

MCB REAL ASSETS LTD

ANNUAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2020

MCB REAL ASSETS LTD

ANNUAL REPORT - YEAR ENDED JUNE 30, 2020

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MCB REAL ASSETS LTD

REPORT OF THE DIRECTORS FOR THE YEAR ENDED JUNE 30, 2020

The directors are pleased to present the Annual Report of MCB Real Assets Ltd for the year ended June 30, 2020 as set out on pages 3 to 24.

The shareholder agrees that in conformity with Section 221 (4) of The Companies Act 2001 (the "Act"), the Annual Report of the Company need not comply with paragraphs (a), (d) and (e) of Section 221 (1) of the Act.

This report was approved by the Board of Directors on 20 NOV 2020

Director


Pierre Cuy-Noël

Director


Margaret Wong

MCB REAL ASSETS LTD

SECRETARY'S CERTIFICATE FOR YEAR ENDED JUNE 30, 2020

I certify that, to the best of my knowledge and belief, the company has filed with the Registrar of Companies all such returns as are required of the company under the Companies Act 2001.



For and on behalf of

MCB Group Corporate Services Ltd
Company Secretary

Date: 20 NOV 2020

MCB REAL ASSETS LTD

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2020

MCB Real Assets Ltd has not prepared a Corporate Governance Report for the year ended June 30, 2020, as per Section 75 of the Financial Reporting Act 2004, for the following reasons:

- The Company is a wholly-owned subsidiary of MCB Group Limited, which already complies with the Code of Corporate Governance (the "Code") by providing a full and comprehensive Corporate Governance Report in its Annual Report and making the disclosures required by the said Code; and
- The Corporate Governance functions of the Company are discharged by the governance framework of MCB Group Limited, the Holding Company.



.....
Director



.....
Director

Date: 20 NOV 2020

MCB REAL ASSETS LTD

STATEMENT OF COMPLIANCE FOR THE YEAR ENDED JUNE 30, 2020

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

Name of Public Interest Entity : MCB Real Assets Ltd

Reporting Period : July 01, 2019 to June 30, 2020

We, the directors of MCB Real Assets Ltd (the "Company"), hereby confirm to the best of our knowledge that the Company has resolved not to prepare a Corporate Governance Report, as per Section 75 of the Financial Reporting Act 2004, for the financial year ended June 30, 2020, for the reasons stated below:

- The Company is a wholly-owned subsidiary of MCB Group Limited, which already complies with the National Code of Corporate Governance for Mauritius (2016) (the "Code") by providing a full and comprehensive Corporate Governance Report in its Annual Report and making the disclosures required by the said Code; and
- The Corporate Governance functions of the Company are discharged by the governance framework of MCB Group Limited, the Holding Company.

Signed for and on behalf of the board of directors on

20 NOV 2020



Chairman


Director

MCB REAL ASSETS LTD

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of MCB Real Assets Ltd

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of MCB Real Assets Ltd (the "Company"), on pages 6 to 24 which comprise the statement of financial position as at June 30, 2020, the statement of profit or loss, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 6 to 24 give a true and fair view of the financial position of the Company as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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



MCB REAL ASSETS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholder of MCB Real Assets Ltd

Other information (continued)

Corporate Governance Report

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

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.



MCB REAL ASSETS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholder of MCB Real Assets Ltd

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other Matter

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


BDO & Co
Chartered Accountant


Ameenah Ramdin, FCCA, ACA
Licensed by FRC

Port Louis,
Mauritius.
November 20, 2020

MCB REAL ASSETS LTD

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

	Notes	2020 Rs.	2019 Rs.
ASSETS			
Non-Current Asset			
Investments in Subsidiary	5(a)	<u>1,459,749,731</u>	<u>1,459,753,630</u>
Current Assets			
Other Receivables	6	-	39,335,077
Cash at Bank	15(c)	<u>992,734</u>	<u>1,461,622</u>
		<u>992,734</u>	<u>40,796,699</u>
Total Assets	Rs.	<u><u>1,460,742,465</u></u>	<u><u>1,500,550,329</u></u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	7	1,000	1,000
Share application money pending allotment	8	1,459,147,780	1,459,147,780
Retained Earnings		1,450,882	1,937,019
Total Equity		<u><u>1,460,599,662</u></u>	<u><u>1,461,085,799</u></u>
Current Liabilities			
Other Payables	9	126,510	123,048
Current Tax Liabilities	10(a)	16,293	6,405
Dividend Payable	14	-	39,335,077
		<u>142,803</u>	<u>39,464,530</u>
Total Equity and Liabilities	Rs.	<u><u>1,460,742,465</u></u>	<u><u>1,500,550,329</u></u>

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

20 NOV 2020

Mubashir, *PBN*, *MWA*
DIRECTORS

The notes on pages 11 to 24 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

MCB REAL ASSETS LTD

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2020

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
		<u>Rs.</u>	<u>Rs.</u>
Dividend Income	2(i)	45,679,445	75,674,465
Foreign Exchange Transaction Gains/ (Losses)		97,043	(4,935)
Administrative Expenses	11	(566,606)	(372,704)
Finance Costs	12	(282)	(255)
Profit before Tax		<u>45,209,600</u>	<u>75,296,571</u>
Income Tax Expense	10(b)	(16,293)	-
Profit for the Year		<u>45,193,307</u>	<u>75,296,571</u>
Earnings per Share (Rs.)	13	<u>451,933.07</u>	<u>752,965.71</u>

The notes on pages 11 to 24 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

MCB REAL ASSETS LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
Profit for the Year	45,193,307	75,296,571
Other Comprehensive Income	-	-
Total Comprehensive Income for the Year	<u>45,193,307</u>	<u>75,296,571</u>

The notes on pages 11 to 24 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

MCB REAL ASSETS LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

	Notes	Stated Capital Rs.	Share application money pending allotment Rs.	Retained Earnings Rs.	Total Rs.
Balance at July 01, 2019		1,000	1,459,147,780	1,937,019	1,461,085,799
Profit for the Year		-	-	45,193,307	45,193,307
Dividends declared	14	-	-	(45,679,444)	(45,679,444)
Balance at June 30, 2020		1,000	1,459,147,780	1,450,882	1,460,599,662

	Notes	Stated Capital Rs.	Share application money pending allotment Rs.	Retained Earnings Rs.	Total Rs.
Balance at July 01, 2018		1,000	1,211,256,218	32,975,525	1,244,232,743
Share application money pending allotment	8	-	247,891,562	-	247,891,562
Profit for the Year		-	-	75,296,571	75,296,571
Dividends declared	14	-	-	(106,335,077)	(106,335,077)
Balance at June 30, 2019		1,000	1,459,147,780	1,937,019	1,461,085,799

The notes on pages 11 to 24 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

MCB REAL ASSETS LTD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	Notes	2020 Rs.	2019 Rs.
Cash flows used in Operating Activities			
Cash used in operations	15(a)	(466,101)	(379,558)
Interest paid		(282)	(255)
Tax paid		(6,405)	(429,087)
Net Cash used in Operating Activities		(472,788)	(808,900)
Cash flows generated from / (used in) Investing Activities			
Investment in subsidiary		-	(247,891,562)
Transfer of shares following rights issue		3,899	-
Dividend received from subsidiary		85,014,522	67,938,855
Net Cash generated from / (used in) Investing Activities		85,018,421	(179,952,707)
Cash flows (used in) / generated from Financing Activities			
Proceeds from share application money pending allotment		-	247,891,562
Dividend paid to holding Company		(85,014,521)	(67,000,000)
Net Cash (used in) / generated from Financing Activities		(85,014,521)	180,891,562
Net (Decrease) / Increase in Cash and Cash Equivalents		(468,888)	129,955
Movement in Cash and Cash Equivalents			
At July 01,		1,461,622	1,331,667
(Decrease) / Increase in cash and cash equivalents		(468,888)	129,955
At June 30,	15(c)	992,734	1,461,622

The notes on pages 11 to 24 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

MCB REAL ASSETS LTD

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

1 GENERAL INFORMATION

MCB Real Assets Ltd is a private company, incorporated on August 8, 2017 and domiciled in Mauritius. The main activities of the Company consist of investment holding. Its registered address is 9-15, Sir William Newton Street, Port Louis, Mauritius.

The financial statements presented herewith are for the year ended June 30, 2020 and will be submitted for consideration and approval at the forthcoming annual meeting of shareholder of the Company.

2 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of MCB Real Assets Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under historical cost convention, except that relevant financial assets and financial liabilities are carried at amortised cost.

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

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The interpretation has no impact on the Company's financial statements.

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

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

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

MCB REAL ASSETS LTD

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Preparation (cont'd)

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

Annual Improvements to IFRSs 2015–2017 Cycle

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

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

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

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

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

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2020 or later periods, but which the Company has not early adopted.

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

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- IFRS 17 Insurance Contracts
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Annual Improvements 2018–2020

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Covid-19-Related Rent Concessions (Amendment to IFRS 16)
- Amendments to IFRS 17
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

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

MCB REAL ASSETS LTD

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Preparation (cont'd)

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

(b) Investments in Subsidiary

Separate Financial Statements of the investor

In the separate financial statements of the investor, investments in subsidiary company are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

(c) Foreign Currencies

(i) *Functional and Presentation Currency*

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

(ii) *Transactions and Balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying cashflow hedges and qualifying net investment hedges.

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

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

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

(d) Impairment of Non-Financial Assets

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

MCB REAL ASSETS LTD

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument.

Financial Assets

The Company classifies its financial assets into the category discussed below, depending on the purpose for which the asset was acquired. The Company's accounting policy is as follows:

(i) *Amortised Cost*

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

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

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

Cash and cash equivalents includes cash at bank and other short term highly liquid investments with original maturities of three months or less.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

MCB REAL ASSETS LTD

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (cont'd)

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

The Company classifies its financial liabilities into the following category, depending on the purpose for which the liability was acquired.

Other financial liabilities

Other financial liabilities include the following items:

Other payables and other short-term monetary liabilities which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Other short-term monetary liabilities comprise of bank overdrafts which are shown as current liabilities on the statement of financial position.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or they expire.

(f) **Stated Capital**

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

MCB REAL ASSETS LTD

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Current and Deferred Income Tax

The tax expense for the period comprises of current tax, corporate social responsibility (CSR) and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly to equity.

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

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

(i) Current Tax

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

(ii) Deferred Tax

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

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

(h) Provisions

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

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

(i) Revenue Recognition

Revenue earned by the Company is recognised on the following base:

Dividend Income - when the shareholder's right to receive payment is established.

(j) Dividend Distribution

Dividend distribution to the Company's shareholder is recognised as a liability in the Company's financial statements in the period in which the dividends are declared.

MCB REAL ASSETS LTD

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

3 FINANCIAL RISK MANAGEMENT

(a) Financial Risk Factors

The Company's activities expose it to a variety of financial risks. A description of the significant risk factors is given below together with the risk management policies applicable.

(i) Credit Risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables.

Credit risk is managed on a Company basis. For banks and financial institutions, only independently rated parties are accepted.

(ii) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims at maintaining flexibility in funding by keeping committed credit lines available.

(iii) Currency Risk

The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euros and US dollars.

The tables below depict the Company's financial assets and financial liabilities at carrying amounts classified by currency.

2020	MUR	EUR	USD	Total
	Rs.	Rs.	Rs.	Rs.
Financial asset				
Cash at bank	135,693	855,565	1,476	992,734
Financial liability				
Other Payables	126,510	-	-	126,510
2019	MUR	EUR	USD	Total
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Other Receivables	39,335,077	-	-	39,335,077
Cash at bank	202,192	1,256,502	2,928	1,461,622
	39,537,269	1,256,502	2,928	40,796,699
Financial liability				
Other Payables	123,048	-	-	123,048

At June 30, 2020, if the rupee had weakened/strengthened by 10% against foreign currencies with all other variables held constant, profit before tax would have been Rs. 85,704 (2019: Rs. 125,943) higher/lower, mainly as a result of foreign exchange gains/losses on translation of foreign balances.

MCB REAL ASSETS LTD

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

3 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Fair Value Estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The carrying amounts of financial assets approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES

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

There were no major estimates and assumptions made during the year that have a significant risk of causing material adjustments to the carrying amounts of the Company's assets and liabilities within the next financial year.

Limitation of Sensitivity Analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and the other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risks that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty.

5 INVESTMENTS IN SUBSIDIARY

(a) Investments in Subsidiary

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
At July 01,	1,459,753,630	1,211,862,068
Additions	-	247,891,562
Disposal	(3,899)	-
At June 30,	<u>1,459,749,731</u>	<u>1,459,753,630</u>

MCB REAL ASSETS LTD

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

5 INVESTMENTS IN SUBSIDIARY (CONT'D)

(b) The Company's subsidiary is as follows: -

Name	Class of Shares	Year End	Proportion of Ownership Interest		Share Capital	Country of Incorporation & Operation	Main Business
			Direct	Indirect		Rs.	
Subsidiary:							
Compagnie des Villages de Vacances de L'isle de France Limitée.	Ordinary	June 30,	93.39%	-	Rs. 826,506,000	Mauritius	Rental of Investment Properties

The above subsidiary is quoted on the Development and Enterprise Market (DEM) of The Stock Exchange of Mauritius. The fair value of the Company's interest in Compagnie des Villages de Vacances de L'isle de France Limitée was Rs. 1,300,591,607 (Rs. 20.50 per share) as at June 30, 2020 and Rs. 1,554,369,989 (Rs. 24.50 per share) as at June 30, 2019.

(c) MCB Real Assets Ltd is a wholly owned subsidiary of MCB Group Limited, incorporated in Mauritius, which presents consolidated financial statements that are available for public use. Hence, MCB Real Assets Ltd is exempt from presenting consolidated financial statements in accordance with IFRS 10 section 4.

6 OTHER RECEIVABLES

	2020	2019
	Rs.	Rs.
Amount due from Subsidiary:		
Dividends Receivable	-	39,335,077

(a) The carrying amounts of other receivables approximate their fair value.

(b) There were no past due balances of other receivables as at June 30, 2020.

7 STATED CAPITAL

	Ordinary Shares (No Par Value)	Ordinary Shares (No Par Value)
	Rs.	Rs.
(i) Issued Share Capital		
At June 30, 2020 / June 30, 2019	1,000	1,000
(ii) Number of Shares		
At June 30, 2020 / June 30, 2019	100	100

(iii) Class Rights

Ordinary shares shall:

- (i) have the right to vote at meetings of shareholders and on poll to cast one vote for each share held;
- (ii) subject to the rights of any other class of shares, have the right to an equal share in dividends and other distribution made by the Company; and
- (iii) subject to the rights of any other class of shares, have the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

MCB REAL ASSETS LTD

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

8 SHARE APPLICATION MONEY PENDING ALLOTMENT

During the financial year 2019, the Company received Rs. 247,891,562 from its holding company to subscribe to the rights issue of its subsidiary. As at June 30, 2020, the total amount of share application money pending for allotment was Rs. 1,459,147,780.

9 OTHER PAYABLES

	2020	2019
	Rs.	Rs.
Amount due to Group Companies:		
Fellow Subsidiary	40	12,458
Other Payables	126,470	110,590
	<u>126,510</u>	<u>123,048</u>

The carrying amounts of other payables approximate their fair values.

10 INCOME TAX PAYABLE

	2020	2019
	Rs.	Rs.
(a) In the Statement of Financial Position		
At July 01,	6,405	435,492
Income tax on the adjusted profit for the period at 15%	14,376	-
Corporate Social Responsibility Levy	1,917	-
Income tax paid	(6,405)	(429,087)
At June 30,	<u>16,293</u>	<u>6,405</u>
(b) In the Statement of Profit or Loss		
	2020	2019
	Rs.	Rs.
Current tax on the adjusted profit for the period at 15%	14,376	-
Corporate Social Responsibility Levy	1,917	-
	<u>16,293</u>	<u>-</u>

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

	2020	2019
	Rs.	Rs.
Profit before Taxation	<u>45,209,600</u>	<u>75,296,571</u>
Tax calculated at a rate of 15%	6,781,440	11,294,486
Tax effect on:		
Income not subject to tax	(6,851,917)	(11,351,170)
Expenses not deductible for tax purposes	84,853	56,684
Corporate Social Responsibility Levy	1,917	-
Taxation Charge	<u>16,293</u>	<u>-</u>

MCB REAL ASSETS LTD

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

11 ADMINISTRATIVE EXPENSES	2020	2019
	Rs.	Rs.
Audit Fees	92,000	103,500
Bank Charges	6,014	5,667
Director's remuneration	66,200	81,667
Insurance expense	190,450	-
Licences	24,030	17,500
Other Expenses	112	380
Other Professional Fees	11,500	-
Secretarial Fees	161,000	149,500
Tax Fees	15,300	14,490
	566,606	372,704

12 FINANCE COSTS	2020	2019
	Rs.	Rs.
Interest Expense : - Bank Overdraft	282	255

13 EARNINGS PER SHARE	2020	2019
	Rs.	Rs.
Earnings per share is based on:		
Profit for the year	Rs. 45,193,307	75,296,571
Number of Ordinary Shares in Issue	100	100
Earnings per Share	Rs. 451,933.07	752,965.71

14 DIVIDENDS	2020	2019
Amounts recognised as distributions to equity holders in the year:		
Interim Dividends declared (2020 / 2019)	Rs. 45,679,444	67,000,000
Final Dividends declared (2019)	Rs. -	39,335,077
Total Dividends declared during the year	Rs. 45,679,444	106,335,077
Number of Shares in Issue	100	100
Dividends per share	Rs. 456,794.44	1,063,350.77

MCB REAL ASSETS LTD

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

15 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash used in operations

Reconciliation of profit before taxation to cash used in operations:

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
Profit before Tax	45,209,600	75,296,571
Adjustments for:		
Dividend Income	(45,679,445)	(75,674,465)
Interest Expense	282	255
Changes in working capital:		
- other payables	3,462	(1,919)
Cash used in operations	<u>(466,101)</u>	<u>(379,558)</u>

(b) Reconciliation of liabilities arising from financing activities

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
Share application money from Holding Company pending allotment		
Cash Transactions	-	247,891,562

(c) Cash and Cash Equivalents

Cash and cash equivalents include the following for the purpose of the statement of cash flows:

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
Cash at bank	<u>992,734</u>	<u>1,461,622</u>

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

MCB REAL ASSETS LTD

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

16 RELATED PARTY TRANSACTIONS

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
(a) Dividend Income		
Subsidiary	<u>45,679,445</u>	<u>75,674,465</u>
(b) Administrative Expenses		
Fellow Subsidiary	161,000	149,500
Entity under common control	<u>6,014</u>	<u>5,667</u>
	<u>167,014</u>	<u>155,167</u>
(c) Finance Costs		
Entity under common control	<u>282</u>	<u>255</u>
(d) Outstanding balances as at June 30,	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
<i>Amount owed by related party</i>		
Subsidiary	<u>-</u>	<u>39,335,077</u>
<i>Amount due to related parties</i>		
Fellow Subsidiary	40	12,458
Holding Company	<u>-</u>	<u>39,335,077</u>
	<u>40</u>	<u>39,347,535</u>
<i>Bank Balances</i>		
Entity under common control	<u>992,734</u>	<u>1,461,622</u>
(e) Investments		
Subsidiary	<u>1,459,749,731</u>	<u>1,459,753,630</u>

A rights issue exercise was successfully completed by its Subsidiary, Compagnie des Villages de Vacances de L'isle de France Limitée during the year 2019 at Rs. 23.00 per ordinary share. The net amount invested in its subsidiary after deduction of expenses for professional fees and other related issuance expenses was Rs. 247,891,562. As such, MCB Real Assets Ltd acquired 10,777,894 new ordinary shares following the rights issue bringing its new shareholding in COVIFRA to 93.39%. Fully paid ordinary shares carry one vote per share and carry a right to dividends.

All the above transactions have been carried out at least under market terms and conditions. There have been no guarantees provided or received for any related party receivables or payables. At June 30, 2020, the amounts owed by related parties were not impaired.

MCB REAL ASSETS LTD

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

17 IMPACT OF COVID-19

The novel coronavirus (COVID-19) pandemic has caused extensive disruptions to business operation around the globe in 2020. On March 11, 2020, COVID-19 was labelled as a pandemic by the World Health Organisation. The measures taken by various governments to contain the virus have affected economic activity.

The Company has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures. The directors are of the opinion that it is difficult to predict the overall outcome and impact of COVID-19 on the financial statements of the Company at this stage. The Company will continue to follow the various government policies and advice whilst continuing to operate in the best and safest way possible. If the financial markets and/or the overall economy are impacted for an extended period, the carrying value of the financial assets and the Company's results may be materially adversely affected.

18 EVENTS AFTER REPORTING DATE

On October 26, 2020, the Company subscribed to 490 ordinary shares, for a consideration of Rs. 490, and for a stake of 49% in each of the following companies: Grand Bel Air Cie Ltée, Rivière La Chaux Cie Ltée and Terres Sud Est Cie Ltée.

Except for the above, there has been no material event since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended June 30, 2020.

19 HOLDING COMPANY

The Company is wholly owned by MCB Group Limited, whose registered office is at Sir William Newton Street, MCB Centre, Port Louis and is incorporated in Mauritius.