loans payable**			
Later than one year and not later than two years	15,631	15,631	3,498
Later than two years and not later than five years	41,230	41,230	6,461
Later than five years	50,785	50,785	5,129
	107,646	**107,646**	**15,089**

d **The bank loans are secured by fixed and floating charges on the assets of the Company.**

NOTES FOR YEAR ENDED 30 JUNE 2022

in Rs'ooo	GROUP	COMPANY	
	2022	2022	2021

18 RETIREMENT BENEFIT OBLIGATIONS

a Contributions to defined contribution plan			
Recognised in profit or loss	**232**	**232**	**187**
b Contributions to CSG			
Recognised in profit or loss	**306**	**253**	**137**

19 REVENUE

a Nature of revenue

The Group generates revenue from the:

– rental of office and commercial spaces

– rental of parkings

– provision of services

b Timing of satisfaction of performance obligation and significant payment terms

b.1 Revenue for the provision of services at a point in time is recognised on completion of the services billed in cash.

b.2 Revenue for the provision of services over time is recognised at the end of each period and is generally billed in cash or in credit.

c Revenue is analysed as follows:

Rental income	44,791	32,932	30,825
Provision of services	16,110	12,835	12,359
	60,901	**45,767**	**43,184**

20 FOREIGN EXCHANGE

Gain/(loss) on foreign exchange

Gain/(loss) on foreign exchange arises on the settlement of transactions in foreign currencies and on the translation of monetary assets and liabilities denominated in foreign currencies.

21 OTHER INCOME AND GAINS

Gain on disposal of plant and equipment	3	3	-
Other income	310	-	-
	313	**3**	**-**

22 ADMINISTRATIVE AND SELLING EXPENSES

Short term employee benefits	7,407	5,586	3,199
Other administrative and selling expenses	22,411	18,507	17,069
Depreciation of plant and equipment	2,567	1,685	1,417
Depreciation of right-of-use assets	3,487	-	-
Corporate social responsibility fund	440	-	-
	36,312	**25,778**	**21,685**

in Rs'000	GROUP	COMPANY	
	2022	2022	2021

23 FINANCE COSTS

Interest expenses			
Bank loans	2,170	2,170	856
Loan payable to parent company	-	-	78
Interest on overdrafts	2	2	-
Lease liabilities	843	-	
Other loan	763	763	835
	3,778	**2,935**	**1,769**

24 NON-RECURRENT ITEMS

a **Acquisition of subsidiaries – related costs**	4,227	4,227	-
Allowance for credit losses	3,325	-	-
Payables written back	(1,088)	-	-
	6,464	**4,227**	-

b **The above acquisition-related costs are the costs that the Company incurred to acquire the subsidiaries. They include the advisory, legal, accounting and other professional fees.**

25 BUSINESS COMBINATION

On 31 January 2022, the Company acquired 100% of the issued share capital of Regus Business Centres (Mauritius) Ltd and RBC (Mauritius) Ltd. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

a **Purchase consideration**	
Cash paid	**52,108**
b **Net assets acquired**	
Cash and cash equivalent	3,830
Other than cash and cash equivalent	(33,356)
Goodwill on acquisition	**81,634**
c **Outflow of cash to acquire subsidiaries, net of cash acquired**	
Purchase consideration in cash	52,108
Less: Cash and cash equivalent	(3,830)
	48,278

d **Acquisition-related costs**
Acquisition-related costs of Rs4,227k have been accounted for under non-recurrent expenses in the statement of profit or loss.

26 RELATED PARTIES

a **A related party is an individual or company where that party has the ability, directly or indirectly to control or influence over the other party in making financial or operating decisions. Parties are also considered related when they are under common control or common significant influence.**

b **Parent and ultimate parent companies**
The directors of the Company regard Happy World Ltd and Happy World Enterprises Ltd both incorporated in the Republic of Mauritius as the direct and ultimate parent company respectively.

NOTES FOR YEAR ENDED 30 JUNE 2022

in Rs'000	GROUP 2022	COMPANY 2022	COMPANY 2021
c Transactions with related parties			
Sales of goods and services to:			
Fellow subsidiaries	1,225	1,225	2,048
Parent company	4,904	4,904	5,310
Purchase of goods and services from:			
Fellow subsidiaries	-	-	51
Parent company	2,604	2,604	2,604
Interest expenses			
Parent company	-	-	78

d Outstanding balances with related parties

Outstanding balances with related parties are disclosed in the respective note of the appropriate assets or liabilities. Amount receivable from related parties arise in the normal course of business and are to be collected within the normal operating business cycle of the business. There are no impaired trade receivables nor allowance for credit losses from related parties. Amount payable to related parties arise in the normal course of business and are payable within the normal operating business cycle of the business.

in Rs'000	GROUP 2022	COMPANY 2022	COMPANY 2021
e Compensation of key management personnel of the Company			
Short term employee benefits paid by the Company	2,373	1,430	-
Short term employee benefits paid by the parent company and recharged through management fees	1,440	1,440	-

27 FINANCIAL INSTRUMENTS

Categories of financial instruments:

in Rs'000	GROUP 2022	COMPANY 2022	COMPANY 2021
a Financial assets at amortised cost			
Loans receivable	-	30,738	-
Trade and other receivables (excluding prepayments)	28,449	20,317	3,055
Cash at bank and in hand	4,699	2,454	14,900
	33,148	**53,509**	**17,955**
b Financial liabilities at amortised cost			
Trade and other payables	28,322	7,954	1,973
Loans payable	120,801	120,801	22,674
Lease liabilities	22,274	-	-
	171,397	**128,755**	**24,647**

28 FINANCIAL RISK MANAGEMENT

28.1 Financial risk factors

The Company's activities expose it to financial risks:

a Credit risk;

b Liquidity risk.

c Market risk (foreign exchange risk; interest rate risk).

NOTES FOR YEAR ENDED 30 JUNE 2022

a **Credit risk**

The Company has policies in place to ensure that credit sales are made to customers after a credit assessment has been carried out. There is no significant concentration of credit risk. The Company credit risk is primarily attributable to its receivables. The amounts presented in the Statement of Financial Position are net for allowance for credit losses, estimated by management based on prior experience and the economic environment.

Refer to note 13 (trade and other receivables) for aged analysis of trade receivables.

b **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. The Company aims at maintaining flexibility in funding by keeping reliable credit lines available. Contractual maturities of outflows in respect of financial liabilities are disclosed in the respective note of the appropriate liability.

c **Market risk (foreign exchange risk; interest rate risk)**

c.1 **Foreign exchange risk**

The Company is exposed to foreign exchange risk on certain transactions denominated in foreign currencies. The Company uses forward contracts, whenever possible, to manage its exposure to foreign currency risk.

CURRENCY RISK ANALYSIS

The financial instruments exposed to foreign currency changes are summarised as follows:

in Rs'000	GROUP	COMPANY	
	2022	2022	2021
Financial assets	(in respective currency)		
Us$ ('000)	28	28	251
GBP ('000)	180	97	-
Financial liabilities			
Us$ ('000)	122	122	117

Sensitivity analysis on foreign currency risk	in Rs'000		
Assuming a 1% change + (-) in the foreign currency rate on the above financial assets and liabilities, the result would have been impacted by	55	11	57

c.2 **Interest rate risk**

The Company's income and operating cash flow are exposed to interest rate risk as it sometimes borrows at variable rates. The Company uses a proper mix of fixed and variable rate borrowings, whenever possible, to manage the interest rate risk.

Sensitivity analysis on interest rate risk	in Rs'000		
Assuming a 25 basis points change + (-) in the interest rate on all variable interest bearing borrowings, the result would have been impacted by	142	142	73

NOTES FOR YEAR ENDED 30 JUNE 2022

28.2 Capital risk management

a "The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or raise shareholders loan or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio calculated as net borrowing divided by total equity of the Company."

in Rs'000	GROUP	COMPANY	
	2022	2022	2021
b Gearing ratio			
INTEREST BEARING BORROWINGS			
Lease liabilities	22,274	-	-
Loans payable	120,801	120,801	22,674
Cash at bank and in hand	(4,699)	(2,454)	(14,900)
Net borrowings	**138,376**	**118,347**	**7,774**
Equity attributable to owners of the Company	439,287	439,782	408,629
Capital employed	**577,663**	**558,129**	**416,403**
Gearing ratio	**24%**	**21%**	**2%**

29 EVENT AFTER THE REPORTING PERIOD

a On 31 August 2022, the Company acquired 100% of the shareholding of Fast Hub Ltd, a company incorporated in the Republic of Mauritius. Fast Hub Ltd is a business centre offering serviced office facilities.

b There were no other events after the reporting period that require disclosures.

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