

MCB REAL ASSETS LTD

**ANNUAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2023**

MCB REAL ASSETS LTD
ANNUAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS	<u>PAGES</u>
Report of the Directors	1
Secretary's Certificate	2
Corporate Governance Report	3
Statutory Disclosures	4 - 5
Statement of Compliance	6
Independent Auditor's Report to the Shareholder	7 - 7(b)
Financial Statements	8 - 32

NOTICE

Unless otherwise stated, all references to Acts and Regulations in this Annual Report relates to legislations issued in the Republic of Mauritius.

This page has been left intentionally blank.

MCB REAL ASSETS LTD

REPORT OF THE DIRECTORS FOR THE YEAR ENDED JUNE 30, 2023

The directors are pleased to present the Annual Report of MCB Real Assets Ltd (the "Company" or "MCBRA") for the year ended June 30, 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

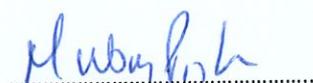
The directors collectively as a Board acknowledge their responsibilities for the following and state that:

- (i) the financial statements fairly present the state of affairs of the Company as at the end of the financial year and the result of operations and cash flows for the period;
- (ii) adequate accounting records and effective internal control systems and risk management have been maintained;
- (iii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iv) the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standard (IAS), the Companies Act 2001 and the Financial Reporting Act 2004;
- (v) the financial statements have been prepared on a going concern basis;
- (vi) they are responsible for safeguarding the assets of the Company;
- (vii) they are responsible for leading and controlling the organisation and meeting all legal and regulatory requirements;
- (viii) they have taken reasonable steps for the prevention and detection of fraud and other irregularities.

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

Having taken all the matters considered by the Board and brought to the attention of the Board during the year into account, we are satisfied that the annual report and accounts taken as a whole are fair, balanced and understandable.

For and on behalf of the Board of Directors:



Margaret Wong Ping Lun
Chairperson



Jean Michel Ng Tseung
Director

Date: 05 DEC 2023

MCB REAL ASSETS LTD

SECRETARY'S CERTIFICATE FOR YEAR ENDED JUNE 30, 2023

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 Mauritius Companies Act 2001.



For and on behalf of

MCB Group Corporate Services Ltd
Company Secretary

Date: **05 DEC 2023**

MCB REAL ASSETS LTD

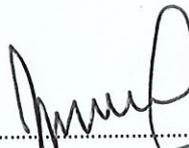
CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2023

MCB Real Assets Ltd has not prepared a Corporate Governance Report for the year ended June 30, 2023, as per Section 75(2)(b) 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.



.....
Margaret Wong Ping Lun
Chairperson



.....
Jean Michel Ng Tseung
Director

05 DEC 2023

Date:

MCB REAL ASSETS LTD

STATUTORY DISCLOSURES

Section 221 of the Companies Act 2001

Principal Activity

MCBRA is the intermediate holding company of Compagnie des Villages de Vacances de L'Isle de France Limitee ("Covifra") having a stake of 93% in Covifra. The Company has no employees and no day-to-day operations. Administrative matters have been outsourced to subsidiaries of the MCB Group through Management and Service Level Agreements.

Composition of the Board

Mrs Margaret Wong Ping Lun
Mr Gilbert Gnany
Mr Pierre Guy Noël (up to 19.05.23)
Mr Jean Michel Ng Tseung (as from 19.05.23)

Directors' interests in shares

The directors do not hold shares in the Company directly or through any associate (as defined under the Listing Rules of the Stock Exchange of Mauritius).

Directors of Subsidiaries

Directors of Covifra

Margaret Wong Ping Lun
Gilbert Gnany
Robert Ip Min Wan (up to 25.11.22)
Pierre Guy Noël (up to 19.05.23)
Jean Marc Ulcoq (up to 25.11.22)
Jean Angelo Letimier (as from 25.11.22)
Medina Torabally (as from 25.11.22)
Jean Michel Ng Tseung (as from 19.05.23)

Directors' service contracts

There are no fixed term contracts or service contracts between the Company and the directors.

Directors' Remuneration

The total remuneration and benefits received or due and receivable by each director from the Company and its Subsidiary are as follows:

	From the Holding Company		From Subsidiary	
	2023 Rs	2022 Rs	2023 Rs	2022 Rs
Mr Pierre Guy Noël (Non-Executive) (up to 19.05.23)	-	-	-	-
Mr Gilbert Gnany (Non-Executive)	-	-	-	-
Mr Jean Michel Ng Tseung (as from 19.05.23)	-	-	-	-
Mrs Margaret Wong Ping Lun (Independent)	65,400	62,400	238,800	223,600

MCB REAL ASSETS LTD

STATUTORY DISCLOSURES

Section 221 of the Companies Act 2001

Contract of significance

The directors have no contract of significance with the Company and its subsidiary.

Major Transaction

No major transaction as defined under section 130(2) of the Act was undertaken.

Auditors' Fees

The fees paid to the auditors, for audit services were:

	Holding Company		Subsidiary	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Audit fees - BDO & Co	130,000	112,000	370,424	309,908

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

Charitable Donation

No donation was made by the Company during the period under review. Donation made by the subsidiary was nil.

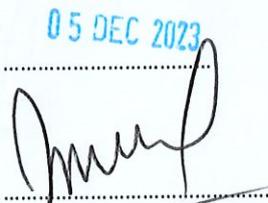
Political Donation

No political donation was made by the Company during the period under review. Donation made by the subsidiary was nil.

Signed for and on behalf of the board of directors on



Margaret Wong Ping Lun
Chairperson

05 DEC 2023

Jean Michel Ng Tseung
Director

MCB REAL ASSETS LTD

STATEMENT OF COMPLIANCE FOR THE YEAR ENDED JUNE 30, 2023

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

Name of Public Interest Entity : MCB Real Assets Ltd

Reporting Period : July 01, 2022 to June 30, 2023

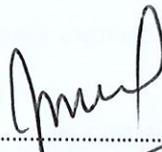
We, the directors of MCB Real Assets Ltd (the "Company"), hereby confirm that the Company has resolved not to prepare a Corporate Governance Report, as per Section 75(2)(b) of the Financial Reporting Act 2004, for the financial year ended June 30, 2023, for the reasons stated below:

- 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 05 DEC 2023



.....
Margaret Wong Ping Lun
Chairperson



.....
Jean Michel Ng Tseung
Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders 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 8 to 32 which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 8 to 32 give a true and fair view of the financial position of the Company as at June 30, 2023, 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 Mauritian Companies Act 2001.

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 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.

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 Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.



INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of MCB Real Assets Ltd

Responsibilities of Directors and Those Charged with Governance for the Financial Statements (cont'd)

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

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.
- 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.

7(a)



INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of MCB Real Assets Ltd

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

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

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

Mauritian Financial Reporting Act 2004

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

Other matter

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

BDO & Co
Chartered Accountants

Ameenah Ramdin, FCCA, FCA
Licensed by FRC

Port Louis,
Mauritius.

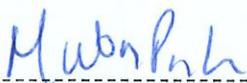
December 05, 2023

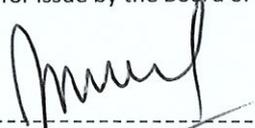
MCB REAL ASSETS LTD
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Notes	2023 Rs.	2022 Rs.
ASSETS			
Non-Current Assets			
Investments in Subsidiary	5	1,459,749,731	1,459,749,731
Investments in Associates	6	735	735
Financial Assets at Amortised Cost	7	-	111,769,208
		<u>1,459,750,466</u>	<u>1,571,519,674</u>
Current Assets			
Financial Assets at Amortised Cost	7	111,769,208	146,960,109
Cash and cash equivalents	19(c)	5,299,538	48,276,439
		<u>117,068,746</u>	<u>195,236,548</u>
Total Assets		Rs. <u>1,576,819,212</u>	<u>1,766,756,222</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	8	1,000	1,000
Share application money pending allotment	9	1,459,147,780	1,459,147,780
Retained Earnings		3,027,218	49,002,323
Total Equity		<u>1,462,175,998</u>	<u>1,508,151,103</u>
Non Current Liability			
Borrowings	11	-	257,414,000
Current Liabilities			
Other Payables	10	235,248	270,368
Borrowings	11	114,169,146	643,535
Current Tax Liabilities	12(a)	238,820	277,216
		<u>114,643,214</u>	<u>1,191,119</u>
Total Equity and Liabilities		Rs. <u>1,576,819,212</u>	<u>1,766,756,222</u>

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

05 DEC 2023


 Margaret Wong Ping Lun
 Director


 Jean Michel Ng Tseung
 Director

The notes on pages 13 to 32 form an integral part of these financial statements.
 Independent auditor's report on pages 7 to 7(b).

MCB REAL ASSETS LTD
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Notes	2023 Rs.	2022 Rs.
Dividend Income	13	126,886,986	50,754,794
Interest Income	14	5,884,559	10,128,693
Foreign Exchange Transaction Losses		(189,615)	(151,308)
Administrative Expenses	15	(950,738)	(973,857)
Finance Costs	16	(9,282,760)	(10,666,510)
Profit before Tax		122,348,432	49,091,812
Income Tax Expense	12(b)	(3,323,537)	(276,733)
Profit for the Year		119,024,895	48,815,079
Earnings per Share (Rs.)	17	1,190,248.95	488,150.79

The notes on pages 13 to 32 form an integral part of these financial statements.
Independent auditor's report on pages 7 to 7(b).

MCB REAL ASSETS LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>
	Rs.	Rs.
Profit for the Year	119,024,895	48,815,079
Other Comprehensive Income	-	-
Total Comprehensive Income for the Year	<u>119,024,895</u>	<u>48,815,079</u>

The notes on pages 13 to 32 form an integral part of these financial statements.
Independent auditor's report on pages 7 to 7(b).

MCB REAL ASSETS LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023

	Stated Capital	Share application money pending allotment	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.
Balance at July 1, 2022	1,000	1,459,147,780	49,002,323	1,508,151,103
Profit for the Year	-	-	119,024,895	119,024,895
Dividends declared	18	-	(165,000,000)	(165,000,000)
Balance at June 30, 2023	1,000	1,459,147,780	3,027,218	1,462,175,998

	Stated Capital	Share application money pending allotment	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.
Balance at July 1, 2021	1,000	1,459,147,780	187,244	1,459,336,024
Profit for the Year	-	-	48,815,079	48,815,079
Balance at June 30, 2022	1,000	1,459,147,780	49,002,323	1,508,151,103

The notes on pages 13 to 32 form an integral part of these financial statements.
Independent auditor's report on pages 7 to 7(b).

MCB REAL ASSETS LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Notes	2023 Rs.	2022 Rs.
Cash used in Operating Activities			
Cash used in operations	19(a)	(985,857)	(838,040)
Interest received		6,011,392	10,620,209
Interest paid		(9,395,002)	(10,687,822)
Tax paid	12(a)	(3,361,933)	(32,539)
Net Cash used in Operating Activities		(7,731,400)	(938,192)
Cash generated from Investing Activities			
Disposal of investment in financial assets	7	147,773,600	60,169,500
Dividend received from subsidiary	13	126,886,986	50,754,794
Net Cash generated from Investing Activities		274,660,586	110,924,294
Cash flows used in Financing Activities			
Repayment of borrowings	19(b)	(167,828,300)	(85,137,000)
Proceeds from short term borrowings	19(b)	3,143,123	-
Dividend paid to holding Company	18	(165,000,000)	-
Net Cash used in Financing Activities		(329,685,177)	(85,137,000)
Net (Decrease)/Increase in Cash and Cash Equivalents		(62,755,991)	24,849,102
Movement in Cash and Cash Equivalents			
At July 1,		48,276,439	23,742,444
(Decrease)/Increase in cash and cash equivalents		(62,755,991)	24,849,102
Effect of foreign exchange rate changes		19,779,090	(315,107)
At June 30,	19(c)	5,299,538	48,276,439

The notes on pages 13 to 32 form an integral part of these financial statements.
Independent auditor's report on pages 7 to 7(b).

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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, 2023 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 Mauritian Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are that of an individual entity. The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest rupee (Rs), except when otherwise indicated. Where necessary, comparative figures have been amended to conform with the change in presentation in the current year. The financial statements are prepared under the historical cost convention.

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

IFRS 1 First-time Adoption of International Financial Reporting Standards

Annual Improvements to IFRS Standards 2018– 2020: Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. A similar election is available to an associate or joint venture. The amendments have no impact on the Company's financial statements.

IFRS 3 Business Combinations

Reference to the Conceptual Framework: The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments have no impact on the Company's financial statements.

IFRS 9 Financial Instruments

'Annual Improvements to IFRS Standards 2018– 2020: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. The amendments have no impact on the Company's financial statements.

IAS 16 Property, Plant and Equipment

Property, Plant and Equipment: Proceeds before Intended Use: The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. 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, 2023

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)

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts—Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making. The amendments have no impact on the Company's financial statements.

IAS 41 Agriculture

Annual Improvements to IFRS Standards 2018– 2020: The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. The amendments have no impact on the Company's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2023 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:

Effective date January 1, 2023

IFRS 17 Insurance contracts

IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts. The financial statements of an entity will reflect the time value of money in estimated payments required to settle incurred claims. Insurance contracts are required to be measured based only on the obligations created by the contracts. An entity will be required to recognise profits as an insurance service is delivered, rather than on receipt of premiums. This standard replaces IFRS 4 – Insurance Contracts

IAS 1 Presentation of Financial Statements

Disclosure of Accounting Policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.

MCB REAL ASSETS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Preparation (cont'd)

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

IAS 12 Income Taxes

Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.

International Tax Reform — Pillar Two Model Rules: The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

Effective date January 1, 2024

IAS 1 Presentation of Financial Statements

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

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

IFRS 16 Leases

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

IAS 7 Statement of Cash Flows & IFRS 7 Financial Instruments: Disclosures

Supplier Finance Arrangements: The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

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

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

IFRS 10 Consolidated Financial Statements

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

MCB REAL ASSETS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Preparation (cont'd)

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

IAS 28 Investments in Associates and Joint Ventures

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

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

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

MCB REAL ASSETS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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

Investment in subsidiary is 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, 2023

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 based on contractual cash flows of the instrument and business model of the Company for the instrument. The Company's accounting policy is as follows:

(i) *Amortised Cost*

These assets arise principally from 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 determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract such as default or being past due the agreed credit term;

The Company's financial assets measured at amortised cost comprise of financial assets at amortised cost 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.

MCB REAL ASSETS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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.

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.

Financial liabilities

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

Amortised Cost

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.

Bank borrowings are initially recognised at fair value. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

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

(f) 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.

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Current and Deferred Income Tax (cont'd)

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.

(g) 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).

(h) Contingent liabilities

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

(h) 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.
- Interest income is calculated by applying the effective interest rate to gross carrying amount of financial assets, except for :
 - (i) Purchased or originated credit-impaired ('POCI') financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
 - (ii) Financial assets that are not 'POCI' but have subsequently become credit-impaired, for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

(i) Related Parties

Related parties are companies where the company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(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, 2023

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 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.

The table below show the maturity analysis of the financial assets and liabilities of the Company.

As at June 30, 2023	Within 1 year Rs.	Between 1 to 5 years Rs.	More than 5 years Rs.	On demand Rs.	Total Rs.
FINANCIAL ASSETS					
Financial Assets at Amortised Cost	111,769,208	-	-	-	111,769,208
Cash and Cash equivalents	-	-	-	5,299,538	5,299,538
	<u>111,769,208</u>	<u>-</u>	<u>-</u>	<u>5,299,538</u>	<u>117,068,746</u>
FINANCIAL LIABILITIES					
Borrowings	114,169,146	-	-	-	114,169,146
Other Payables	235,248	-	-	-	235,248
	<u>114,404,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,404,394</u>

3,380 Notes in Compagnie des Villages de Vacances de L'isle de France Limitée amounting to MUR 147,773,600 were disposed in September 2022 prior to their contractual terms.

As at June 30, 2022	Within 1 year Rs.	Between 1 to 5 years Rs.	More than 5 years Rs.	On demand Rs.	Total Rs.
FINANCIAL ASSETS					
Financial Assets at Amortised Cost	146,960,109	111,769,208	-	-	258,729,317
Cash and Cash equivalents	-	-	-	48,276,439	48,276,439
	<u>146,960,109</u>	<u>111,769,208</u>	<u>-</u>	<u>48,276,439</u>	<u>307,005,756</u>
FINANCIAL LIABILITIES					
Borrowings	643,535	257,414,000	-	-	258,057,535
Other Payables	270,368	-	-	-	270,368
	<u>913,903</u>	<u>257,414,000</u>	<u>-</u>	<u>-</u>	<u>258,327,903</u>

1,350 Notes in Compagnie des Villages de Vacances de L'isle de France Limitée amounting to MUR 60,169,500 were disposed in May 2022 prior to their contractual terms.

MCB REAL ASSETS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial Risk Factors (cont'd)

(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.

2023	MUR	EUR	USD	Total
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Financial Assets at Amortised				
Cost	-	111,769,208	-	111,769,208
Cash and Cash equivalents	5,261,076	7,532	30,930	5,299,538
	<u>5,261,076</u>	<u>111,776,740</u>	<u>30,930</u>	<u>117,068,746</u>
Financial liabilities				
Borrowings	-	114,169,146	-	114,169,146
Other Payables	235,248	-	-	235,248
	<u>235,248</u>	<u>114,169,146</u>	<u>-</u>	<u>114,404,394</u>
2022				
	MUR	EUR	USD	Total
	Rs.	Rs.	Rs.	Rs.
Financial asset				
Other Receivables	-	258,729,317	-	258,729,317
Cash and Cash equivalents	47,714,384	530,075	31,980	48,276,439
	<u>47,714,384</u>	<u>259,259,392</u>	<u>31,980</u>	<u>307,005,756</u>
Financial liability				
Borrowings	-	258,057,535	-	258,057,535
Other Payables	270,368	-	-	270,368
	<u>270,368</u>	<u>258,057,535</u>	<u>-</u>	<u>258,327,903</u>

The Company receives interest in foreign currency, as tabled above, and this is banked in its corresponding bank account. The foreign currency risk by the nature of the business arises only on reporting at year end on the conversion of the foreign bank accounts. As such, the Company has no defined objective, policy and process for managing the conversion risk.

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

3 FINANCIAL RISK MANAGEMENT (CONT'D)

(iii) Currency Risk (Cont'd)

At June 30, 2023, if the rupee had weakened/strengthened by 10%, based on historical observations, against foreign currencies with all other variables held constant, profit before tax would have been Rs. 237,302 (2022: Rs. 123,384) higher/lower, mainly as a result of foreign exchange losses/gains on translation of foreign balances.

(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 and financial liabilities approximate their fair values.

(c) Capital risk management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for shareholder and benefits for other stakeholders. The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt.

During the financial year 2023, the Company's strategy was to maintain the debt-to-capital ratio at the lower end in order to secure access to finance at a reasonable cost. The debt-to-capital ratios at June 30, 2023 and June 30, 2022 were as follows:

	<u>2023</u>	<u>2022</u>
	Rs.	Rs.
Total debt (Note 11)	114,169,146	258,057,535
Less: Cash and cash equivalents (Note 19(c))	<u>(5,299,538)</u>	<u>(48,276,439)</u>
Net debt	108,869,608	209,781,096
Total equity	<u>1,462,175,998</u>	<u>1,508,151,103</u>
Total equity plus net debt	<u>1,571,045,606</u>	<u>1,717,932,199</u>
Debt to capital ratio	<u>6.9%</u>	<u>12.2%</u>

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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.

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

5 INVESTMENTS IN SUBSIDIARY

(a) Investments in Subsidiary	<u>2023</u>	<u>2022</u>
	Rs.	Rs.
At June 30, 2023 and June 30, 2022	<u>1,459,749,731</u>	<u>1,459,749,731</u>

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

Name	Class of Shares	Year End	Proportion of Ownership Interest		Share Capital Rs.	Country of Incorporation & Operation	Main Business
			Direct	Indirect			
<u>Subsidiary:</u> 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. 1,528,988,181 (Rs. 24.10 per share) as at June 30, 2023 and Rs. 1,392,584,671 (Rs. 21.95 per share) as at June 30, 2022.

(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. A copy of the annual report of MCB Group Limited is available on the website www.mcb.mu. Hence, MCB Real Assets Ltd is exempt from presenting consolidated financial statements in accordance with IFRS 10 section 4.

6 INVESTMENTS IN ASSOCIATES

Investments in Associates	<u>2023</u>	<u>2022</u>
	Rs.	Rs.
At June 30,	<u>735</u>	<u>735</u>

As at June 30, 2023 and June 30, 2022, the Company held 245 ordinary shares in each of the following companies: Grand Bel Air Cie Ltée, Rivière La Chaux Cie Ltée and Terres Sud Est Cie Ltée. The investment is considered as an investment in associates.

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

7 FINANCIAL ASSETS AT AMORTISED COST	2023	2022
	Rs.	Rs.
At July 1,	258,729,317	350,441,106
Disposals	(147,773,600)	(60,169,500)
Interest accrued during the year	5,884,559	10,128,693
Interest received during the year	(6,011,392)	(10,620,209)
Foreign Exchange Adjustments	940,324	(31,050,773)
At June 30,	111,769,208	258,729,317

At Amortised Cost	2023	2022
	Rs.	Rs.
Analysed as:		
Current	111,769,208	146,960,109
Non-current	-	111,769,208

The carrying amount of the financial asset at amortised cost are denominated in the following currency:

EUR	2023	2022
	Rs.	Rs.
	111,769,208	258,729,317

Financial assets at amortised cost consist of notes issued by Compagnie des Villages de Vacances de L'isle de France Limitée. The notes have maturity date July 19, 2029. As at November 14, 2022, CARE Ratings (Africa) Private Limited had assigned a rating of CARE MAU A2+ to the notes. The notes are not listed on the Stock Exchange of Mauritius. As at June 30, 2023 and June 30, 2022, the carrying interest was 6.22% and 3% respectively (EURIBOR floored at 0% + 3%). Based on CARE credit rating, the credit risk is deemed low. As such it can be concluded that there has been no significant increase in credit risk and hence the expected credit loss is deemed immaterial.

The carrying amount of the financial asset at amortised cost approximate their fair value since they carry interest rate which is linked to market rate.

8 STATED CAPITAL

(i) Issued Stated Capital	Number of Shares	Ordinary Shares Rs.
	At June 30, 2023 and June 30, 2022	100

The total authorised number of ordinary share is 100 shares (2022: 100 shares) of no par value per share (2022: No par value per share). All issued shares are fully paid.

(ii) Class Rights

Fully paid 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, 2023

9 SHARE APPLICATION MONEY PENDING ALLOTMENT

The Company had received Rs. 1,211,256,218 and Rs. 247,891,562 from its holding company to subscribe to the rights issue of its subsidiary in 2018 and 2019 respectively. As at June 30, 2023 and June 30, 2022; the total amount of share application money pending for allotment was Rs. 1,459,147,780.

10 OTHER PAYABLES	2023	2022
	Rs.	Rs.
Amount due to related party:		
Entities under Common Control (Note 22)	62,220	57,540
Other Payables	173,028	212,828
	235,248	270,368

The carrying amounts of the Company's other payables are denominated in Mauritian Rupees and approximate their fair value.

11 BORROWINGS	2023	2022
	Rs.	Rs.
<u>At Amortised Cost</u>		
Amount due to entity under common control		
Within one year	114,169,146	643,535
After more than one year and before five years	-	257,414,000

On November 23, 2020, a Facility Agreement of EUR 7,500,000 was signed between the Company and The Mauritius Commercial Bank Limited; the latter being an entity under common control. The borrowing is repayable in a bullet repayment, five years following the drawdown. Interest is payable at 3% above EURIBOR (floored at 0%) per annum. The loan was used for acquisition of 6,995 notes issued by its subsidiary; Compagnie des Villages de Vacances de L'isle de France Limitée. Following the sale of 1,350 Notes in May 2022 to an entity under common control, the Company made a partial repayment of EUR 1,850,000. During the year 2023, the Company sold 3,380 Notes to an entity under common control and made another partial repayment of EUR 3,385,000. As at June 30, 2023, the outstanding balance on the loan was EUR 2,265,000.

The medium term loan is secured by a pledge of EUR 9 million of ordinary shares held by MCB Real Assets Ltd in Compagnie des Villages de Vacances de L'isle de France Limitée. MCB Group Limited, the holding company of MCB Real Assets Ltd, issued a comfort letter in respect of the facility. Following the partial loan repayment, the amount pledged with The Mauritius Commercial Bank Limited was revised to EUR 6,780,000 and 4,500,000 ordinary shares were thereby released from the security package.

During the financial year 2023, the Company received a short term loan of EUR 65,550 from MCB Capital Markets Ltd, an entity under common control to cater for its financing costs. The loan is unsecured and interest is payable at 2.57% per annum.

The carrying amount of the borrowings approximate their fair value since they carry interest rate which is linked to market rate.

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

12 INCOME TAX	2023	2022
	Rs.	Rs.
(a) In the Statement of Financial Position		
At July 1,	277,216	33,022
Income tax on the adjusted profit for the year at 15%	2,932,533	244,176
Corporate Social Responsibility Levy	391,004	32,557
Income tax paid	(3,361,933)	(32,539)
At June 30,	238,820	277,216
(b) In the Statement of Profit or Loss	2023	2022
	Rs.	Rs.
Current tax on the adjusted profit for the year at 15%	2,932,533	244,176
Corporate Social Responsibility Levy	391,004	32,557
Charge for the year	3,323,537	276,733
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:		
	2023	2022
	Rs.	Rs.
Profit before Taxation	122,348,432	49,091,812
Tax calculated at a rate of 15%	18,352,265	7,363,772
Tax effect on:		
Income not subject to tax	(19,897,228)	(13,511,348)
Expenses not deductible for tax purposes	4,477,496	6,391,752
Corporate Social Responsibility Levy	391,004	32,557
Taxation Charge	3,323,537	276,733
13 DIVIDEND INCOME	2023	2022
	Rs.	Rs.
Income from quoted investments:		
Subsidiary	126,886,986	50,754,794

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

14	INTEREST INCOME	2023	2022
		Rs.	Rs.
	Interest income using the effective interest method:		
	Financial assets at amortised cost	5,884,559	10,128,693
15	ADMINISTRATIVE EXPENSES	2023	2022
		Rs.	Rs.
	Insurance expense	510,423	444,141
	Bank Charges	6,965	6,599
	Secretarial Fees	179,400	230,000
	Audit Fees	149,500	190,900
	Director's remuneration	65,400	62,400
	Licences	20,530	22,530
	Tax Fees	18,400	17,250
	Other Expenses	120	37
		950,738	973,857
16	FINANCE COSTS	2023	2022
		Rs.	Rs.
	Interest on:		
	Loan from Entity under Common Control (Note 21)	9,282,760	10,666,510
17	EARNINGS PER SHARE	2023	2022
		Rs.	Rs.
	Earnings per share is based on:		
	Profit for the year	Rs. 119,024,895	48,815,079
	Number of Ordinary Shares in Issue	100	100
	Earnings per Share	Rs. 1,190,248.95	488,150.79
18	DIVIDENDS	2023	2022
	Amounts recognised as distributions to equity holders in the year:		
	Interim Dividend declared (2023 / 2022)	Rs. 103,000,000	-
	Final Dividend declared (2022/2021)	Rs. 62,000,000	-
	Total Dividends declared during the year	Rs. 165,000,000	-
	Number of Shares in Issue	100	100
	Dividend per share	Rs. 1,650,000.00	-

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

19 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash used in operations

Reconciliation of profit before taxation to cash used in operations:	Notes	2023 Rs.	2022 Rs.
Profit before Tax		122,348,432	49,091,812
Adjustments for:			
Dividend Income	13	(126,886,986)	(50,754,794)
Interest Expense	16	9,282,760	10,666,510
Interest Income	14	(5,884,559)	(10,128,693)
Unrealised Exchange Loss		189,616	147,977
Changes in working capital:			
- other payables		(35,120)	139,148
Cash used in operations		<u>(985,857)</u>	<u>(838,040)</u>

(b) Reconciliation of liabilities arising from financing activities

	Cash Flows during the Year				Non-cash transactions		
	2022 Rs.	Inflows Rs.	Outflows Rs.		Interest Accrued Rs.	Foreign Exchange Difference Rs.	2023 Rs.
			Capital	Interest*			
Borrowings	258,057,535	3,143,123	(167,828,300)	(9,395,002)	9,282,760	20,909,030	114,169,146

	Cash Flows during the Year				Non-cash transactions		
	2021 Rs.	Inflows Rs.	Outflows Rs.		Interest Accrued Rs.	Foreign Exchange Difference Rs.	2022 Rs.
			Capital	Interest			
Borrowings	374,433,750	-	(85,137,000)	(10,687,822)	10,666,510	(31,217,903)	258,057,535

* Interest on borrowings form part of operating cashflows

(c) Cash and Cash Equivalents

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

	2023 Rs.	2022 Rs.
Cash at bank	<u>5,299,538</u>	<u>48,276,439</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, 2023

20 CONTINGENT LIABILITIES

At June 30, 2023, the Company had contingent liabilities in respect of guarantees from which it is anticipated that no material liabilities would arise. The Company has stood as surety/guarantor for the banking facilities of Rs 20 million and EUR 1 million (2022: Rs 50 million and EUR 1 million) granted by The Mauritius Commercial Bank Limited to Compagnie des Villages de Vacances de L'isle de France Limitée.

MCB Group Limited, the holding company of MCB Real Assets Ltd, issued a comfort letter in respect of the guarantees mentioned above.

21 FAIR VALUE OF ASSETS AND LIABILITIES

Financial instruments by category and fair values

The following table shows the carrying amounts and fair values of assets and liabilities.

IFRS 9 Classification	2023		2022		
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
	Rs.	Rs.	Rs.	Rs.	
Financial Assets					
Financial assets at amortised cost	Amortised cost	111,769,208	111,769,208	258,729,317	258,729,317
Cash and cash equivalents	Amortised cost	5,299,538	5,299,538	48,276,439	48,276,439
		<u>117,068,746</u>	<u>117,068,746</u>	<u>307,005,756</u>	<u>307,005,756</u>
Financial Liabilities					
Borrowings	Amortised cost	114,169,146	114,169,146	258,057,535	258,057,535
Other payables	Amortised cost	235,248	235,248	270,368	270,368
		<u>114,404,394</u>	<u>114,404,394</u>	<u>258,327,903</u>	<u>258,327,903</u>

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

22 RELATED PARTY TRANSACTIONS

	Notes	2023 Rs.	2022 Rs.
(a) Dividend Income			
Subsidiary	13	<u>126,886,986</u>	<u>50,754,794</u>
(b) Interest Income			
Subsidiary	14	<u>5,884,559</u>	<u>10,128,693</u>
(c) Administrative Expenses			
Fellow Subsidiary		179,520	230,040
Entity under common control		<u>6,965</u>	<u>6,599</u>
		<u>186,485</u>	<u>236,639</u>
(d) Finance Costs			
Entity under common control	16	<u>9,282,760</u>	<u>10,666,510</u>
(e) Outstanding balances as at June 30,		2023	2022
		Rs.	Rs.
<i>Amount due to related parties</i>			
Entities under common control	10	<u>62,220</u>	<u>57,540</u>
<i>Bank Balances</i>			
Entity under common control	19 (c)	<u>5,299,538</u>	<u>48,276,439</u>
(f) Financial assets at amortised cost			
Subsidiary	7	<u>111,769,208</u>	<u>258,729,317</u>
(g) Borrowings			
Entities under common control	11	<u>114,169,146</u>	<u>258,057,535</u>
(h) Investments			
Subsidiary	5	<u>1,459,749,731</u>	<u>1,459,749,731</u>
Associates	6	<u>735</u>	<u>735</u>
(i) Commitments and contingencies			

During the financial year 2022, the Company has guaranteed a COVID-19 loan of Rs. 20 million and a term loan of EUR 1 million granted by The Mauritius Commercial Bank Limited (Entity under common control) to Compagnie des Villages de Vacances de L'isle de France Limitée. The COVID-19 loan was disbursed in September 2021 and is repayable in September 2025. The EUR term loan is repayable in January 2024.

In 2021, the Company had also guaranteed a COVID-19 loan of Rs. 50 million and a term loan of EUR 1 million granted by The Mauritius Commercial Bank Limited (Entity under common control) to Compagnie des Villages de Vacances de L'isle de France Limitée. The COVID-19 loan was disbursed in two tranches and is repayable in December 2024 and April 2025 respectively. The EUR term loan is repayable in December 2023. Refer to Note 11.

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, 2023 and June 30, 2022, the amounts owed by related parties were not impaired.

Outstanding balances at year end are unsecured. Settlement occurs in cash. The Company has made an impairment assessment by considering the previous repayment behaviours and the future cash flow forecasts covering the contractual period of receivables from related parties. The Company does not expect any default from them and is certain of their ability to pay their debts as they become due in the normal course of business and/or in any adverse economic and business conditions. Consequently, the probability of default is therefore negligible and the Company has not accounted for any impairment loss.

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

23 EVENTS AFTER REPORTING DATE

The Company sold 2,265 Notes held in Compagnie des Villages de Vacances de L'isle de France Limitée to an entity under common control in August 2023. Accordingly, the Company proceed with the final loan repayment of EUR 2,265,000 to The Mauritius Commercial Bank Limited

24 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.